

BP121

Investment Policy

Reference: §602.15, (a), 1.

Adoption Date: June 2015

Last Revision Date: April 2021

The financial funds of the organization serve both as a reserve to address unexpected financial events and as a resource to provide a financial base for future needs. As such, it is necessary to assure that the investments of the organization's funds provide growth potential within a conservative environment. This policy serves to direct the administrators of the funds of the organization in these investments.

1. Short-Term Investments

Unencumbered cash will primarily be deposited in interest-bearing checking accounts on a day-to-day basis. Funds that are expected to be available for three months or longer may be invested in Certificates of Deposit (CDs). Any funds that are expected to be available for more than six months but no more than one year will be invested in appropriate CDs at the primary banking facility currently utilized by TRACS.

2. Long-Term Investments

Funds expected to be available for more than one year may be deposited into a brokerage account. Advised by the brokers and in consultation with the President of TRACS, the CFO will pursue a course of equity investments that will allow for buying indexed fund securities with hedged protection against market fluctuations. Only 80% of the monies available may be invested in the described securities at any one time. The investment goals of TRACS are to maximize return while limiting exposure to market risk and to realize a target, annualized return-on-investment of 4 to 6%.

3. Donated Securities

At times, donors may contribute corporate stock, mutual funds, or other marketable securities to TRACS. These securities will be transferred directly to the primary investment account(s) of TRACS and liquidated at the discretion of the CFO after consultation with the President of TRACS. Any amounts invested in a single corporate stock must be liquidated within six months and becomes subject to the long-term investment policy described above.

4. Cycle of Review

The investments of TRACS will be evaluated annually in conjunction with audit preparations and presented along with the Proposed Budget at the spring meeting to the Executive Committee. The discretionary authority given to the CFO will be re-evaluated each time a new CFO is named.

TRACS Investment Policy Statement (IPS)

Long-Term Investments

Part I. PURPOSE

This Investment Policy Statement is intended to assist the TRACS employees by establishing nonbinding guidelines for making investment-related decisions in a prudent manner. It outlines the underlying philosophies and processes for the selection, periodic monitoring, and evaluation of the long-term investment account.

Specifically, this Investment Policy Statement:

- Defines the account's investment objectives.
- Describes the criteria and procedures for selecting the investment options.
- Establishes investment procedures, measurement standards and monitoring procedures.
- Describes potential corrective actions TRACS can take should investment options (or their respective managers) fail to satisfy established objectives, if TRACS determines that such actions are prudent and advisable given the circumstances.

The guidelines provided in this Investment Policy Statement do not constitute a contract. These guidelines are also not meant to be a statement of mandatory requirements. Rather, these guidelines are only an explanation of general principles and guidelines being currently applied for investment option selection, retention, and replacement. Furthermore, these guidelines are not the sole factors considered by the TRACS in the process. This Investment Policy Statement is not intended to and shall not be deemed to expand any duties of TRACS, or its individual employees, or to create duties that do not exist under applicable law.

This Investment Policy Statement will be reviewed periodically, and, if appropriate, may be amended by TRACS at any time to reflect changes in the capital markets, account objectives or other factors relevant to the account.

Part II. INVESTMENT OBJECTIVES

TRACS will select the account's investment options based on criteria deemed relevant, from time to time. These criteria may include, but are not limited to, the following:

- Maximization of return within reasonable and prudent levels of risk.
- Provision of returns comparable to returns for similar investment options.
- Provision of exposure to a wide range of investment opportunities in various asset classes and vehicles.
- Control administrative and management fees.
- Provision of appropriate diversification within investment vehicles.
- Investment's adherence to stated investment objectives and style.

Part III. SELECTION OF INVESTMENT OPTIONS

Set forth below are the considerations and guidelines that the TRACS may employ in fulfilling the responsibility of selecting investment options for the account.

TRACS intends to provide an appropriate range of investment options that, in the aggregate, will result in the construction of a portfolio consistent with its unique circumstances, goals, time horizons and tolerance for risk. The account intends to invest in broadly diversified investment options, each of which shall offer materially different risk and return characteristics and which in the aggregate are sufficient to materially affect the potential return and degree of risk in the account, as well as minimizing the risk of large losses within the range normally appropriate. TRACS shall be responsible for the investment selection process, as set forth in this Investment Policy Statement, but cannot guarantee investment results for any selected investment option.

