

Investment Policy Statement of El Jebel Shrine

Introduction

This statement of investment policy was adopted by the Board of Directors of El Jebel Shrine on February 25, 2013, to provide for the creation of, and guidelines for the management of, various funds held by the organization. These policies supersede any and all prior actions regarding investment policies. For the purposes of managing investment risk and to optimize investment returns within acceptable risk parameters, the following funds will be created and held as separate investment pools:

- “Operating Funds”
- “Short-term Reserve Funds”
- “Long-term Reserve Funds”
- “Endowment Fund”

Procedures

The following procedures will be followed to ensure the investment policy statement is consistent with the mission of El Jebel Shrine and accurately reflects current financial conditions:

- The Investment Committee shall review this investment policy annually.
- The Investment Committee will recommend any changes in this policy to the Board of Directors.

The following procedures will be used to determine the dollar amounts to be placed in the each of the various funds.

- The Treasurer or his designee will recommend the dollar amounts to be held in the Operating Fund and Short-term Reserve Fund.
- The Investment Committee will recommend the dollar amounts to be held in the Long-Term Reserve Fund and Endowment Fund.

Delegation of Authority

The Investment Committee is a fiduciary, and is responsible for directing and monitoring the investment committee of the various fund assets on behalf of El Jebel Shrine. As such, the Investment Committee is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to Investment Management Consultant, Investment Manager, Custodian, and additional specialists. It is anticipated that the services of a registered investment manager may be sought to manage portions of the Long-term Reserve and/or Endowment Funds. The following procedure shall be followed to engage a new or replace a current investment manager:

- The Treasurer and the Investment Committee will recommend the hiring or replacing of an investment advisor to the Board of Directors.
- The Treasurer and the Investment Committee will nominate prospective candidates and send a Request for Proposal to each candidate.
- The Treasurer and the Investment Committee will review proposals and interview candidates to determine appropriate investment advisor(s).
- The Investment Committee will make the hiring recommendation to the Board of Directors, who shall have the final approval.

Operating Fund

Purpose - The purpose of the Operating Fund is to provide sufficient cash to meet the day-to-day financial obligations of El Jebel Shrine in a timely manner.

Investment Objectives - The investment objectives of the Operating Fund are:

- Preservation of Capital;

- Liquidity; and
- To optimize the investment return within the constraints above.

Investment Guidelines –

Allowable Investments - The Treasurer if authorized by the Board of Directors will invest the Operating Fund as follows:

- Interest bearing Savings Account
- Certificates of Deposit at insured commercial banking organizations;
- Money market funds;
- Interest bearing checking accounts;
- Direct obligations of the U.S. Government, its agencies and instrumentalities.

Maturity - The maturities on investments for the Operating Fund shall be 12 months or less.

Reporting - The Treasurer or his designee shall prepare the following reports for presentation on at least a quarterly basis to the Board of Directors;

- Schedule of investments;
- Interest income year to date;

Short-term Reserve Fund

Purpose - The purpose of the Short-term Reserve Fund is to meet the expenses occurring as a result of unanticipated activities and to improve the return on the funds held for expenditure for up to five years.

Investment Objectives - The investment objectives of the Short-term Fund are:

- Preservation of capital;
- Liquidity; and
- To optimize the investment return within the constraints above.

Investment Guidelines -

Allowable Investments - The Treasurer if authorized by the Board of Directors will invest the Short-term Fund as follows:

- Interest bearing savings account
- Certificates of Deposit at insured commercial banking institutions;
- Money market funds that invest in government backed securities;
- Interest bearing checking accounts;
- Direct obligations of the U.S. Government, its agencies and instrumentalities.
- Mutual funds that invest in direct obligations of the U.S. Government, its agencies and instrumentalities.

Maturity - The Short-term fund shall have a weighted average maturity of three years or less. The maximum maturity shall be 5 years.

Reporting- The Treasurer or his designee shall prepare the following reports for presentation on at least a quarterly basis to the Board of Directors:

- Schedule of Investments which includes schedule of performance since purchase or last 5 years;
- Interest Income year to date;
- Current yield.

Long-term Reserve Fund and Endowment Fund

Purpose - The purpose of the Long-term Reserve Fund is to provide secure long-term funding for the mission of El Jebel Shrine. The assets of the Long-term Reserve Fund shall be managed in such a way as to facilitate the

organization's goals and objectives as outlined by the Board of Directors. Expenditure of the principal is board designated unless otherwise designated by the donor(s) in part or in whole. Also, at the discretion of the Board of Directors, up to 100% of the yearly total return may be utilized for program and agency expenses unless restricted for specific purposes by the donor(s).

Investment Objectives - In order to meet its needs, the investment strategy of the Long-term Reserve Fund is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income. Specifically, the primary objective in the investment management of the Long-term Reserve Fund shall be:

- Long-term growth of capital – To emphasize the Long-term growth of principal while avoiding excessive risk. Short-term volatility consistent with the volatility of a comparable market index is anticipated, though management should strive to contain it.
- Preservation of purchasing power – To achieve returns in excess of the rate of inflation plus spending over the investment time horizon in order to preserve purchasing power of agency and Trust assets. Risk control is an important element in the investment of Trust assets.

Investment Guidelines –

General Principles - The general principles of the Long Term Reserve Fund shall be:

- Investments shall be made solely in the interest of El Jebel Shrine and the Long-term Reserve Fund.
- The assets shall be invested with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent investor acting in like capacity and familiar with such matters would use in the investment of a like fund.
- Investment of these funds shall be so diversified as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.
- El Jebel Shrine may employ one or more investment advisors of varying styles and philosophies to attain the Fund's objectives.
- Cash is to be employed productively at all times by investment in Short-term cash equivalents to provide safety, liquidity and return.

Specific Investment Goals - Over the investment time horizon established it is the goal of the Long-term Reserve Fund assets to realize a total return in excess of the rate of inflation, as measured by the Consumer Price Index. The goal of the investment advisor shall be to meet or exceed the market index selected and agreed upon by the Investment Committee that most closely corresponds to the general principles stated above.

Diversification – Investment management of the assets of the Long-term Reserve Fund shall be in accordance with the following asset allocation guidelines:

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>
Equities	30%	70%
Fixed Income	30%	70%
Cash Equivalents	0%	20%