

Santiago Canyon College Foundation
Board of Directors QUARTERLY BOARD MEETING

Thursday, October 5, 2017
8:00 A.M. – 10:00 A.M.
8045 E. Chapman Ave., Room E-107
Orange, CA 92869

Santiago Canyon College Foundation Mission Statement

The mission of the Santiago Canyon College Foundation is to sponsor various gift-giving opportunities, increase public awareness, and participate in campaigns needed to provide for the scholarships, programs, and capital needs of the College.

AGENDA

1.0 PROCEDURAL MATTERS

- 1.1. Call to Order
- 1.2. Roll Call
- 1.3. Approval of the Agenda
- 1.4. Approval of the Minutes – Regular Board Meeting, July 6, 2017
- 1.5. Consent Calendar Approval – None to Present
- 1.6. Public Comments
 - 1.6.1. Presentation by Hawks Nest Food Pantry Coordinator, Jovannys Mejua

2.0 REVIEW OF GENERAL ITEMS

- 2.1 New Board Meeting Schedule (General and Executive)
- 2.2 Removal of Alumni Engagement Committee from SCC Foundation committee roster
- 2.3 Investment Policy Revisions Approval
- 2.4 SCC Foundation Board Retreat (Scheduled for Thursday, November 9, 2017)

3.0 INFORMATIONAL ITEMS & ORAL REPORTS

- 3.1 College President's Report – John Hernandez
- 3.2 Board President's Report – Larry Cohn
- 3.3 Quarterly Financial Briefing – Bill Underwood (Treasurer)
- 3.4 Foundation Interim Director's Report – Karen Bustamante
- 3.5 Foundation Board Committee Reports
 - 3.5.1 Executive Committee – Larry Cohn
 - 3.5.2 Finance & Investment Committee – Bill Underwood
 - 3.5.3 Marketing & Outreach Committee – Currently suspended
 - 3.5.4 Alumni Engagement Committee – Karen Bustamante

- 4.0 ADJOURNMENT** – The next **REGULAR** meeting of the SCC Foundation Board of Directors will be held on Thursday, **January 25, 2018, 8:00 a.m. to 10:00 a.m.** in E-107 Conference Room. **PLEASE NOTE NEW DATE AND TIME**

2017-18 GENERAL BOARD MEETINGS DATES*

- Thursday, January 25, 2018, 8:00 – 10:00 am
- Thursday, April 26, 2018, 8:00 – 10:00 am

**All meetings take place in E-107, unless otherwise noted.*

2017-18 EXECUTIVE COMMITTEE MEETING DATES*

These meetings are open to all board members to attend

- Thursday, July 27, 2017
- Thursday, August 24, 2017
- Thursday, September 28, 2017
- Thursday, October, 26, 2017
- Thursday, November 16, 2017 (3rd Thursday)
- Thursday, December 14, 2017 (2nd Thursday)

*******NEW SCHEDULE – 3rd Thursday Monthly Unless Otherwise Noted*******

- Thursday, January 18, 2018
- Thursday, February 15, 2018
- Thursday, March 15, 2018
- Thursday, April 19, 2018
- Thursday, May 24, 2018 (4th Thursday)
- Thursday, June 21, 2018

**All meetings take place in E-107, unless otherwise noted.*

2017-18 RETREAT DATE

- Thursday, November 9, 2017, 4:00 – 8:00 pm, Venue TBD

2017-2018 SCC CALENDAR OF EVENTS

- CASE Community College Conference – October 12-14, 2017, Anaheim
- Performing Arts Showcase – Saturday, November 18, 2017
- Theater Arts Showcase – December 1-3, 2017
- Fall Semester Ends – Friday, December 15, 2017
- Spring Semester Begins – Monday, February 5, 2018
- Community Science Night – Friday, March 16, 2018
- Hawks 18th Annual Golf Tournament – Friday, April 20, 2018, Tustin Ranch Golf Club
- Scholarship Donor Reception – Thursday, May 17, 2018, 4:00 p.m., Venue TBD
- Scholarship Ceremony – Thursday, May 17, 2018, 5:30 p.m., Strenger Plaza
- Student Art Exhibition – Thursday, May 17, 2018, 6:30 p.m., Art Gallery
- Commencement – Friday, June 1, 2018

Santiago Canyon College Foundation
Board of Directors QUARTERLY BOARD MEETING

Thursday, July 6, 2017

8:00 A.M. – 9:30 A.M.

