INVESTMENT POLICY OF
CHURHILL LIBRARY ASSOCIATION (the "Organization")

PURPOSE OF INVESTMENT POLICY

The purpose of this Investment Policy is to provide a clear statement of the Organization's investment objective, to define the responsibilities of the Board of Directors, The Endowment Committee, and any other parties involved in managing the Organization's investments, and to identify or provide target asset allocations, permissible investments and diversification requirements.

INVESTMENT OBJECTIVE

The overall investment objective of the Organization is to maximize the return on invested assets while minimizing risk and expenses. This is done through prudent investing and planning, as well as through the maintenance of a diversified portfolio.

GENERAL PROVISIONS

- All transactions shall be for the sole benefit of the Organization.
- The Directors shall consider updating the Organization's investment policy on an annual basis.
- The Directors shall conduct an annual review of the Organization's investment assets to verify the existence and marketability of the underlying assets or satisfy themselves that such a review has been conducted in connection with an independent audit (if any) of the Organization's financial statements.
- Any investment that is not expressly permitted under this Policy must be formally reviewed and approved by the Directors.
- The Directors will endeavor to operate the Organization's investment program in compliance with all applicable state, federal and local laws and regulations concerning management of investment assets [including IRC §4944 if the Organization is classified as a private foundation for federal tax purposes.]
- Investments shall be diversified with a view to minimizing risk.

Approved: October 22, 2018

DELEGATION OF RESPONSIBILITY; RELIANCE ON EXPERTS AND ADVISORS

- The Board of Directors has ultimate responsibility for the investment and management of the Organization's investment assets.
- The Board or Endowment Committee may hire outside experts as investment consultants or investment managers.
- The Board may also establish an advisory committee (which may include non-directors) to provide investment advice to the Board or to the Endowment Committee. Advisory committees have no authority to act for the Board, but may monitor compliance with the investment policy, recommend changes, and assist the Board or Endowment Committee in selecting and retaining Investment Managers to execute this Investment Policy.

RESPONSIBILITIES OF THE BOARD, OR IF AUTHORITY IS DELEGATED, THE ENDOWMENT COMMITTEE

- The Board, or if authority is delegated, the Endowment Committee, is charged with the responsibility of managing the investment assets of the Organization. The specific responsibilities of the Board or the Endowment Committee, as applicable, include:

  1. Communicating the Organization's financial needs to the Investment Managers on a timely basis.
  2. Determining the Organization's risk tolerance and investment horizon and communicating these to the appropriate parties.
  3. Establishing reasonable and consistent investment objectives, policy guidelines and allocations which will direct the investment of the assets, to be reviewed by the Board on an annual basis.
  4. Prudently and diligently selecting one or more qualified investment professionals, including investment managers(s), investment consultant(s), and custodian(s).
  5. Regularly evaluating (Quarterly) the performance of investment manager(s) to assure adherence to policy guidelines and to monitor investment objective progress.
  6. Developing and enacting proper control procedures; e.g., replacing investment manager(s) due to a fundamental change in the investment management process, or for failure to comply with established guidelines.

RESPONSIBILITIES OF INVESTMENT MANAGERS

- Each investment manager will invest assets placed in his, her or its care in accordance with this investment policy.

- Each investment manager must acknowledge in writing acceptance of responsibility as a fiduciary.

- Each investment manager will have full discretion in making all investment decisions for the assets placed under his, her or its care and management, while operating within all policies, guidelines, constraints, and philosophies outlined in this Investment Policy. Specific responsibilities of investment manager(s) include:

  1. Discretionary investment management, including decisions to buy, sell, or hold individual securities, and to alter allocation within the guidelines established in this statement.

  2. Reporting, on a timely basis, quarterly investment performance results.

  3. Communicating any major changes in the economic outlook, investment strategy, or any other factors that affect implementation of investment process.

  4. Informing the Board, or if authority is delegated, the Endowment Committee, regarding any changes in portfolio management personnel, ownership structure, investment philosophy, etc.

  5. Voting proxies, if requested by the Board, or if authority is delegated, the Endowment Committee, on behalf of the Organization.

  6. Administering the Organization's investments at reasonable cost, balanced with avoiding a compromise of quality. These costs include, but are not limited to, management and custodial fees, consulting fees, transaction costs and other administrative costs chargeable to the Organization.

GENERAL INVESTMENT GUIDELINES

- A copy of this Investment Policy shall be provided to all Investment Managers.

- The Organization is a tax-exempt organization as described in section 501(c)(3) [or section 501(c)(6), etc., as applicable] of the Internal Revenue Code. This tax-exempt status should be taken into consideration when making Organization investments.

- Transactions shall be executed at reasonable cost, taking into consideration prevailing market conditions and services and research provided by the executing broker.

- Permitted investments include: Actively managed mutual funds; passively managed exchange trade funds (EFT'S); open-end index mutual funds; and mutual funds or EFT's that invest in asset classes such as real estate investment trusts (REIT's), natural resources, alternatives, and emerging markets.

- The following transactions are prohibited: Purchase of non-negotiable securities; derivatives; high risk or junk bonds; private placements; precious metals; commodities; short sales; any margin transactions; straddles; warrants; options; life insurance contracts; leverage; or letter stock.

DIVERSIFICATION

- The Organization will maintain a reasonable diversification of investment assets between asset classes and investment categories at all times.

- Reasonable sector allocations and diversification shall be maintained. No more than twenty-five percent (25%) of the entire portfolio may be invested in the securities of any one sector.

- Investments within the investment portfolio should be readily marketable.

- The investment portfolio should not be a blind pool; each investment must be available for review.

ASSET ALLOCATION

- The asset allocation policy shall be predicated on the following factors:

  1. Historical performance of capital markets adjusted for the perception of the future short and long-term capital market performance.

  2. The correlation of returns among the relevant asset classes.

  3. The perception of future economic conditions, including inflation and interest rate assumptions.

  4. Liquidity requirements for the projected grants and other charitable expenditures.

  5. The relationship between the current and projected assets of the Organization and projected liabilities.

ALLOCATION RANGE

Asset Allocation Range	Target	Upper limit
Cash	2%	0 – 5%
Income	33%	20 – 50%
Growth & Income	47%	30 – 60%
Growth	13%	10 – 25%
Aggressive	5%	0 –15%

- Rebalancing of portfolio allocations shall be done as deemed necessary by the Investment Managers. The Board or Endowment Committee shall review the target and upper limit allocations on an annual basis to ensure alignment with investment goals.

PERFORMANCE

- Performance objectives are to be met on a net of fees basis. The investment performance of each asset allocation class will be measured on two levels: against inflation objectives for the total Organization and against index objectives for individual portfolio components. Investment performance shall be measured no less than quarterly on a net of fees basis. Performance shall be evaluated on a three- to five-year basis to allow for market fluctuations and volatility.

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