**Statement of Investment Policy**

**Section 1. Introduction.**

THIS STATEMENT IS SET FORTH IN ORDER THAT:

1. THE BOARD OF DIRECTORS CLEARLY DEFINE INVESTMENT OBJECTIVES AND PROCEDURES.
2. INVESTMENT COUNSEL IS GIVEN GUIDANCE AND LIMITATIONS AS TO WHAT IS EXPECTED.
3. THE DIRECTORS HAVE A BASIS FOR UNDERSTANDING THE INVESTMENT PROCESS AND EVALUATING PERFORMANCE.
4. THE ASSETS OF THE CORPORATION MAY BE INVESTED MOST PRODUCTIVELY.
5. THIS INVESTMENT POLICY MAY BE CHANGED AT ANY TIME BY THE BOARD OF DIRECTORS AND SHALL BE REVIEWED AT LEAST ANNUALLY.

**Section 2. Definitions.**

1. “Board of Directors” shall mean the governing board established to administer the company investments as specified by the Corporation’s Bylaws.
2. “Investment counselor/manager” shall mean any organization or individual employed to manage the assets of the Corporation and provide monitoring, reporting, and measurement.
3. “Equities” shall mean common stocks, convertible stocks, or other securities representing ownership.
4. “Fixed Income” shall mean securities promising a stated periodic return.
5. “Market Cycle” shall mean 3-5 years.

**Section 3. General Investment Principles.**

1. Investments shall be made solely in the interest of the Corporation, its stockholders, owners, and their beneficiaries.
2. The plan shall be invested with the care, skill, prudence, and diligence under the circumstances prevailing from time to time that a prudent man acting in a like capacity and familiar with such matters would use in the investment of assets of like character and like aims.
3. Investment of the Corporation’s assets shall be so diversified as to minimize the risk of loss.
4. Short-term fluctuations in value shall be considered secondary to long-term results.
5. Cash is to be productively employed at all times by investment in short-term cash equivalents to provide safety, liquidity, and return.

**Section 4. Liquidity.**

In order to help prevent a possible loss upon the forced sale of a security to meet a required payment, the Board of Directors will periodically provide investment counsel with an estimate of net cash flow for future months/years.

**Section 5. Investment Objectives.**

1. Equity results should meet the CPI plus 3% over a 3-5 year market cycle.
2. Fixed income results should match or exceed those of the Lehman Brothers’ Govt/Corp Bond Index measured over a market cycle.

**Section 6. Delegation of Authority.**

The Board of Directors will be responsible for approving any transactions in the Corporation’s portfolio. Prior to making any transaction in the portfolio the investment manager will be required to call and get approval from the Secretary/Treasurer. If the Secretary/Treasurer is unavailable, a call will be made to the President for approval. If neither of the above is available, the Vice-President will be called.

**Section 7. Type of Assets.**

The Board of Directors want managers to be free to choose from among the more common assets that are available. For example, the list would include but not be limited to:

Common Stocks

Preferred Stocks

Bonds

Convertible Securities

Money Market Funds

Mutual Funds

Prohibited Investments include:

Derivatives - Use of derivatives is prohibited except for the limited use to certain mutual funds such as hedging markets or currencies.

Commodities

Private Placements

Purchasing of Securities on Margin

Short Selling

Unregistered Securities

**Section 8. Asset Allocation.**

1. The assets will be invested 50% in equities, 50% in fixed income. This is the Corporation’s Target Allocation and may vary substantially from time to time.
2. Managers may utilize cash equivalents and are not expected to be fully invested at all times. As further outlined, they shall be held accountable for results.

**Section 9. Equity Investments.**

1. Issues traded on the New York Stock Exchange, American Stock Exchange, Regional Exchanges, and over the counter markets maybe utilized. Foreign companies may be utilized in ADR delivery form only.
2. Diversification - Stock held need not represent a cross-section of the economy. Managers may invest up to 20% - 25% (at cost) in one industry and may not invest more than 10% (at cost) in any one company.
3. Options may not be utilized to enhance investment returns unless specifically approved by the Directors, and only covered options will be acceptable in any case.

**Section 10. Fixed Income Assets.**

1. Fixed Income portfolio shall be continuously managed and reviewed.

100% of the bonds in the Corporation’s portfolio must be rated BBB or better by Standard & Poor or an equivalent rating by another recognized service.

1. Average quality for the portfolio shall equal or exceed a rating of “A”.
2. Managers may not invest more than 10% at cost of the Fixed Income portfolio in any one company. Obligations of the U. S. Government or its Agencies are exempted from this requirement.

**Section 11. Measurement of Performance.**

1. Performance will be measured quarterly by the consultant on a total rate of return basis and reported to the Board of Directors.
2. Performance will be related to overall objectives and capital market returns as evidenced by various market indices. Consideration will be given to risk/reward relationships and manager styles.
3. Such comparisons will be made for such periods of time as deemed appropriate by both the Board of Directors and the consultant.
4. A complete market cycle (3-5 years) will be a significant consideration as it pertains to each individual manager.
5. Consultant shall recommend appropriate changes to the Board of Directors in this Investment Policy.

**Section 12. Review and Communication.**

The Board of Directors desire to meet at least annually with an investment counselor/manager to provide the following:

1. Joint review of results obtained as reported by the consultant in relation to stated objectives and comparisons.
2. Methods used in obtaining those results.