

Charter

**Investment Committee
of the Board of Trustees
of
Claremont McKenna College**

Purpose of the Claremont McKenna College Investment Committee

The Investment Committee (the "Committee") is a committee of the Board of Trustees of Claremont McKenna College (the "Board"). The Committee shall have responsibility, on behalf of the Board, for the oversight of the investments of the College, which fall into two categories: (i) investment assets that are permitted by applicable requirements to be pooled and that make up the College's Pooled Investment Fund ("Pooled Investment Fund Assets"), and (ii) investment assets that may not or should not be pooled and, as a result, are separately invested ("Separately Invested Assets"). In the case of Pooled Investment Fund Assets, the Committee shall work proactively with College management and external investment managers in an effort designed such that Pooled Investment Fund Assets, through the College's spending policy, materially contribute to the operating funds of the College on an annual basis, in perpetuity, while increasing Pooled Investment Fund Assets at a rate that exceeds inflation. In the case of Separately Invested Assets, the Committee shall work proactively with College management in an effort to maximize the value of Separately Invested Assets subject to applicable restrictions and requirements, such as donor restrictions, spending requirements, and fiduciary responsibilities when applicable.

Structure of the Investment Committee

- A. Membership on the Committee shall be comprised of Trustees only.
- B. Each member of the Committee shall be appointed annually by the Board. The Committee shall consist of at least four (4) and no more than nine (9) Trustees. Because of the nature of the work of the Committee and the need for continuous service, it is anticipated that Trustees appointed to serve on the Committee will serve for a minimum term of three years.
- C. One or more members of Committee shall be appointed by the Board to serve as Chair or Co-Chair of the Committee, as the case may be. A majority of the number of members serving on the Committee shall constitute a quorum for the transaction of business at any meeting of the Committee. Provided that a quorum is established, any matter for which a vote of the Committee is required shall be decided by a majority of the number of members participating in a meeting. The Committee generally shall meet in person on four occasions in each fiscal year, and shall hold telephonic meetings when called by the Chair or any Co-Chair.

- D. The Vice President and Chief Investment Officer and any other appropriate employee of the College shall provide primary staff support for the Committee.
- E. The Committee may form subcommittees for any purpose and may delegate to any subcommittee, subject to Committee oversight, any responsibility or authority of the Committee.

Responsibilities and Authority of the Investment Committee

The Committee shall take all such action as shall be reasonably necessary to fulfill its purpose including, but not limited to, the following:

- A. The Committee shall formulate an investment policy statement with respect to Pooled Investment Fund Assets (the "Investment Policy Statement"), and recommend the Investment Policy Statement to the Board for approval. The Investment Policy Statement shall, among other matters deemed relevant by the Committee, establish investment objectives, target asset allocations and ranges, and investment manager guidelines for Pooled Investment Fund Assets. The Committee periodically shall review and evaluate the Investment Policy Statement and propose changes to the Board for approval when such changes are considered prudent in the judgment of the Committee. The Committee shall authorize the rebalancing of the portfolio of investments included within Pooled Investment Fund Assets as may be necessary from time to time to keep such assets within target asset allocations and ranges formulated by the Committee and approved by the Board.
- B. The Committee shall periodically monitor and review the investment performance of Pooled Investment Fund Assets and Separately Invested Assets. The Committee shall seek to stay current on investment trends generally and may engage investment professionals to advise the Committee on such trends, to evaluate the mix of the College's total investments or any part thereof, to make recommendations with respect to investment opportunities, and to provide investment advice on such other matters as the Committee may deem relevant.
- C. The Committee shall have the responsibility to select, evaluate, and retain or terminate all external investment managers.
- D. The Committee shall review and monitor the activities of each of its subcommittees no less often than annually.
- E. The Committee periodically shall review and evaluate all real estate holdings of the College included within total investments.
- F. The Committee periodically shall review and monitor the College's planned giving program. In furtherance of the foregoing, the Committee shall, among other things; (i) review and approve on an annual basis gift annuity rates offered by the College; (ii) establish and periodically review guidelines ("Planned Giving Guidelines") for the acceptance by the College of gifts and other arrangements from planned giving donors; (iii) periodically ratify new

gifts and other arrangements from planned giving donors which meet Planned Giving Guidelines; and (iv) approve in advance before the consummation thereof new gifts and other arrangements from planned giving donors which do not meet Planned Giving Guidelines. The Committee shall recommend any changes to such planned giving program considered appropriate by the Committee to the Board for approval.

- G. The Committee shall review, and make a recommendation to the Board concerning the approval of, the College's spending rate formula from Pooled Investment Fund Assets.
- H. The Chair or any Co-Chair of the Committee shall report regularly to the Board on any significant matters arising from the Committee's work irrespective of whether Board action is required with respect to such matters, and shall strive to keep Board members fully informed with respect to the performance of the College's total investments, and such other material matters that come within the Committee's responsibilities and authority.
- I. The Committee shall work cooperatively with other committees of the Board. The Committee shall establish and maintain a coordinated working relationship, in particular, with the Finance Committee of the Board.
- J. The Committee shall review this Charter periodically and, if appropriate, recommend proposed changes to the Board for approval. In addition, the Committee shall assess periodically the Committee's performance in view of this Charter and the Committee's annual goals and objectives.