8045 E. Chapman Ave., Room E-107

Orange, CA 92869

Santiago Canyon College Foundation Mission Statement

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MINUTES

1.0 PROCEDURAL MATTERS

1.1. Call to Order

The meeting was called to order at 8:06 a.m. by Larry Cohn

1.2. Roll Call

Board Members in Attendance: Addison Adams, Larry Cohn, Dr. Betty Cotton, Dr. Jim D’Agostino, Mary McMullin, Craig Shipcott, Snover Uppal, Bill Underwood (phone)

Ex Officio Voting Members in Attendance: Dr. John Hernandez and Karen Bustamante

Staff in Attendance: Gayle Sapak-Winder; Miguel Luna (Guest)

Absent: Kyle Kneubuhl and Michelle Scolaro

1.3. Approval of the Agenda

A. Amendments and Corrections (if any)

No corrections or additions were required.

B. Approval of Agenda

Mary McMullin moved to approve the agenda, Karen Bustamante seconded and the motion was carried unanimously

1.4. Approval of the Minutes – Regular Board Meeting, April 6, 2017

There were no corrections to the regular meeting minutes of April 6, 2017. Betty Cotton moved to approve the minutes, Mary McMullin seconded and the motion was carried without dissent.

1.5. Consent Calendar – None to Present

No consent calendar was presented.

1.6. Public Comments

Miguel Luna, Transfer Center Coordinator, gave a presentation on services and transfer opportunities available to students. Services provided include: university representative appointments, campus tours to different universities, transfer fairs (50+ college represented), individual advisement, and assistance with completing applications and personal statements. Since becoming independently accredited in 2000, SCC has transferred students to over 500 universities and colleges worldwide. SCC's top transfer destinations are Cal State Fullerton, Cal State Long Beach, UC Irvine, UCLA, Chapman, USC, and Arizona State, but SCC students have also transferred to schools such as Harvard, Yale, Columbia, Cornell, BYU, CalTech,

Stanford, and many more. SCC students can participate in the UC Transfer Admission Guarantee program (TAG), which offers guaranteed admission for qualifying students at six of the nine UC campuses. UCLA's Transfer Alliance Program (TAP) provides SCC Honors students greatly enhanced admission priority, plus eligibility for exclusive TAP program scholarships. A special partnership with UC Irvine allows SCC Honors students to participate in UCI's Honors to Honors program, which grants entry into UCI's Campus-wide Honors program and gives priority consideration for the UC Regents Scholarship. Data shows students who transfer (as opposed to entering as freshmen) have a higher success rate.

2.0 REVIEW OF GENERAL ITEMS

2.1 Appointment of New Board Members - Snover Uppal to a term of July 2017-2020

Mary McMullin moved to approve Snover Uppal for membership to the SCC Foundation Board of Directors, Craig Shipcott seconded, and the motion was carried unanimously.

2.2 Approval of Financial Statements from October 2016 – May 2017

Karen Bustamante moved that the approval for the financial statements be withdrawn subject to further review, Jim D'Agostino seconded, and the motion was carried without dissent.

2.3 Approval of Operating Budget 2017-2018

Karen Bustamante presented the proposed budget for 2017-2018 and noted revisions to the budget presented at the April 6, 2017 meeting. The goal is to increase revenue through outreach efforts and recruitment of new donors and board members. Betty Cotton questioned the funding source for the Foundation Director at SAC. John Hernandez explained the SCC position was lost in the reductions and there has not been new revenue sufficient to reinstate the position. The new Vice-President of Student Services will serve as the Director of the Foundation.

