



APPROVED

Board Policy: Long Term Building Fund

Policy Statement

It is the policy of The Mountaineers to provide and maintain a long-term building fund for the purpose of buying or otherwise providing for a new headquarters building after the Magnuson Park lease expires.*

Application

1. The long-term building fund will be invested in tradable, public financial securities. It will not be invested in private securities, real-estate, commodities, art, collectibles, or other classes of assets.
 - A. Given The Mountaineers' tax-advantaged status, no investments will be made in tax- exempt securities.
 - B. The financial assets in which the fund is invested will seek to replicate as nearly as possible the aggregate performance of the markets from which they are drawn. Broad market index funds are an example of an appropriate investment. Actively managed mutual funds, and individual companies' stocks and bonds are not appropriate.
 - C. The initial asset allocation will be 60%-70% equities and 30%-40% domestic investment grade (rated BBB or better) bonds. Equities will be comprised of both domestic and foreign equities with the foreign component ranging between 10% and 20% of total equities. The asset allocation targets will be reviewed and adjusted as necessary every two years.
 - D. Rather than assembling its own portfolio based on a target asset allocation, the long-term building fund may be invested in a "life-cycle fund" that adjusts asset allocations automatically over the life of the fund.
 - E. The portfolio of investments will be evaluated for rebalancing once per year to bring it within the target asset allocation range.
 - F. Uninvested cash is to be minimized. Any uninvested cash will be put into the portfolio at least once a quarter.

2. The long-term building fund shall be governed by the Investment Advisory Committee.
 - A. The Investment Advisory Committee shall consist of the Treasurer and three Mountaineers members, appointed by the board, who have professional financial management experience (being responsible for or managing investments for a business, government, or non-profit organization, or performing these functions as part of a financial services company).



- B. No member of the Investment Advisory Committee may have any family or professional relationship with any fund, advisor, or investment manager which does business with the Mountaineers.
3. The portfolio will be invested through accounts managed by a single securities broker.
 - A. A professional financial advisor will be engaged to assist the Investment Advisory Committee on a quarterly basis.
 - B. The cost of administering the accounts, including all commissions and fees, and the advisor may not exceed 1% of the portfolio's value per year.
4. Money in the long-term building fund may be accessed only with a $\frac{3}{4}$ majority vote of the board of directors.

Responsibility

The Investment Advisory Committee is responsible for:

1. Selecting a brokerage company to hold the fund's assets.
2. Selecting, reviewing, and changing as appropriate the financial advisor.
3. Recommending to the board of directors at the first meeting of every odd-numbered year a target asset allocation for the coming two-year period.

The Operations Director of The Mountaineers is responsible for reporting quarterly to the Finance Committee on the status of the long-term building fund.

* This fund was established from the proceeds of selling the Queen Anne headquarters building, received in 2008 and held in a CD with funds available in March 2009. The target of the long-term building fund is to accumulate \$11 million by 2038. A secondary goal is to earn whatever additional return, if any, that is consistent with a prudent level of risk.

Policy Owner: Treasurer