

**Academic Senate for California Community Colleges**  
**DRAFT Investment Policy**  
**05.20.2022**

**Purpose:**

The Academic Senate for California Community Colleges (ASCCC) Investment Policy establishes investment objectives, policies, guidelines, and eligible deposits or guarantees related to all assets held by the ASCCC primarily for investment purposes. In doing so, the policy:

- Clarifies the delegation of duties and responsibilities concerning the management of institutional funds;
- Identifies the criteria used to measure the investment performance of the organization's investments;
- Communicates the funding objectives to the Board, staff, and membership of the organization;
- Confirms policies and procedures relative to the expenditure of the organizational funds; and
- Serves as a review document to guide the ongoing oversight of the management of the organizations' investments.

**Delegation of Responsibilities**

The Board of Directors (Executive Committee) has oversight role regarding all decisions that impact ASCCC's funds. The Board has delegated supervisory responsibility for the management of our funds to the Budget Committee and Executive Director. Specific responsibilities of the various bodies and individuals responsible for the management of our institutional funds are set forth below:

*Board of Directors.* The Board shall ensure that its fiduciary responsibilities concerning the proper management of ASCCC's institutional funds are fulfilled through appropriate investment structure, internal and external management, and portfolio performance consistent with all policies and procedures. The Board of Directors shall:

- Approve investment policies and objectives that reflect the organizations' tolerance for long-term investment-risk of the assets.

*Budget Committee.* The Budget Committee will consist of represented Officers as indicated in the ASCCC bylaws. The Budget Committee shall adhere to the process by which decisions are made with respect to ASCCC's funds. The Budget Committee is responsible for the development, recommendation, implementation and maintenance of all policies relative to ASCCC's funds and shall:

- Develop and/or propose policy recommendations to the Board with regard to the management of all funds.

- Recommend long-term and short-term investment policies and objectives for funds, including the study and selection of assets, determining asset allocation ranges, and setting performance objectives.
- Determine that funds are prudently and effectively managed with the assistance of management and any necessary investment consultants and/or other outside professionals.
- Monitor and evaluate the performance of all those responsible for the management of funds.
- Recommend the retention and/or dismissal of investment consultants and/or other outside professionals.
- Receive and review reports from management, investment consultants and/or other outside professionals.
- Periodically meet with management, investment consultants and/or other outside professionals management, investment consultants and/or other outside professionals.

*Management.* Management shall be responsible for the day-to-day administration and implementation of policies established by the Board and/or the Budget Committee concerning the management of ASCCC funds. Management shall also be the primary liaison between any investment consultants and/or other outside professionals that shall be retained to assist in the management of such funds. Specifically, management shall:

- Oversee the day-to-day operational investment activities of all funds subject to policies established by the Board and/or the Budget Committee.
- Contract with outside service providers, such as: investment consultants, investment managers, banks, and/or trust companies and/or any other necessary outside professionals.
- Ensure that the service providers adhere to the terms and conditions of their contracts; have no material conflicts of interests with the interests of ASCCC; and, performance monitoring systems are sufficient to provide the Budget Committee with timely, accurate, and useful information.
- Regularly meet with any outside service providers to evaluate and assess compliance with investment guidelines, performance, outlook and investment strategies; monitor asset allocation and rebalance assets, as directed by the Budget Committee and in accordance with any asset allocation policies, among asset classes and investment styles; and, tend to all other matters deemed to be consistent with due diligence with respect to prudent management of funds.
- Comply with official accounting and auditing guidelines regarding due diligence and ongoing monitoring of investments. Prepare and issue periodic status reports to the Board and the Budget Committee.

### **Guidelines for Investing (Investment Philosophy)**

The ASCCC Accounting Policies and Procedures Manual outlines the current Senate Reserves policy. The reserves would typically be in a savings or money market account. Excess funds beyond the listed operational reserve may be considered for investment in stable, growth-oriented financial products.

The ASCCC subscribes to socially responsible investing (ESG Investing), and the ASCCC considers strongly environmental, social, and corporate governance (ESG) factors before contributing money and resources to a particular company or venture. Whenever possible, the ASCCC will invest dollars to promote positive societal impact, corporate responsibility, and long-term financial return

*ESG Investing Factors.* An investment's sustainability impact is evaluated using environmental, social, and governance (ESG) factors.

1. Environmental

This category considers the impact a company has on the environment, such as its carbon footprint, waste, water use and conservation, and clean technology it uses and creates in its supply chain.

2. Social

This refers to the social impact an individual company or fund has within society and how it advocates for social good and change within the broader community. Analysts look closely at a company's involvement and stances on social issues such as human rights, racial diversity within hiring and inclusion programs, the health and safety of its employees and board members, and community engagement.

3. Governance

Governance deals with how an ETF or company is managed, or "governed," for driving positive change. It encompasses reviewing the quality of management and the board, executive compensation and diversity, shareholder rights, overall transparency and disclosure, anti-corruption, and even corporate political contributions.

**Eligible Investments**

1. FDIC Insured Certificates of Deposit
2. Common Stocks that adhere to ESG Investing Principles
3. US Treasuries and/or California Municipal Bonds

**Measuring Performance**

The investment portfolio's performance will be reviewed according to benchmarks established in collaboration with the selected investment advisor. The investment advisor will provide ASCCC with a benchmark for each fund held within the portfolio.

## **Monitoring**

The financial advisor will provide ASCCC with a detailed report of the portfolio at least quarterly. The quarterly report will outline the following:

1. Returns for the specified quarter, year to date, and inception
2. The current portfolio allocation compared to the target asset allocation
3. A comparison of the performance of each fund and manager relative to other managers with a similar investment style or strategy
4. The portfolio's performance relative to a broad portfolio based on the target asset Allocation
5. The portfolio's performance relative to a custom benchmark based on the individual funds held within the portfolio

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