Jim D'Agostino moved to approve the 2017-18 Operating Budget 2017-2018, Betty Cotton seconded and the motion was carried unanimously.

2.4 Approval of 2017-2018 Grant Funding Requests

Karen Bustamante provided an overview of the approval process for the grant funding requests and explained the criteria used for selection. Many of the requests are eligible for funding from other resources such as Student Equity and Student Support Services Programs (SSSP). The funds available for distribution come from the annual drawdown from Morgan Stanley and represent 4% of corpus.

- Addison Adams requested additional clarification on the \$28,000 drawdown from the short-term pool and inquired if the amount could be increased to fund additional requests. John Hernandez requested the Executive Board to further review the asset base and provide recommendations to the Board at the next meeting.
- John Hernandez gave an overview of the College Promise, which is a national movement to make college tuition free for at least one year. This is a great opportunity for the Foundation to collaborate with the Office of Student Success & Equity to develop a pilot program.
- Betty Cotton recommended increasing the Classified Awards from \$1,250 to \$1,500 to match Faculty Excellence Award funding. Mary McMullin asked if the Board normally provides support for students who serve on panels such as

AB540. John Hernandez noted other student panel programs and recommended redirecting the funds. Mary McMullin moved to modify the requests and redirect the AB540 stipend opportunity of \$225 off the grant funding and increase the Classified Awards in the same amount, Betty Cotton seconded, and the motion was carried without dissent.

- Betty Cotton moved for the \$3,000 currently approved for MUN to be contingent upon the non-receipt of the National Endowment for Humanities grant, Jim D’Agostino seconded and the motion was carried without dissent.

Jim D’Agostino moved to approve the 2017-2018 Grant Funding Requests as amended, Betty Cotton seconded, and the motion was carried without dissent.

2.5 Approval of 2017-2018 Conference Travel Funding

Three Conference Travel Funding requests were submitted and if approved, would exhaust the 2017-2018 allocation. Craig Shipcott moved to approve up to \$495 for the Students in Transition and deny the two MUN travel requests, since the MUN grants were not for professional development. Jim D’Agostino seconded, and the motion was carried without dissent.

2.6 Resolution to Incorporate the Investment Committee into a Finance and Investment Committee and Appointment of Members

Bill Underwood summarized the purpose, role and functions of the proposed Finance and Investment Committee. Betty Cotton moved to approve the new committee and also its members: Bill Underwood (Chair), Addison Adams, Craig Shipcott, Larry Cohn, and the SCC Foundation Director (ex-officio). Jim D’Agostino seconded, and the motion was carried without dissent.

2.7 Acceptance of Annual Board Member Pledge Agreement

The revised board member pledge agreement was presented. Mary McMullin moved to approve the Annual Board Member Pledge Agreement as presented, Betty Cotton seconded and the motion was carried without dissent.

3.0 INFORMATIONAL ITEMS & ORAL REPORTS

3.1 College President’s Report – John Hernandez

- Summer enrollment consists of two 4-week and one 8-week sessions. SCC met its Full Time Equivalent (FTES) enrollment target for 2016-2017 and expects to exceed it by 3%.
- The 18th Annual SCC Commencement Ceremony had the largest number of students participating (269), and a record number of graduates (about 1,300). 15 military veterans graduated, and the 25,000th graduate was recognized at the ceremony.
- The Santiago Canyon College (SCC) Surveying and Mapping Sciences program (SMS) was chosen to receive the 2017 National Council of Examiners for Engineering and Surveying (NCEES) Surveying Education Award, one of only seven surveying programs nationally that were so recognized, and the only community college in the group. The award comes with a \$10,000 prize.
- Dr. Hernandez summarized the governor’s budget for 2017-2018, stating that it was better than originally presented.
- For the third year, SCC has been selected as a “Great College to Work For” by the *Chronicle of Higher Education*.

3.2 Board President's Report – Larry Cohn

- Larry Cohn stated he is happy to see our Board growing and is looking forward to the upcoming year being the strongest yet.

