

# **Investment Policy**

Northern California Conference has created an Investment Policy Statement (IPS) which governs any investments made by organizations which are part of the conference (including schools).

## **Short Term**

Schools who wish to invest school funds should follow the guidelines in the attached policy. That policy outlines several options for short-term investments. However, Northern California Conference expects use of the following investment vehicles for school funds:

- Money market mutual funds which comply with the IPS
- Pacific Union Income Fund
- Certificates of deposit issued by US banks or major foreign banks. Deposits must be limited to amounts covered by insurance provided by the appropriate government agencies.
- General Conference Unitized Fund

A monthly report of transactions must be reviewed by the school finance committee and/or school board.

## **Long Term**

Schools who wish to invest school funds for endowments, plant funds, or other purposes must contact the Northern California Conference. The NCC Investment Counselor will assist in the development of an investment policy for these funds.



# Northern California Conference



## Investment Policy Statement



May 20, 2009

Recommended to NCC Board of Ed: May 28, 2009

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## I. PURPOSE OF THIS STATEMENT OF INVESTMENT POLICY

As a member organization of the Northern California Conference and in accordance with our fiduciary responsibility, this institution has created an "Investment Policy Statement" (IPS) governing all investable assets. The IPS serves to provide guidance and instruction while maintaining compliance with the Seventh-day Adventist Church's North American Division Working Policy as well as all germane regulatory agencies.

This statement of investment policy is set forth by the governing body of this institution in order to:

1. Offer guidance and limitations to all Investment Managers regarding the investment of the Assets as mandated by NAD Working Policy.
2. Establish a basis for evaluating investment results.
3. Manage the Assets according to prudent standards.

It is the intent of this document to state general attitudes, guidelines, and a philosophy, which will guide the management of all Assets toward the performance desired. It is intended that the investment policies be sufficiently specific to be meaningful but adequately flexible to be practicable.

## II. INVESTMENT GUIDELINES

The organization recognizes that risk (i.e., the uncertainty of future events), volatility (i.e., the potential for variability of asset values), and the possibility of loss in purchasing power (due to inflation) are present to some degree in all types of investment vehicles. High levels of risk are to be avoided, as evidenced by high volatility and low quality rated or illiquid securities

### A. General:

1. Investments are consistent with the fiduciary standards, that is:
  - a) the safeguards and diversity that a prudent investor would adhere to must be present
  - b) all transactions of assets must be in the sole interest of the organization.
2. Realization of gains and losses should be viewed solely in terms of investment merits.
3. All securities purchased and held on behalf of this institution shall be in compliance with the religious beliefs and health principles of Seventh-day Adventist Church. The organization does not directly invest in securities issued by companies whose primary business is alcohol, tobacco, gambling, pornography, meat processing or caffeinated beverages.

### B. Short term Investments:

1. All fixed income investments with a final maturity date of 1 year or less shall be considered short-term investments.
2. Up to 100% of the Fund may be invested in the following short-term issues:
  - a. No limitations are placed on the purchase of securities issued by the US government, or an agency thereof guaranteed by the US government.
  - b. Quality, Diversity & Liquidity: All short-term securities purchased must have adequate market liquidity, should not represent a significant exposure relative to the size the total portfolio and must be rated A-1/P-1 or equivalent.
  - c. General Conference Unitized Fund
  - d. SEC registered money market mutual fund with the following limitations: Money market mutual fund must have in excess of \$250,000,000 total assets  
The weighted average days to maturity ("WAM") must be 120 days or less

The money market mutual fund only invests securities rated in investment grade or better by at least 2 recognized statistical rating organizations.

- e. Savings accounts with banks, savings and loan associations, building societies and credit unions limited to amounts covered by insurance provided by the appropriate national government agencies.
- f. Bankers' acceptances issued by US banks or major foreign banks - when the commercial paper issued by such bank or holding company is rated A1/P1 by at least 2 recognized statistical rating organizations or if the investment is limited to an amount covered by national government insurance.
- g. Certificates of deposit or master notes issued by US banks or major foreign banks - when commercial paper issued by such bank or holding company is rated A1/P1 by at least 2 recognized statistical rating organizations or if the investment is limited to an amount covered by national government insurance.
- h. Commercial paper rated investment rated A1/P1 by at least 2 recognized statistical rating organizations.

3. Concentration – At no time shall the fund invest more than 10% of the total assets in the securities of any one issuing organization or backed by the credit worthiness of any single organization.

#### C. Pacific Union Income Fund:

1. The Pacific Union Conference is one of nine unions that make up the North American Division of the General Conference of Seventh-day Adventists. The Pacific Union consists of seven conferences nurturing more than 211,000 members in 700 congregations.

Organizations of the Northern California Conference who elect to invest into the Pacific Union Conference Income Fund are responsible for compliance with North American Division Investment Policy. Given the continued existence of a Pacific Union Conference Income Fund “Master “Investment Policy Statement that is compliant with the North American Division Policy, the following information will serve as a summary of the Income Fund’s Investment Policy Statement for those investors in the Fund. The complete Pacific Union Conference Investment Policy Statement is readily available to all member investors for the purpose of audit compliance:

The PUA Income Fund (Fund) has been established with a dual purpose for its existence:

1. As an investment vehicle to maximize return on idle funds held by the Pacific Union and its conferences, churches and institutions under their administration.
2. As a source of debt financing for the conferences of the Pacific Union and their churches and institutions, and the institutions under the administration of the Pacific Union.

As a result of the establishment of the “Fund”, the Pacific Union Conference, in accordance with its fiduciary responsibility to oversee the “Fund”, has created an “Income Fund” Investment Policy Statement (IPS). The IPS serves to provide guidance and instruction to the “Fund” while maintaining compliance with the Seventh-day Adventist Church’s North American Division Working Policy (NADWP S 46).

The Pacific Union Conference Income Fund has implemented a NAD compliant Investment Policy Statement covering the:

1. Responsibilities of the Investment Advisors,
2. Investment Objectives of the Income Fund
3. Investment Goals of the Income Fund
4. Investment Guidelines of the Income Fund
5. Process for Investment Performance Review and Evaluation
6. Communication provisions concerning all of the above.

**Recommended to NCC Board of Ed: May 28, 2009**

Any audit compliance inquiries can be directed to the Pacific Union Conference 2686 Townsgate Rd.  
Westlake Village, CA 91361 (805) 413-7100, Fax (805) 495-2644

### III. REVIEW AND EVALUATION

. A monthly report of the Transactions (all receipts and disbursements) shall be sent by the custodian to the member organization as well as an Asset Summary listing all investment assets, costs, market prices, anticipated income and yields.

. 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.

Organization Name \_\_\_\_\_

Authorized Name & Signature(s) \_\_\_\_\_

\_\_\_\_\_

Date \_\_\_\_\_