

Eastern West Virginia Community and Technical College Foundation

Investment Policy AP- 2.2

General Policy Statement: In its role as a fiduciary, the Eastern West Virginia Community and Technical College Foundation, Inc., (hereafter referred to as the Foundation) will act in a reasonable, responsible, and prudent manner in managing its funds for the benefit and support of Eastern West Virginia Community and Technical College (hereafter referred to as the College). The Foundation's investment objectives are to obtain maximum total return by balancing growth and income and assuming a prudent degree of risk to provide predictable income and achieve an appreciation of the capital after factoring for inflation.

Rationale: The Foundation is the sole recipient of gifts to Eastern West Virginia Community and Technical College, and its principal purpose is to provide support for the programs and services of the College. To achieve its purposes, the Foundation must enjoy a secure financial base. This policy embodies the Foundation's philosophy toward investment, and it provides guidelines for investment decision making.

Policy Implementation:

I. Financial Management and Administration

- a. The Finance Committee of the Foundation Board of Trustees is responsible for overseeing investment policies, recommending an investment manager or managers for approval by the Board of Trustees, monitoring investment strategies and success, and making recommendations to the Board within the parameters of this policy.
- b. To achieve the desired ends of this policy, the Committee's work will be guided by the following:
 - i. Diversification of assets will help ensure that adverse, unanticipated results from a security class will not have an excessive detrimental impact on the entire portfolio.
 - ii. Asset classes and ranges considered appropriate for investment of Foundation assets will take into account the investment guidelines listed below.

II. Investment Guidelines

- a. The Foundation desires that the annual rate of return on investments, including income and appreciation (total rate of return) measured on the basis of a time weighted average to be consistent with market averages and exceed the rate of inflation.

- b. Funds needed for short-term disbursements will be deposited in secure liquid investments that will provide an acceptable market return and shall be available for use as needed.
- c. No funds shall be borrowed by the Foundation for the purpose of investing.
- d. Foundation funds are to be managed as a balanced portfolio consisting of equities, fixed income and cash equivalents. The ratio of debt to equity in the portfolio shall be determined by the Foundation, on recommendation of the Finance Committee, or by the Investment Advisor, subject to approval of the Finance Committee. The following are acceptable ranges of minimum and maximum exposures for each class of security which the Finance Committee deems appropriate to accomplish the Foundation's objectives; however, upon Board approval, said ranges may be adjusted to accomplish objectives if necessary.

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| Equities | Min. 50%; Max. 75% |
| Fixed Income | Min. 20%; Max. 40% |
| Cash Equivalents | Min. 5%; Max. 25% |
- e. The Equity securities portion of the portfolio shall be invested in one of the following or a combination:
 - i. A fully managed, equity-oriented portfolio consisting of common stocks, preferred stocks, convertible securities and cash reserves;
 - ii. A mutual fund with similar objectives (only no-load funds or institutional shares are permitted).
- f. Diversification limits on equities:
 - i. Equity investment in anyone company shall not exceed 10 percent of the equity portfolio;
 - ii. Investments in equities of anyone company shall not exceed five percent of that company's equity outstanding;
 - iii. Investment in anyone industry as defined by Standard & Poors guidelines shall not exceed 25 percent of the market value of the equity portfolio;
 - iv. International equities and/or equity funds are permitted as a component of the equity portfolio but should not exceed 10 percent of the equity portion of the portfolio.
- g. The Fixed Income portion will be governed by the following:
 - i. Marketable bonds, at the time of purchase, must be rated "BBB" or better, and commercial paper must have a rating of not less than "Prime I".
 - ii. Certificates of Deposit shall be purchased in amounts not to exceed \$100,000 per BIF and/or SIF insured institution.
 - iii. The maximum maturity of any individual fixed income investment should not exceed 10 years.
 - iv. The maximum average maturity of the total fixed income portion should not exceed 10 years.
 - v. Corporate bonds shall be diversified by user type (i.e., industrial, utility, financial, etc.).

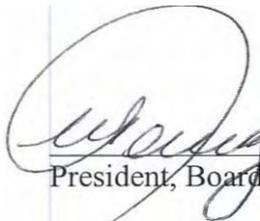
- vi. Private placements, purchases on margin, short sales, and interest-rate futures contracts are not permitted.
- h. The Foundation will specifically avoid any purchase of financial forwards or futures, or leverage investments, lending securities or reverse repurchase agreements. Repurchase agreements will only be purchased if specific securities are assigned to, in whole or in part, or under the control of the Foundation Board of Trustees. Any other speculative investment should be avoided.

III. Portfolio Performance

- a. The Finance Committee shall monitor the investment performance of the Foundation's portfolio and report to the Board of Trustees on a semi-annual basis.
- b. The investment performance of the Foundation's portfolio shall be measured using a five-year moving average.

IV. Policy Review

- a. The investment guidelines stated herein shall be reviewed periodically by the Foundation's Finance Committee to determine if the policy is keeping pace with rapid changes in capital markets and in strategy and techniques. The Committee shall make recommendations to the Board of Trustees as deemed necessary.
- b. Exceptions to the investment guidelines stated herein, including real estate purchases or investments, may be made at any time by the Finance Committee, in consultation with the President of the Foundation Board of Trustees and/or the Foundation Executive Committee, with the provision that the exceptions and reasons behind them must be made known to the Board of Trustees no later than the next scheduled board meeting.



President, Board of Trustees

12/5/05

Date