3.3 Quarter Financial Briefing – Bill Underwood

- Bill Underwood discussed the Quarterly Board Treasurer's Perspective, provided at the last meeting, noting the three major strategic financial fact trends and the decline in interest/investment income and event revenue.
- Bill Underwood requested to meet with each board member for input to assist with creating a long-range financial plan.
- The accountant is working on the end-of-year financial reports for the upcoming audit.

3.4 Foundation Interim Director's Report – Karen Bustamante

- Due to time constraints, the Executive Committee report will be held over to the next meeting.

3.5 Foundation Board Committee Reports

3.5.1 Executive Committee – Larry Cohn

Due to time constraints, the Executive Committee report will be held over to the next meeting.

3.5.2 Investment Committee – Bill Underwood

The Investment Committee interviewed three qualified firms and will be meeting in the fall to finalize a decision. The stock market has put in a strong performance lately, which is having a positive influence on foundation assets.

3.5.3 Marketing & Outreach Committee – Michelle Scolaro

Karen Bustamante reported Michelle Scolaro has resigned from Marketing & Outreach Committee to serve as the Vice-President of the board. Due to staffing limitations, focus will move to the Alumni Engagement Committee.

3.5.4 Alumni Engagement Committee – Karen Bustamante

Karen Bustamante reported the Alumni Engagement Committee had a successful mixer in May at the 17th Street Grill; many of the participants were former ASG students. The committee will continue to focus efforts on alumni who were engaged with the college while attending.

4.0 **ADJOURNMENT** – The next **REGULAR** meeting of the SCC Foundation Board of Directors will be held on Thursday, October 5, 2017, 8:00 a.m. to 9:30 a.m. in E-107 Conference Room.

Santiago Canyon College Foundation

Statement of Investment Policy

October 5, ~~April 6,~~ 2017

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Statement of Investment Policy Santiago Canyon College Foundation

SCOPE OF THIS INVESTMENT POLICY

This statement of investment policy reflects the investment policy, objectives, and constraints of the Santiago Canyon College Foundation.

PURPOSE OF THIS INVESTMENT POLICY STATEMENT

This statement of investment policy is set forth by the Board of the Santiago Canyon College Foundation in order to:

1. Define and assign the responsibilities of all involved parties.
2. Establish a clear understanding for all involved parties of the investment goals and objectives of Operating Funds assets.
3. Offer guidance and limitations to all Investment Managers regarding the investment of Operating Funds assets.
4. Establish a basis for evaluating investment results.
5. Manage Operating Funds assets according to prudent standards as established in common trust law.
6. Establish the relevant investment horizon for which the Operating Funds assets will be managed.

In general, the purpose of this statement is to outline a philosophy and attitude which will guide the investment management of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

DELEGATION OF AUTHORITY

The Board of the Santiago Canyon College Foundation is a fiduciary, and is responsible for directing and monitoring the investment management of Operating Funds assets. As such, the Board is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to:

1. Investment Management Consultant. The consultant may assist the Board in the following: establishing investment policy, objectives, and guidelines; selecting investment managers, reviewing such managers over time, measuring and evaluating investment performance; and other tasks as deemed appropriate.
2. Investment Manager. The investment manager has discretion to purchase, sell, or hold the specific securities that will be used to meet the Operating Funds' investment objectives.

3. Custodian. The custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Operating Funds, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Operating Funds accounts.
4. Co-Trustee. The Board may appoint an outside individual or entity, such as a bank trust department, to be co-trustee. The Co-trustee will assume fiduciary responsibility for the administration of Operating Funds assets.
5. Additional specialists such as attorneys, auditors, actuaries, retirement plan consultants, and others may be employed by the Board to assist in meeting its responsibilities and obligations to administer Operating Funds assets prudently.

The Board will not reserve any control over investment decisions, with the exception of specific limitations described in these statements. Managers will be held responsible and accountable to achieve the objectives herein stated. While it is not believed that the limitations will hamper investment managers, each manager should request modifications which they deem appropriate.

