

Investment Policy:
Oregon Swimming, INC (“the Corporation”)

Adopted: June 5, 2019

Purpose

This policy sets forth the standards and guidelines governing the investment and management of the Corporation’s financial assets. A separate appendix sets forth standards and guidance for the expenditure of the Corporation’s funds. This policy is intended to be in accordance with the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”).

Financial Assets of the Corporation

The Corporation’s financial assets consist of (a) **Operations** funds (the “Operations”) intended to be used to cover its short-term operations and program expenses and (b) **Restricted** funds (the “Travel Endowment”) which have been restricted by the Corporation's Board of Directors (the "Board of Directors" or the "Board") for the purpose of using the earnings to reimburse approved travel expenses by OSI members (in accordance with the Corporation’s Policies and Procedures).

Investment and Management Objectives and Guidelines

Operations Fund: Operations assets shall be maintained in the Corporation’s checking account and used for day-to-day operations. The Board will consider, from time to time, if a portion of the Corporation's Operations assets should be transferred to the Travel Endowment to increase earnings.

Restricted: Travel Endowment assets shall be invested with the objective of preserving and enhancing the purchasing power of the Funds' assets, while ensuring liquidity requirements can be met. Travel Endowment’s assets may be invested in Certificates of Deposit, Treasury bills, corporate debentures (BBB or better), domestic bond index fund, fixed income securities, cash equivalent investments, and a domestic equity index fund.

Diversification

Travel Endowment investments shall be diversified to limit the risk of loss resulting from the concentration of assets in a specific type of investment, specific maturity, specific issuer or sector. Diversification shall follow these guidelines:

- a) 50% or more in corporate debentures (BBB or better), CDs, Treasury bills, or cash equivalents that shall not exceed \$50,000 in a single issue with a goal of 10 yr laddering.
- b) No more than 25% in a domestic Equity index fund (S & P 500 or Russell 2000)
- c) No more than 25% in a domestic Bond index fund

The Board shall review the diversification strategy periodically.

Responsibilities of the Board in Managing and Investing the Corporation's Financial Assets

The Corporation will act in good faith and with the care an ordinarily prudent person in like position would exercise under similar circumstances. When considering the Investment Committee's recommendations, the Board shall consider the Corporation's purposes, as well as the purposes of the specific Fund.

In making decisions regarding management and investment of the Corporation's financial assets, the Investment Committee, as required by applicable law, shall consider the following factors:

- (1) general economic conditions;
- (2) the possible effect of inflation or deflation;
- (3) the expected tax consequences, if any, of investment decisions or strategies;
- (4) the role that each investment or course of action plays within the overall investment portfolio of the specific Fund;
- (5) the expected total return from income and the appreciation of its investments;
- (6) other resources of the Corporation;
- (7) the needs of the Corporation and the specific Fund to make distributions and to preserve capital; and
- (8) an asset's special relationship or special value, if any, to the purposes of the Corporation.

The Board shall not make management and investment decisions without recommendations from the Investment Committee. The Investment Committee recommendations regarding an individual asset shall not be in isolation but rather in the context of the specific Fund's portfolio of investments as a whole and as part of an overall investment strategy having risk and return objectives reasonably suited to the Fund and the Corporation. The Board shall make reasonable efforts to verify facts relevant to the management and investment of the Funds and may incur only costs that are appropriate and reasonable in relation to the assets, the purpose of the Corporation and the skills available to the Corporation.

The Corporation may accept gifts to the Travel Endowment if the gift's restrictions are compatible with the Travel Endowment purpose. Gifts with restrictions that are not compatible with the Travel Endowment purpose shall not be accepted.

The Board has delegated day-to-day investment management responsibility to the Treasurer ("Operations Manager") and Board Member (Jeff Gudman) ("Travel Endowment Investment Manager") who shall consult with the Investment Committee at least annually. Any such committee or individual to whom such responsibility is delegated shall report to the Board on a regular basis and shall be subject to direction by the Board. If such responsibilities are delegated to a committee or individual, the rights and obligations set forth in this policy applicable to the Board (other than the right to amend this policy) shall also apply to such committee or individual, subject to the right of the Board to review and revise any decision of such committee or individual, and reports required under this policy to be made to the Board may instead be made to the committee or individual, which or who shall in turn report to the Board on a regular basis.

Delegation of Management and Investment Authority to an External Agent

In the event the Treasurer or the Travel Endowment Investment Manager is unable to manage the investments of the Corporation and, to the extent it considers prudent, the Board may delegate management and investment decisions to one or more external agents, such as a bank, investment advisor, investment manager or custodian.

The Board will act in good faith and with the care an ordinarily prudent person in like position would exercise under similar circumstances in (i) selecting, continuing or terminating any external agent (including assessing the agent's independence, including any conflicts of interest such agent has or may have;¹ (ii) establishing the scope and terms of the delegation, including the compensation to be paid; and (iii) monitoring the agent's performance and compliance with the scope and terms of the delegation.

The Board, in making the decision as to whether to delegate such functions to a specific external agent, shall conduct such due diligence as the Board deems appropriate, such as reviewing information regarding the external agent's experience, personnel, track record and proposed compensation as compared to appropriate peers. Any external agent to which management and investment authority is delegated owes a duty to the Corporation to exercise reasonable care, skill and caution to comply with the scope and terms of the delegation.