Major asset classes to be considered may include, but are not limited to:

Conservative Investments

Cash and liquid investments including, but not limited to, money market, stable value, and guaranteed interest accounts.

Income Investments

Income-oriented investments including, but not limited to, low, medium, and high-quality bond investments, with short, intermediate and/or long-term duration. Management styles may include indexed and actively managed international, global and domestic styles.

Equity Investments

Investments that invest in equity securities, both domestic and foreign, including, but not limited to, small, medium, and large market capitalization, with value, blend and growth investment objectives, which may be actively managed or indexed.

Asset Allocation Investments

Investments or accounts that invest in a combination of conservative, income and equity investments, "fund of funds" accounts combining several of the above investments into one or a series of investments, and "manager of managers" accounts combining several different investment styles and fund managers into one account or a series of accounts.

Other Investments

In addition to the foregoing major asset classes, TRACS may also consider other appropriate investments in other styles or asset classes offered through vehicles such as individual securities, exchange traded funds, commingled trusts, separate accounts, and mutual funds. Notwithstanding the foregoing, the Committee may consider, but is not required, to include in the investment menu any specific investment asset class, option, or style.

After considering the desired asset classes, TRACS will evaluate and choose the appropriate investment(s). If an investment manager (responsible for the underlying investment portfolio), is chosen, the following minimum criteria should be considered:

1. The investment manager should be a bank, insurance company, investment management, mutual fund company or an investment adviser registered under the Investment Advisers Act of 1940.
2. The investment's manager should operate in good standing with regulators and clients, with no material pending or concluded legal actions against it; and
3. All relevant quantitative and qualitative information on the manager and investment should be made available by the manager and/or vendor.

In addition to the minimum criteria above, the TRACS should consider the following standards for selection of all investments:

1. Investment performance should be competitive with appropriate style-specific benchmarks and the median return for an appropriate, style-specific peer group (where appropriate and available, long-term performance of an investment manager may be inferred through the performance of another investment with similar style attributes managed by such investment manager);
2. Specific risk and risk-adjusted return measures should be reviewed by TRACS and be within a reasonable range relative to appropriate, style-specific benchmark and peer group;
3. Fees and fee structures should be competitive compared with similar investments reasonably available, which should be reviewed on a periodic basis;
4. The investment should exhibit attractive qualitative characteristics, including, but not limited to, acceptable manager tenure; and
5. The investment should be able to provide performance, holdings, and other relevant information in a timely fashion with specified frequency.

Part IV. INVESTMENT MONITORING AND REPORTING

The ongoing monitoring of the account is a regular and disciplined process intended to ensure that a previously selected investment portfolio continues to satisfy the selection process and that the portfolio continues to be prudent. The process of monitoring investment performance relative to specified guidelines will be consistently applied. Frequent change of investments is neither expected nor desired.

TRACS will bear in mind all political, social, economic or other changes that may potentially require more frequent review and consideration of investments. The following are some, but not all, general factors that may be considered in ongoing monitoring:

- Current regulatory environment,
- Current state of capital markets,
- Performance of investment alternatives,
- The prudent applicability of this Investment Policy Statement as written, considering prevailing facts and circumstances.

Monitoring will generally utilize the same investment selection criteria used in the original selection analysis, or such other criteria as deemed prudent by TRACS.

If overall satisfaction with the investment option is acceptable, no further action is required. If areas of dissatisfaction exist, TRACS will monitor whether the investment is taking appropriate and prudent steps to remedy the deficiency. If over a reasonable period the issue remains unresolved, removal of an investment option may result.

The foregoing investment monitoring criteria shall not, under any circumstances, be taken as definitive, conclusive. All determinations should be made by TRACS, in its sole discretion, taking into consideration all relevant facts and circumstances.

Part V. REVIEW PROCEDURES

This Investment Policy Statement will be periodically reviewed and may be amended, if appropriate, at any time and without notice, by action of TRACS.

It is not expected that this Investment Policy Statement will change frequently. Short-term changes in the financial markets should not require amendments to this Investment Policy Statement.