If such experts employed are also deemed to be fiduciaries, they must acknowledge such in writing. All expenses for such experts must be customary and reasonable, and will be borne by the Operating Funds as deemed appropriate and necessary.

DEFINITIONS

1. "Operating Funds" shall mean the Santiago Canyon College Foundation.
2. "The Board" shall refer to the governing board established to administer the Operating Funds as specified by applicable ordinance.
3. "Fiduciary" shall mean any individual or group of individuals that exercise discretionary authority or control over fund management or any authority or control over management, disposition or administration of the Operating Funds assets.
4. "Scholarship Accounts" shall mean an account established to generate revenue designated as restricted and invested specifically to support the funding needs of an individual or group of scholarship funds.
5. "Operating Revenue" shall mean an account or accounts established to generate revenue designated as unrestricted and invested specifically to support the funding needs of Santiago Community College Foundation.
6. "Investment Manager" shall mean any individual, or group of individuals, employed to manage the investments of all or part of the Operating Funds assets.
7. "Investment Management Consultant" shall mean any individual or organization employed to provide advisory services, including advice on investment objectives and/or asset allocation, manager search, and performance monitoring.
8. "Securities" shall refer to the marketable investment securities which are defined

as acceptable in this statement.

9. "Investment Horizon" shall be the time period over which the investment objectives, as set forth in this statement, are expected to be met.

ASSIGNMENT OF RESPONSIBILITY

Responsibility of the Investment Manager(s)

Each Investment Manager must acknowledge in writing its acceptance of responsibility as a fiduciary or have the Investment Management Consultant(s) provide documented initial and continuous due diligence on the Investment Managers. Each Investment Manager will have full discretion to make all investment decisions for the assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement. Specific responsibilities of the Investment Manager(s) include:

1. Discretionary investment management including decisions to buy, sell, or hold individual securities.
2. Reporting, on a timely basis, quarterly investment performance results.
3. Communicating any major changes to economic outlook, investment strategy, or any other factors which affect implementation of investment process, or the investment objective progress of the Operating Funds' investment management.
4. Informing the Board regarding any qualitative change to investment management organization: Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.

Responsibility of the Investment Management Consultant(s)

The Investment Management Consultant's role is that of a non-discretionary advisor to the Board of the Santiago Canyon College Foundation. Investment advice concerning the investment management of Operating Funds assets will be offered by the Investment Management Consultant, and will be consistent with the investment objectives, policies, guidelines and constraints as established in this statement. Specific responsibilities of the Investment Management Consultant include:

1. Providing a comprehensive report on all Operating Funds assets to the Board of the Santiago Canyon College Foundation at their annual meeting or as requested.
2. Assisting in the development and periodic review of investment policy.
3. Conducting investment manager searches when requested by the Board.
4. Monitoring the performance of the Investment Manager(s) to provide the Board with the ability to determine the progress toward the investment objectives.
5. Communicating matters of policy, manager research, and manager performance to the Board.
6. Reviewing Operating Funds investment history, historical capital markets performance and the contents of this investment policy statement to any newly appointed members of the Board.

GENERAL INVESTMENT PRINCIPLES

1. Investments shall be made solely in the interest of the beneficiaries of the Operating Funds.
2. The Fund shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the investment of a fund of like character and with like aims.
3. Investment of the Fund shall be so diversified as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.
4. The Board may employ one or more investment managers of varying styles and philosophies to attain the Fund's objectives.
5. Cash is to be employed productively at all times, by investment in short term cash equivalents to provide safety, liquidity, and return.

INVESTMENT MANAGEMENT POLICY

1. Preservation of Capital - Consistent with their respective investment styles and philosophies, investment managers should make reasonable efforts to preserve capital, understanding that losses may occur in individual securities.
2. Risk Aversion - Understanding that risk is present in all types of securities and investment styles, the Board recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Operating Funds' objectives. However, the investment managers are to make reasonable efforts to control risk, and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.
3. Adherence to Investment Discipline - Investment managers are expected to adhere to the investment management styles for which they were hired. Managers will be evaluated regularly for adherence to investment discipline.

