

## **The California Endowment**

### **CHARTER OF THE INVESTMENT AND FINANCE COMMITTEE OF THE BOARD OF DIRECTORS**

#### **PURPOSE**

The Investment and Finance Committee (“Committee”) is appointed by the Board of Directors (“Board”) to advise the Board on investment policy, fund management, budget, financial management, and capital expenditures for The Endowment.

#### **AUTHORITY AND RESPONSIBILITIES**

The Board grants the Committee the authority and responsibility to:

##### **1. Investment-Related Responsibilities**

- 1.1. Recommend to the Board the Endowment’s investment policies and strategic asset allocation targets for the prudent investment of the Endowment;
- 1.2. Establish appropriate allowable ranges for the asset allocation targets;
- 1.3. Conduct an annual review of the Endowment's investment structure, asset allocation and financial performance. The Committee will review the Endowment’s asset allocation plan against capital market assumptions regarding return, risk, and correlations for major asset classes to ensure that the current asset mix will achieve the Endowment’s long term goals. Based on this review, the Committee shall make recommendations to the Board regarding revisions to the Endowment's strategic or policy asset allocation plan as necessary;
- 1.4. Review and approve the Chief Financial Officer’s and Chief Investment Officer’s selection of Custodial Bank and Primary Investment Consultant services before the action is taken, as needed, to ensure that the Endowment is invested effectively and to safeguard the assets of the Endowment. Approvals by the Committee or Committee Chair must be acknowledged and documented prior to the engagement of such services;
- 1.5. Monitor investment performance;
- 1.6. Review and recommend to the Board any changes in signature and wire transfer authority resolutions concerning investment matters; and
- 1.7. Review and recommend to the Nominating Committee candidates for Non-Director Members of the Committee.

- 1.8 Review and approve management recommendation for incentive for Investment Team and make recommendation for the incentive for the CIO to the Executive/Compensation Committee for approval.

## **2. Financial Responsibilities**

- 2.1. Review and recommend banking and other similar financial relationship selection and retention or termination for approval by the Board;
- 2.2. Employ banks or financial institutions to handle The Endowment's financial transactions other than investments;
- 2.3. Review and recommend to the Board any changes in signature and wire transfer authority resolutions concerning financial matters;
- 2.4. Review and recommend to the Board, the annual operating budget for The Endowment;
- 2.5. Review and recommend to the Board, the investment function budget for The Endowment;
- 2.6. Review and recommend to the Board any major capital expenditures or disposals;
- 2.7. Review quarterly financial statements compared to budget; and
- 2.8. Review and recommend to the Board The Endowment's spending policy and other issues including the appropriate level for the annual grants budget in view of the annual distribution requirement, actual and projected investment returns, and the current goal of The Endowment to operate in perpetuity.

## **3. General Responsibilities**

- 3.1. Report to the Board on Committee activities;
- 3.2. Conduct annually a performance evaluation of itself in relation to the requirements of this Charter and such other matters as the Committee may deem appropriate and present such performance evaluation to the Board;
- 3.3. Review annually the Committee Charter and recommend any changes to the Governance Committee; and
- 3.4. Recommend to the Board any other actions related to investment and financial matters necessary for The Endowment to fulfill its mission.

## **COMPOSITION AND TERMS**

**Composition:** The Committee consists of three or more Directors. The Committee members shall be recommended by the Board Chair and appointed by the Board. The Board Chair shall

designate a member of the Committee to serve as Chair of the Committee. The Audit Committee Chair may not be a member of the Committee. Additionally, the Committee may include up to four Non-Director members, recommended by the Committee, reviewed by the Nominating Committee, and appointed by the Board.

**Terms:** Each Committee member serves a one-year term, renewable annually by action of the Board.

## **MEETINGS**

The Committee meets typically four times per year, with additional meetings as may be necessary and appropriate to fulfill the responsibilities described above. Meetings are convened by the Committee Chair. The Committee may ask Management or others to attend the meeting and provide pertinent information as necessary.

## **PROVENANCE AND LIMITATIONS**

The Committee is mandated by The Endowment's Bylaws (Article IV, Sections 15(a)). Unless expressly delegated by the full Board when allowed under applicable law and The Endowment's Articles of Incorporation and Bylaws, the Committee shall not have the power or authority to act for the full Board. Meetings and actions of the Committee are governed by the same provisions of The Endowment's Bylaws that pertain to meetings and actions of the Board (Article IV, Section 4).