BGCGS Endowment Creation & Investment Policy

The mission of the Boys & Girls Clubs of the Greater Santiam to provide critical programs, services and opportunities designed to prepare any child for success – in school, work, post-secondary education and life. This mission statement should guide the Finance Committee toward the achievement of the desired investment performance of the Club's Endowment Funds.

It is the policy of the Finance Committee to manage and invest the assets in the Club's Endowment Funds in a way that protects the assets from long-term capital loss as well as erosion due to inflation and provides earnings to meet the ongoing needs of the Club. The "total return" concept will be used in managing and measuring the results of the investments of the Club. It is understood that the investment time horizon of the endowment is long term. Accordingly, total return is defined as interest and dividend income, realized gains and losses, and unrealized gains and losses in market value. Performance of the funds shall be monitored quarterly by the Finance Committee, and the Guidelines refined or changed as needed.

Additional Endowment Funds may be established provided they meet the following criteria:

1. Initial principal amount must be approved by the Endowment Committee and ratified by the BGCGS Board of Directors.
2. Allocate a portion of the Fund's annual investment earnings to offset the effect of inflation on the Fund's principal.
3. Clearly designate the purpose for which the Fund's investment earnings, after the inflation factor set aside, may be used. Such purpose must be consistent with the programs of the Boys & Girls Club.
4. Include a provision that, in the event the purpose for which the Fund was initially established ceases to be a viable program, the Board of Directors of the Boys & Girls Club shall designate the purpose for which the investment earnings are to be used.
5. A written document including the above provisions shall be signed by the donor and included with the original records of the Endowment Funds in the offices of the Club.

Such additional Endowment Funds will be subject to the provisions of the Investment Policy Guidelines below. The assets of such Funds may be commingled with existing Club Endowment Funds provided investment earnings and expenditures of each Fund are properly accounted for.

The goal of the Board is that the Club's Endowment Funds grow by the addition of a portion of the annual investment earnings and/or through additional contributions over time.

ENDOWMENT INVESTMENT POLICY GUIDELINES

In order to measure the effectiveness of the investments, cash equivalents will be compared to the 90-day U.S. Treasury bill rate and bond performance will be compared to theAggregate Bond Index. U.S. equity performance will be compared to the S & P 500 index and foreign equity performance will be compared to the EAFE index. The performance of each money manager engaged will further be compared to appropriate peer universe returns.

Additionally, the aggregate portfolios will be compared to a policy index that is reflective of the normal weightings of the underlying asset classes being utilized, and to the consumer price index (CPI) as a barometer for measuring performance compared to inflation. The Board of Directors may engage or dismiss the services of one or more non-affiliated investment advisors to implement the investment policy as well as monitor and interpret performance data. In administering and directing the management of the Funds, the Finance Committee or the Investment Manager shall, under circumstances then prevailing, exercise the judgment and care of persons of prudence, discretion and intelligence. Board approval must be obtained to invest in items other than those below. The Finance Committee is authorized to direct the acquisition and retention of the following investments:

1. Common and preferred stock listed on any of the major exchanges, including the foreign exchanges.
2. Individual bonds of investment grade, rated Baa or better by any of the generally recognized grading services.
3. Money market investments, including U.S. treasury obligations.
4. U.S. Treasury Securities – no limit.
5. U.S. Government agency paper.
6. Interest bearing checking/savings account – not to exceed FDIC / NCUA limits per institution.
7. Deposit accounts – limited to FDIC / NCUA limits per institution.
8. Mutual Funds and exchange traded products.

If the Club receives property, which is not a qualified investment under these guidelines, the Finance Committee is directed as appropriate to dispose of the property and reinvest the proceeds in qualified investment within a reasonable period. Exceptions require the approval of the Board of Directors.

Investments, other than marketable securities, shall not have maturity dates of more than five years without the approval of the Board of Directors. The Boys & Girls Club will not invest more than 5% of its assets in any single security, excluding U.S. Government obligations, mutual funds, exchange traded funds, exchange traded notes that represent broad indices or baskets of securities and cash equivalents with ratings of at least A1P1.

Asset allocations are subject to the following minimums and maximums, which may beadjusted at the discretion of the Finance Committee:

	Minimum Allocation	**Maximum Allocation**
Domestic Equities	30%	55%
Real Estate	0%	15%
Bonds Total	15%	55%
Cash Equivalents Total	0%	50%

The Committee may recommend to the Board of Directors the employment of a real estate management company to handle real properties, or an investment advisor to recommend investments.

The intent of the Asset Allocations is to achieve a widely diversified portfolio that provides an effective rate of return at appropriate levels of risk. It is recognized and expected that market conditions will cause deviations in the actual Allocations.

The investment advisor(s) will provide written quarterly commentary that addresses investment performance and compares the investment portfolio to the stated minimum, maximum, and target allocations.

The Committee will review the performance of the Investment Advisor(s) annually during the first calendar quarter of each year. At any time, the Committee may recommend the termination of services for any of the following reasons:

- Criminal malfeasance
- Bankruptcy
- Acquisition by or merger with another firm
- Dramatic change in investment process/approach/style
- Unjustified increase in fees
- Poor customer service
- Incompetence
- Poor performance of the investment portfolio
- A change in the investment strategy employed by the Club

The investment portfolio performance portion of the review will be conducted within the investment strategy framework established by the Board of Directors when the Advisor was engaged, unless later modified. In conducting the review, the Committee will recognize that actual investment results are best evaluated using a longer term perspective.