

## **GROW SANTA FE COMMUNITY COLLEGE FOUNDATION INVESTMENT POLICY**

The primary purpose of the Investment Policy is to provide guidance and assign responsibilities for the management of the GROW Santa Fe Community College Foundation's restricted, unrestricted, endowment and charitable trust funds and to establish investment goals, objectives and policies that will provide for the prudent management of those funds.

### **INVESTMENT PHILOSOPHY**

The fundamental goals of the Investment Policy are to preserve the principal of the GROW Santa Fe Community College Foundation's assets, to maintain sufficient liquidity to meet distribution requirements and to produce maximum long-term growth of capital without assuming unreasonable risk.

The standard to be used by investment officials of GROW Santa Fe Community College Foundation shall be a prudent person standard, namely:

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs not for speculations, but for investment, considering the probable safety of their capital as well as the possible income to be derived.

The above standard is established as the standard of professional responsibility and shall be applied in the context of managing the GROW Santa Fe Community College Foundation's holdings.

The Foundation will be invested in funds in selected instruments that support its long term direction and positioning. The investment portfolio should be diversified. The purpose of this diversification is to provide reasonable assurances that no single security or class of securities will have a disproportionate impact on the total portfolio. Funds should be invested principally in equity and debt securities of United States institutions, corporations and government (public) securities

### **INVESTMENT OBJECTIVES**

The objectives of the Investment Policy are:

1. to preserve and, over time, increase the inflation-adjusted value of the invested assets of the GROW Santa Fe Community College Foundation.
2. to maximize over the long run the total rate of return on invested assets, assuming a level of risk consistent with prudent investment practices for such funds. The portfolio will tolerate short-term volatility, consistent with the volatility of the applicable market index.

3. to maintain a portfolio which may include 1) equities designed to provide growth of income and appreciation of principal, 2) fixed-income investments to provide a predictable and reliable source of interest income, and 3) alternative investment strategies as further defined below; and
4. to maintain sufficient liquidity to meet projected (or budgeted) distribution requirements, which include scholarships and program support needs of the Santa Fe Community College.
5. The time horizon for the Foundation is perpetuity.

## **INVESTMENT AUTHORITY**

The GROW Santa Fe Community College Foundation board of directors, under the advisement of the Finance/Investment Committee, retains overall authority for approval and implementation of the Investment Policy, in accordance with the GROW Santa Fe Community College Foundation Bylaws. The Finance/Investment Committee will be responsible for the investment of gifts to the GROW Santa Fe Community College Foundation and may delegate management of cash investments to investment manager(s) and/or staff assigned to the GROW Santa Fe Community College Foundation.

The board of directors is authorized to engage an investment advisor and investment manager(s) for the direct management of the GROW Santa Fe Community College Foundation's invested assets. By such action, the board of directors expects to acquire investment management expertise that will benefit the GROW Santa Fe Community College Foundation's long-term asset growth. In addition, such delegation will provide for continuity in asset management despite periodic personnel changes in board or Finance/Investment Committee composition. This continuity will permit emphasis on achievement of longer-term objectives rather than short-term or ad hoc decisions. An investment advisor hired to assist with the management of the GROW Santa Fe Community College Foundation's invested assets will assume a level of fiduciary responsibility commensurate with its responsibilities to the Foundation Board.

The investment manager(s) will have discretion with regard to individual asset selection, although portfolio variability over time should be minimized through prudent diversification, both among individual assets and by asset class. The Finance/Investment Committee will review the manager's time-weighted returns vs. stock and bond indices and will compare the manager's performance to that of other managers and appropriate benchmarks. Over a typical market cycle of three to five years, the investment manager is expected to approximate the broad market indices (e.g., Standard & Poor's 500, Barclay's Aggregate Bond Index, etc.) and exceed the median of comparable universes. Performance information will be provided quarterly to the board of directors. Results must be analyzed by the Finance/Investment Committee at least quarterly at which time rebalance of allocation in the portfolio will be considered.

The GROW Santa Fe Community College Foundation for the Santa Fe Community College Board of Directors and Finance/Investment Committee members, acting in accordance with

this Investment Policy and written procedures as may be established hereunder, as modified from time to time when exercising due diligence, shall be relieved of personal responsibility for his or her decision, provided that deviations from expectation are reported in a timely fashion and appropriate action is taken to control adverse developments.