GOALS OF FOUNDATION

The Board feels that grants to be made in the future are as important as grants made today. This is consistent with the philosophy that this Foundation is to exist in perpetuity, and therefore, should provide for grant making in perpetuity. To attain this goal, the overriding objective of this foundation is to maintain purchasing power. That is, net of spending, the objective is to grow the aggregate portfolio value at the rate of inflation over the Foundation's investment horizon. The Foundation's specific investment objectives will be established later in this document.

ATTITUDE TOWARD GIFTS

Future giving (contributions) to this Foundation is expected to be relatively consistent, and

therefore, predictable. However, the Board has set an investment strategy with the objective of maintaining purchasing power of Foundation assets before consideration of gifts. Accordingly, future giving will serve to increase purchasing power. Therefore, expectations may be expressed by the following equation:

Total Return = Spending + Inflation + Expenses, while Giving = Increase in Purchase Power

SPENDING POLICY

The Board will attempt to balance the Foundation's shorter-term (annual) grant making obligations with its goal to provide grants into perpetuity, and therefore design a spending policy which is flexible.

The annual spending target for each of the invested accounts will be up to 4% of the portfolio value and is based upon the board's discretion will be based on the value of assets in each investment account on June 30, the last day of the fiscal year.-

INVESTMENT OBJECTIVES FOR THE FOUNDATION ENDOWMENT ACCOUNTS

In order to meet its needs, the investment strategy of the Santiago Canyon College Foundation is to emphasize total return, defined as the aggregate return from capital appreciation and dividend and interest income.

Specifically, the *primary* objective in the investment management for the Endowment Funds assets shall be:

Income and Growth - To achieve a balanced return of current income and modest growth of principal. The targeted annual rate of return will be 5.5% (net of fees) over a ten-year time horizon for the foundation endowment accounts.

The *secondary* objectives in the investment management of the Endowment Funds assets shall be:

High Current Income - To maximize the generation of investment income (interest and dividends) while avoiding excessive risk.

Preservation of Purchasing Power After Spending - To achieve returns in excess of the rate of inflation plus spending over the investment horizon in order to preserve purchasing power of Plan assets. Risk control is an important element in the investment of Plan assets.

**INVESTMENT OBJECTIVES FOR THE FOUNDATION OPERATING REVENUE
ACCOUNT/SFUNDS**

In order to meet its needs, the investment strategy of the Santiago Canyon College Foundation is to emphasize total return, namely the aggregate return from capital appreciation and dividend and interest income.

Specifically, the *primary* objective in the investment management of Operating Revenue Funds shall be:

Income and Growth - To achieve a balanced return of current income and modest growth of principal.

The *secondary* objectives in the investment management of Operating Revenue Funds shall be:

Preservation of Purchasing Power After Spending - To achieve returns in excess of the rate of inflation plus spending over the investment horizon in order to preserve purchasing power of Plan assets. Risk control is an important element in the investment of Plan assets.

Liquidity - To ensure the ability to meet expected or unexpected cash flow needs by investing in securities which can be sold readily and efficiently.

**INVESTMENT PERFORMANCE GOALS FOR THE FOUNDATION OPERATING
REVENUE FUNDSACCOUNT/S**

The performance expectation of the fund manager(s) shall be to match or exceed a targeted annual rate of return of 5.52% (net of fees) over a tenthree-year time horizon for the foundation operating revenue funds.

The investment goals above are the objectives of the aggregate Operating Funds, and are not meant to be imposed on each investment account (if more than one account is used.) The goal of each investment manager, over the investment horizon, shall be to:

1. Meet or exceed the market index, or blended market index, selected and agreed upon by the Board that most closely corresponds to the style of investment management.
2. Display an overall level of risk in the portfolio which is consistent with the risk associated with the benchmark specified above. Risk will be measured by the standard deviation of quarterly returns.

