

Introduction

This Policy, applies to all investment funds, but especially the Community Blessing Grant Fund (“the Fund”). It is intended to:

- a) Define and assign the responsibilities of all involved parties;
- b) Establish a clear understanding by the Executive Board, Finance and Corporate Affairs (F&CA) committee of the Executive Board, and the Investment Manager of the nature, purpose and goals of the Community Bless Grant Fund.
- c) Offer guidance and limitations to the investment managers regarding the investment of The Fund’s assets;
- d) Establish a basis for evaluating the performance of The Fund’s assets; and
- e) Establish a relevant investment horizon for which The Fund’s assets will be managed.

In general, the purpose of this statement is to outline an attitude and philosophy, which will guide the management of the Funds’ assets toward the desired results.

Roles and Responsibilities (see also Bylaw SR8.600b)

The Executive Board has authority and responsibility for the assets of the Presbytery, is a fiduciary, and may delegate responsibilities to professional experts in various fields. The Executive Board appoints the members of the subcommittee and its moderator.

The Finance and Corporate Affairs Subcommittee provides expertise and advice to the Executive Board and may recommend specific actions. It oversees the management of the investment funds and reports on investment results and other related matters quarterly and as the Executive Board requests.

An Investment Manager(s) may be retained by the Executive Board who is qualified to satisfy this investment policy, and empowered to purchase, sell, or hold specific securities consistent with their management philosophy and NPS Presbytery’s investment policy. An investment manager so retained must be registered under the Investment Advisors Act of 1940 and to provide appropriate verification. Investment managers will be under contract with specified market strategies and asset allocations, carry errors & omissions insurance, have a stated fee for services, adhere to all state and federal laws as now or may apply in the future, to the investment of any trust assets subject to their control. The Investment Manager will report to F&CA regarding compliance with all NPS Presbytery investment policies and guidelines.

The Custodian will physically maintain possession of securities owned by the Funds, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The Custodian will also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Funds.

I. Purpose of the Community Blessing Fund

The purpose of the Fund is:

- a) To provide current and future income to support Community Blessing Grants to congregations.
- b) To provide short-term (3 years or less) loans to congregations at prime interest or below to assist them with pastor relocation to the Puget Sound area so that relocation expense will not be a barrier to congregations seeking to call a distant candidate.
- c) For capital grants for new churches to help acquire/renovate property for their ministry.

II. Long-Range Goal

The long-range goal of The Fund is to provide a reliable and predictable source for above stated purposes. Increases in the value of the fund may come from the following sources:

- a) Interest payments from properly managed debt securities,
- b) Dividend income from properly managed equity securities, and
- c) Increased capital resulting from realized and unrealized appreciation in the market value of investments.
- d) Gifts from churches or individuals to the Community Blessing Fund.
- e) Sale of Northwest Coast Presbytery property and proceeds designated for this purpose.

III. Spending (Grant & Loan) Policy

For all percentage calculations below, the resultant amount will be figured by taking the specified percentage multiplied by the average of the previous 3 years' ending balances. This is to mitigate up and down market cycles.

- a) Community Blessing Grants: In any given calendar year, NPS Presbytery may grant 5% of The Fund's value. Any income not distributed will be reinvested per the investment policy.
- b) Capital Grants: NPS Presbytery may grant up to 10% of the funds value for a new church to acquire/renovate property in any calendar year.
- c) Pastoral Housing Loans: Up to 5% of The Fund's value can be used for an individual loan and up to 15% of The Fund's value can be made available for loans at any one time.

IV. Investment Objectives

The annual investment objectives for the The Fund are:

- a) To maximize investment returns,
- b) To preserve and grow the principal,
- c) To make available funds as needed for grants or loans outlined above,

This allows the necessary tolerances to reasonably safeguard the assets of the The Fund.

V. Allowable Investments

The Investment Manager may not invest in corporate debt instruments or equity securities associated with corporations named on the Presbyterian Church (USA) divestment list.

In order to provide the investment managers the freedom to invest within the guidelines of this policy the following security classifications are permissible and suitable for the purpose of managing the plan:

- a) Cash and Equivalents: Cash reserves should be materially free from credit risk and readily liquid.
 - Money Market Mutual Funds
 - Certificates of Deposit (federally insured, 12 months or less maturity)
 - Commercial Paper (Rated A1)
 - Treasury Bills
- b) Debt Instruments: Debt portfolio to be investment grade with a maximum 60% exposure to corporate securities. No more than 5% of fund assets to be in any one security, US Treasury and Agency obligations excluded.
 - US Government and Agency Securities.
 - Corporate Notes and Bonds
 - Mortgage Backed Bonds
 - Fixed Income Securities of Foreign Governments & Corporations

c) Equity Securities:

- Shares of common stocks
- Mutual funds
- American Depositary Receipts (ADRs) of foreign companies, traded on domestic exchanges.
- Exchange Traded Funds

VI. Asset Allocation

An investment strategy that is totally committed to one class of assets is inherently risky. Similarly, a strategy in which all funds have the same maturity date is risky. To reduce these risks, both the fund's asset mix and asset maturities must be diversified.

The allocation limits for the funds under management of the Investment Manager are:

Community Blessing Investment Fund (fully invested as follows):

	<u>Long Term Target</u>	<u>Policy Range</u>
Debt Securities	50%	40-70%
Equity Securities	50%	30-60%

VII. Investment Monitoring

F&CA will review performance of the The Fund's assets within 30 days following the conclusion of each quarter. Overall review of investment manager's performance will be completed annually. Relative performance measurement may be used to evaluate investment managers in relation to their objectives and also in relation to appropriate market indexes and managers of similar funds with similar aims. To evaluate performance of the The Fund's assets, F&CA may use indexes such as:

- National Consumer Price Index
- 90-day Treasury Bill Rates
- Barclay Intermediate Government/Corporate Bond Index
- Standard & Poors 500
- MSCI EAFE Index (International Index)
- Russell 2000 Index

VIII. Review of Investment Managers, Performance of Funds, and Statement

F&CA will meet with the Investment Management Consultant at least annually to:

- a) Review the investment policy, objectives, and guidelines and any changes advisable for the future,
- b) Develop an understanding of the investment managers security selection strategy,
- c) Review current and anticipated economic environment and its potential effect on The Fund's assets,
- d) Address any major shifts that may have taken place since the previous meeting, and
- e) Review the performance of the funds with respect to the investment policies and guidelines.

While the performance for an interval as short as one year or less will vary, the Executive Board reserves the right to change the investment manager's service at any time.

IX. Earnings Allocation

Revised May 18, 2017

[This section revised May 18, 2017]

Funds available at any time for **Community Blessing Grants** is the sum of:

- 4% of the value of that portion of the fund invested in market securities, on December 31 of the previous year, except when there has been two successive years of value loss, at which time the Executive Board will determine the percentage of the fund that may be granted during the current year;
- The amount of gifts during the current year that have been specifically designated by donors for Community Blessing Grants;
- 10% of undesignated mission gifts given the current year, or as determined by the Board, to be transferred monthly;
- Less: any amount granted to date during the current year.