## **INVESTMENT GUIDELINES**

The GROW Santa Fe Community College Foundation Board and Finance/Investment Committee shall be governed by the following guidelines:

1. no funds shall be borrowed by the GROW Santa Fe Community College Foundation for the purpose of investing; and
2. unless included in the overall investment strategy employed by the GROW Santa Fe Community College Foundation's board of directors approved investment managers, investment activity in the following is prohibited:
  - a. short sales, margin purchases
  - b. private placements or restricted securities;
  - c. commodities;
  - d. puts, calls, or hedging techniques
  - e. warrants or other options, except as part of purchase of another security
  - f. real estate investment trust;
  - g. limited partnerships; and
  - h. investments that are not permitted under the Employee Retirement Income Security Act (ERISA), as amended, and the Prudent Man Rule.
3. Unless included in the overall investment strategy employed by the GROW Santa Fe Community College Foundation's board of directors approved investment managers, investments should be divided between fixed income and equity securities.
  - a. The cash and cash equivalent portion will be governed by the following:
    1. Permissible investments for the cash and cash equivalent allocation are certificates of deposit, money market funds and U.S. treasury bills.
    2. Deposits in financial institutions (banks, brokerage firms, etc.) shall not exceed a cumulative total of the applicable FDIC insurance per institution, unless fully insured by additional deposit guarantee insurance and/or surety bonds.
  - b. The fixed income portion will be governed by the following:
    1. not more than 10% of the fixed income portion, at cost, is to be invested in obligations of any one issuer, excluding obligations of the United States government;

2. individual marketable bonds, at the time of purchase, must be rated "A" or better and commercial paper must have a rating of not less than "A+" by Standard & Poor's or "P 1" by Moody Investor Services.
- b. The equity securities portion of the fund shall be invested in one of the following or in a combination of both:
  1. an equity-oriented portfolio diversified in terms of industry group, economic sector and securities selection consisting of common stocks, preferred stocks and/or convertible securities; or
  2. mutual funds with similar objectives.
- c. The following standards will govern the investment in equity securities:
  1. with a professionally managed, equity-oriented portfolio, the investment manager(s) shall have discretion as to the selection of equities, portfolio turnover and diversification standards in order to assure flexibility in the management of the equity portion subject to this Investment Policy;
  2. the equity portfolio will be managed with the objective of maximizing total return; therefore sales of securities need not be restricted except as stated in this document, but shall be based on the manager's perception of the investment merits of each security in the portfolio;
  3. no more than 5% of the total assets of the equity portion of the fund should be invested in any single security at time of purchase.
  4. the equity securities purchased for the fund should be listed on one of the public stock exchanges or NASDAQ.
  5. the investment manager(s) is required to submit quarterly reports to the Finance/Investment Committee and the Executive Director of the GROW Santa Fe Community College Foundation detailing the holdings of the fund, the current market valuation and suitable comparative data as compared to market indices and any distribution of income or capital gains and any other pertinent information. Quarterly reports and annual reports will be submitted to the GROW Santa Fe Community College Foundation board of directors; and
  6. the Finance/Investment Committee, investment advisor and the board of directors of the GROW Santa Fe Community College Foundation shall review investment strategy and cash flow needs at least annually.
- d. When investment is made in a mutual fund (3b2), the fund may purchase shares or units of a mutual fund. The mutual fund shall submit quarterly reports to the Finance/Investment Committee detailing the share status of the fund and an audited annual financial report of the investment portfolio.

**ASSET ALLOCATION GUIDELINES**

	<b>Lower Limit</b>	<b>Target Allocation</b>	<b>Upper Limit</b>
<b>Alternative Investments</b>	<b>10%</b>	<b>30%</b>	<b>40%</b>
<b>Equities</b>	<b>20%</b>	<b>30%</b>	<b>40%</b>
<b>Fixed Income</b>	<b>10%</b>	<b>30%</b>	<b>35%</b>
<b>Cash &amp; Cash Equivalentents</b>	<b>5%</b>	<b>10%</b>	<b>15%</b>

**INVESTMENT POLICY REVIEW**

The Finance/Investment Committee shall review the Investment Policy annually and shall make significant modifications only with approval of the board of directors.

**USE OF TERMS**

Unless otherwise specified, general references to the board of directors of committees shall refer to board or committee of GROW, and not to those of Santa Fe Community College.

Approved by Finance/Investment Committee: September 9, 2009

Approved by GROW Board of Directors: October 27, 2009