Specific investment goals and constraints for each investment manager, if any, shall be incorporated as part of this statement of investment policy. Each manager shall receive a written statement outlining his specific goals and constraints as they differ from those objectives of the

entire Operating Funds.

INVESTMENT PERFORMANCE GOALS FOR THE FOUNDATION SHORT-TERM POOL ACCOUNT (CASH AND EQUIVALENTS)

The performance expectation of the fund manager(s) shall be to match or exceed a targeted annual rate of return of 2% (net of fees) over a three-year time horizon.

DEFINITION OF RISK

The Board realizes that there are many ways to define risk. It believes that any person or organization involved in the process of managing the Santiago Canyon College Foundation assets understands how it defines risk so that the assets are managed in a manner consistent with the Operating Funds' objectives and investment strategy as designed in this statement of investment policy. The Board defines risk as:

The probability of not meeting the Plan's objectives.

LIQUIDITY

To minimize the possibility of a loss occasioned by the sale of a security forced by the need to meet a required payment, the Board will periodically provide investment counsel with an estimate of expected net cash flow. The Board will notify the investment consultant in a timely manner, to allow sufficient time to build up necessary liquid reserves.

MARKETABILITY OF ASSETS

The Board requires that all of Operating Funds assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the Operating Funds, with minimal impact on market price.

INVESTMENT GUIDELINES

Allowable Assets

1. Cash Equivalents
 - Treasury Bills
 - Money Market Funds
 - Commercial Paper
 - Banker's Acceptance
 - Certificates of Deposit

2. Fixed Income Securities
 - U.S. Government and Agency Securities
 - Corporate Notes and Bonds
 - Mortgage Backed Bonds
 - Preferred Stock
 - Fixed Income Securities of Foreign Governments and Corporations
 - Planned Amortization Class Collateralized Mortgage Obligations (PAC CMOs)
3. Equity Securities
 - Common Stocks
 - Convertible Notes and Bonds
 - Convertible Preferred Stocks
 - American Depository Receipts (ADRs) of Non-U.S. Companies
 - Stocks of Non-US Companies (Ordinary Shares)
4. Mutual Funds
 - Mutual Funds which invest in securities as allowed in this statement.
5. Other Assets
 - Guarantee Investment Contracts (GIC's)

Derivative Investments

Derivative securities are defined as synthetic securities whose price and cash flow characteristics are based on the cash flows and price movements of other underlying securities. Most derivative securities are derived from equity or fixed income securities and are packaged in the form of options, futures, Collateralized Mortgage Obligations (CMOs) such as Planned Amortization Class bonds (PACs), Interest-Only (IOs), Principal Only (POs), residual bonds, etc., and interest rate swaps, among others. The Board feels that many derivative securities are relatively new and therefore have not been observed over multiple economic cycles. Due to this uncertainty, the Board will take a conservative posture on derivative securities in order to maintain its risk adverse nature. Since it is anticipated that new derivative products will be created each year, it is not the intention of this document to list specific derivatives that are prohibited from investment, rather it will form a general policy on derivatives. **So long as they conform to the guidelines and risk tolerances established in this statement of investment policy, the Investment Manager(s) may invest Plan assets in derivative securities at its discretion.**

Stock Exchanges

To ensure marketability and liquidity, investment advisors will execute equity transactions through the following exchanges: New York Stock Exchange, American Stock Exchange and NASDAQ over-the-counter market. In the event that an Investment Manager determines that there is a benefit or a need to execute transactions in exchanges other than those listed in this statement, written approval is required from the Board.