Any external agents shall provide the Board with reports on investment performance on a quarterly basis, at a minimum, and more frequently if so requested by the Board. The Board will assess, at least annually, the performance and independence of any external agent, including any conflicts of interest it may have. Any actual or potential conflicts of interest involving a member of the Board or officer or key employee of the Corporation with respect to the external agent must be disclosed and resolved pursuant to the Corporation's conflict of interest policy and any conflicts of interest the agent may have involving service to the Corporation (*e.g.*, investment in deposits of a bank owned by the agent's brother) must also be disclosed to the Corporation. Any contract between the Corporation and an external agent involving delegation of investment authority shall be terminable by the Corporation at any time, without penalty, upon no more than 60 days' notice.

The Board will also review, at least annually, the Corporation's arrangements with any investment managers, investment advisors, custodians and the banks and other entities with which the Corporation maintains its financial assets to ensure that the costs and fees associated with each such arrangement are appropriate and reasonable in relation to the assets, the Corporation's purposes and the skills available to the Corporation.

The Corporation will seek to ensure that any investment manager(s) retained by the Corporation invest the Corporation's investment assets in accordance with this policy and any specific guidelines for the investment manager established by the Board, which may include return and

¹ For example, the nonprofit's Board should consider whether any director, officer or key employee has any business or personal relationships with the external agent that the Board might reasonably expect to interfere with the Board's ability to properly monitor or assess the external agent's performance or receive independent investment advice from the external agent.

risk expectations, asset allocations and investment strategies (including allowed and prohibited investments). Specific guidelines established for investment manager(s) will be reviewed from time to time by the Board and revised as necessary. Decisions as to the selection of individual investments, security size and quality, number of industries and holdings shall be left to the broad discretion of the investment manager(s), within the limits set forth in this policy and any specific guidelines established by the Board, and subject to the prudence standards under OSI IPS and bylaws.

Spending of Funds (see Appendix A)

Decisions with respect to spending from the Corporation's Funds shall be made in accordance with the Spending Policy set forth in the Corporation's Policies and Procedures in accordance with **Article V – Travel Fund** and as directed by the Board.

Review of Investment Policy

The Investment Committee will review this policy, and shall amend the policy subject to approval by the Board, from time to time, as necessary to reflect developments affecting the Corporation's finances and activities.

Investment Committee

The Investment Committee oversees the Corporation's assets and reports to the Board through the Board Treasurer. The Committee shall consist of, at least, 5 individuals: The Corporation Treasurer (an elected 2 year term), the Board Investment Manager, and a minimum of 3 non-Board members who are members in good standing in the Corporation's membership. The non-Board members serve at the pleasure of the Board without term limits. Should the Board Investment Manager(s) decide to relinquish his/her Board position, the Board may appoint some investment manager to continue in that investment management position. Until such individual is appointed, the Board may direct the Treasurer (if qualified) to perform the Investment Manager duties.

Investment Philosophy

The Investment philosophy of the corporation is conservative with a strong inclination towards capital preservation – even at the risk of lower investment returns.

Investment Policy Amendment

This investment policy applies to the current financial conditions of the Corporation and the two asset funds – **Operations** and **Travel Endowment**. Should a situation arise that dictates an amendment to this Investment Policy, the Board shall direct the Investment Committee to present recommendations that are consistent with the Corporation philosophy.

Investment Performance

The sole criterion for evaluating investment performance are:

Operations:

- Meet the financial obligations of the Corporation
- Maintaining a minimum balance of 2 months of operating expenses (\$80,000).

Travel Endowment:

- Adherence to the asset allocation outlined under Diversification
- Investment in only fixed income and/or domestic assets
- Investment up to 25% in a domestic Equity index fund (S & P 500 or Russell 2000)
- No more than 25% in a domestic Bond index fund
- At least 50% invested in domestic corporate debentures (BBB or better)
- Invest no more than \$50,000 in an individual debenture

**Spending Policy:
OREGON SWIMMING, INC (the "Corporation")**

I. Purpose

This Spending Policy sets forth the standards and guidelines governing spending from the Corporation's Funds.

A Fund is any fund, or a part of a fund, that, accumulates as a result of normal operations as opposed to specific donations or gifts where giftors express explicit limitations on use or spending (endowments). Funds that are not restricted as to expenditure can be used under the appropriating policies listed below.

II. Appropriating Funds for Expenditure

Operations fund expenditures shall be at the discretion of the Executive Administrator and Treasurer – in conjunction with Board approval and in compliance with the Corporations Policies & Procedures.

Travel Endowment expenditures shall be limited to the following situations:

- **Unanticipated expenditures:** Should the Corporation encounter unanticipated expenditures that render it unable to meet all of its short term financial obligations, the Board may authorize an emergency fund transfer from the Travel Endowment (not to exceed \$80,000).
- **Board authorized expenditures:** In accordance with Corporation's Policies & Procedures (Article V – Travel Fund), the Board may authorize fund transfers to the Operations Fund which, in any single fiscal year shall not exceed 95% of the earnings from 2 (two) years past, are to be used to support reimbursement of approved travel as outlined in Policies and Procedures.

There are no other expenditures from the Travel Endowment that the Board may authorize without a majority consent of the membership at the annual House of Delegates.

Amendment History:

2019-06-05: Approved by BOD during June 2019 Conference call