

**Georges River Land Trust  
Investment & Spending Policy**

Approved by the Board of Directors on May 24, 2007

Revised and approved by the Board July 26, 2011

**1. Introduction**

- A. The Finance Committee chair is the Treasurer and acts for the Board to supervise the investment of all funds and report to the Board at least annually on results and compliance with this Policy. The Finance Committee may recommend to the Board an investment management firm to invest GRLT funds under the direction of this Policy and the oversight of the Committee.
- B. The funds addressed by this Policy include:
- **Permanently Restricted** funds represent assets to be held in perpetuity, with some portion available for a specific purpose as determined by the donor or the Board. Examples: Gibson Trust, Watershed Fund.
  - **Temporarily Restricted** funds represent assets donated for a specific purpose that will be completed in a given period of time (such as land acquisition projects). These funds remain temporarily restricted until the funds are released and used for their specific purpose. Examples: Two-Rivers Fund, Trails-Donor Restricted.
  - **Board Designated** funds are unrestricted funds the Board has chosen to designate for a specific program or project. This designation is reversible by later Board action. Examples: Legal Reserve-Board Restricted, Trails-Board Restricted.
  - **Unrestricted** funds may be used by GRLT for general operations. These funds do not have donor or Board restrictions on their purpose.
- C. The funds entrusted to the investment manager will likely represent a mixture of the above funds and will be invested and managed as a pooled sum. The investment manager will maintain sub-accounts within the total to identify and track specific fund accounts as requested by GRLT. Fees, interest, dividends and capital gains will be spread across the sub-accounts as directed by GRLT.
- D. All assets are invested conservatively according to “prudent investor” standards for asset quality and diversification. The investments are managed for optimum total investment return, consistent with the level of risk. The time horizon for equity investments is long-term.

**2. Spending of Permanently-Restricted Funds**

Annual spending from the permanently restricted funds will be limited to an annual maximum of 5% of a rolling twelve-quarters average of the fund’s market value. Any moneys spent in fees, commissions or charges to manage the permanently restricted funds will be considered part of annual spending.

**3. Investment and Spending Parameters**

The following investment methods are permissible, as defined in the chart below:

1. Interest-bearing cash deposits or cash equivalents (money market)
2. Certificates of Deposit

3. Notes and bond instruments of the U.S. government, government agency or other highly-rated foreign government instruments
4. Corporate bonds or bond mutual funds with Standard and Poors ratings of “A” or above
5. U.S. and non U.S. equities, mutual funds and exchange-traded funds

	Investment Horizon	Investment Strategy	Investments Permissible
Unrestricted Funds			
Operating*	N.A.	Cash or equivalent	1-2 above
Temporarily Restricted & Board Designated Funds			
Land Acquisition	TBD**	Up to 70% equities	1-5 above
All Other	Long Term	Up to 60% equities	1-5 above
Permanently-Restricted Funds	Long Term	Up to 70% equities	1-5 above

*\*The Operating Fund includes the following sub-funds: General Fund (Administration, Fundraising, Education & Outreach), Land Protection Program Fund, Stewardship Program Fund and Trails Program Fund. These sub-funds include both unrestricted and Board designated funds.*

*\*\*To be determined by the Finance Committee to meet cash flow needs.*

### **Asset Class Definitions**

**Equities** – Common stocks and convertible securities issued by U.S. and foreign corporations with market capitalization generally above \$250 million. “Convertible securities” include preferred stocks and bonds that are in either case convertible into common stocks at the option of the holder.

**Fixed Income** – Treasury bills and bonds, U.S. dollar-denominated corporate bonds and foreign bonds that are publicly traded with a credit rating of A or equivalent, and mutual funds holding such assets. Maturity of any asset purchased is to be 15 years or less unless approved prior to purchase by the Finance Committee.

**Cash** – Liquid fixed-income instruments with dollar-weighted average maturity generally of 90 days or less, including insured certificates of deposit, commercial paper rated P-1 or equivalent, securities backed by the full faith and credit of the U.S. Government, and “money market” mutual funds holding such assets.

### **Equity Investment Guidelines**

Guidelines for equities are provided taking into account all common stocks and convertible securities held by GRLT (collectively, the “Stock Portfolio”):

- Not more than 5% of the Stock Portfolio shall be invested in the common or convertible securities of any one corporation.

- Stocks of foreign corporations that are routinely traded on recognized stock exchanges are permitted; however, not more than 30% of the Stock Portfolio will be in foreign issues and/or foreign stock funds.
- Except during periods of liquidation or accumulation, each investment holding should normally constitute at least 1% of the Stock Portfolio.
- Prohibited transactions: short selling, commodities, letter stock, option contracts, derivatives and equity lending, as well as anything prohibited by applicable law.

**Performance Measurement**

Time-weighted rate of return measurements will be made periodically for the Investment Portfolio as a whole and for each separately managed asset class therein.

The following performance standards will be used:

US Common Stocks and Convertible Securities	Standard & Poor’s 500 Stock Index, including dividends
Non US Stock	MSCI EAFE (Europe Asia benchmark)
Fixed Income Securities	Merrill Lynch Intermediate Government/Corporate Bond Index, or comparable benchmark as appropriate to the holdings in the Portfolio
Reserves	90-Day Treasury Bills

These performance standards should be interpreted with substantial latitude, recognizing that these standards may not be achieved over an annual measurement period; however, five-year and ten-year results should be consistent with agreed standards.

**Performance Monitoring**

If an investment management firm is managing the Portfolio, the investment management firm will provide a summary of the Portfolio’s investment performance to the Finance Committee on at least a semi-annual basis. Semi-annual written reports shall:

- Review the assets and performance of the Portfolio net of fees as compared to the benchmarks referenced above;
- Discuss the current economic outlook and investment plans; and
- Review the current asset mix and compliance with the policies and objectives set forth in this Policy.

**Transfers between accounts:**

- The Board authorizes the persons/positions listed below to initiate transfers between the investment sub-accounts as well as to and from the bank checking and money market accounts. In all cases the transfer request must be in writing (e-mail) and documented in Quick Books. Executive Director, Treasurer, Bookkeeper, and Administrative Assistant.
- The specific procedures for transfers are in the Financial Procedures notebook under Fund Transfers.

**Corporate Authorization Resolution:**

- Two Board officers shall sign the current Corporate Authorization Resolution from the Bank holding the GRLT checking account.
- This document will detail the persons/positions and dollar limits for check signing.
- The Executive Director will ensure that the signature list is current and accurate at least annually.