Prohibited Assets

Prohibited investments include, but are not limited to the following:

1. Commodities and Futures Contracts
2. Private Placements
3. Options
4. Limited Partnerships
5. Venture-Capital Investments
6. Interest-Only (IO), Principal-Only (PO), and Residual Tranche CMOs

Prohibited Transactions

Prohibited transactions include, but are not limited to the following:

1. Short Selling
2. Margin Transactions

Asset Allocation Guidelines

Investment management of the assets of the Santiago Canyon College Foundation shall be in accordance with the following asset allocation guidelines:

1. Aggregate Operating Funds Asset Allocation Guidelines (at market value)

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Preferred</u>
Equities	20%	70%	53%
Fixed Income	20%	60%	37%
Cash and Equivalents	5%	20%	5%
Alternative Investments	0%	10%	5%

2. The Board may employ investment managers whose investment disciplines require investment outside the established asset allocation guidelines. However, taken as a component of the aggregate Operating Funds, such disciplines must fit within the overall asset allocation guidelines established in this statement. Such investment managers will receive written direction from the Board regarding specific objectives and guidelines.
3. In the event that the above aggregate asset allocation guidelines are violated, for reasons including but not limited to market price fluctuations, the Board will instruct the Investment Manager(s) to bring the portfolio(s) into compliance with these guidelines as promptly and prudently as possible. In the event that any individual Investment Manager's portfolio is in violation with its specific guidelines, for reasons including but not limited to market price fluctuations, the

Board expects that the investment Manager will bring the portfolio into compliance with these guidelines as promptly and prudently as possible without instruction from the Board.

Diversification for Investment Managers

The Board does not believe it is necessary or desirable that securities held in the Operating Funds represent a cross section of the economy. However, in order to achieve a prudent level of portfolio diversification, the securities of anyone company or government agency should not exceed 5% of the total fund, and no more than 12% of the total fund should be invested in any one sector. Individual treasury securities may represent 10% of the total fund, while the total allocation to treasury bonds and notes may represent up to 100% of the Operating Funds' aggregate bond position.

Guidelines for Fixed Income Investments and Cash Equivalents for Individual Securities

1. Operating Funds assets may be invested only in investment grade bonds rated BBB (or equivalent or better).
2. Operating Funds assets may be invested only in commercial paper rated A1 (or equivalent) or better.
3. Fixed income maturity restrictions are as follows:
 - Maximum maturity for any single security is 25 years.
 - Weighted average portfolio maturity may not exceed 15 years.
4. Money Market Funds selected shall contain securities whose credit rating at the absolute minimum would be rated investment grade by Standard and Poor's, and/or Moody's.

SELECTION OF INVESTMENT MANAGERS

The Board's selection of Investment Manager(s) must be based on prudent due diligence procedures. A qualifying investment manager must be a registered investment advisor under the Investment Advisors Act of 1940, or a bank or insurance company. The Board requires that each investment manager provide, in writing, acknowledgement of fiduciary responsibility to the Santiago Canyon College Foundation or be subjected to a rigorous due diligence process by the Investment Management Consultant.

INVESTMENT MANAGER PERFORMANCE REVIEW AND EVALUATION

Performance reports generated by the Investment Manager shall be compiled at least quarterly and communicated through the Investment Management Consultant to the Board for review. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as

set forth in this statement. The Board intends to evaluate the portfolio(s) over at least a three-year period, but reserves the right to terminate a manager for any reason including the following:

- 1. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
- 2. Failure to adhere to any aspect of this statement of investment policy, including communication and reporting requirements.
- 3. Significant qualitative changes to the investment management organization.

Investment managers shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may affect their ability to achieve the desired investment results.

INVESTMENT POLICY REVIEW

To assure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this statement of investment policy, the Board plans to review investment policies at least annually. The asset allocation guidelines and spending targets were amended at the January 7, 2016 Board of Directors meeting and are articulated in the IPS document under SPENDING POLICY.

Every five (5) years, or earlier if conditions warrant, the Investment Committee will determine if its members want to invite other investment management consultants to submit proposals to manage Santiago Canyon College Foundation’s investment portfolio.

This statement of investment policy was revised and approved on April 6, 2017 by the Board of Directors of the Santiago Canyon College Foundation, witnessed by the undersigned Secretary of the corporation and designated administrator of the College.

1. _____
Craig Shipcott – Secretary
Santiago Canyon College Foundation

2. _____
Karen L. Bustamante
Interim Executive Director
Santiago Canyon College Foundation