

HASTINGS PUBLIC SCHOOLS FOUNDATION

INVESTMENT POLICY STATEMENT

I. Purpose

The purpose of this document is to communicate the investment objectives and guidelines established by the Hastings Public Schools Foundation (HPSF). It is intended to provide a clear and accurate understanding of investment objectives, investing guidelines, and the criteria by which the financial advisor should manage the funds of HPSF.

The investment policies set forth in this document were established after a thorough review of the HPSF's needs and circumstances, and an evaluation of the risks and potential returns from various investment models.

Types of accounts this policy guides are as follows:

- A. Endowed Funds – An account or fund that is to be maintained in perpetuity and may not be expended in its entirety. It should be invested for the purpose of producing income and capital appreciation to fund scholarships, grants, and other programs and projects.
- B. Special Funds – A fund or account that HPSF designates for a specific time and purpose. The entire account principal and income may be spent in full with the approval of HPSF.
- C. Short Term Funds – An account or fund using HPSF as a mechanism for a short term funding vehicle. These funds are not to be invested in any model, unless written instructions are provided by HPSF.

II. General Objectives

The general objective of the HPSF for the investments are to:

- A. Strive to preserve the purchasing power of the portfolio.
- B. Invest in diversified portfolios using a long-term investment horizon and a total return approach.
- C. Provide a relatively predictable and stable stream of income and/or capital appreciation sufficient to meet scholarship, grantmaking, and operational needs of HPSF.
- D. Achieve an investment performance relative to appropriate benchmarks.

III. Hastings Public Schools Foundation Responsibilities

- A. HPSF is ultimately responsible for the implementation of this Investment Policy Statement (IPS). HPSF may delegate the responsibility for the selection, recommendations, and monitoring of investment management to a financial advisor in accordance with the IPS.
- B. HPSF is responsible for reviewing quarterly investment results, communicating changes in objectives, and reviewing recommendations with the financial advisor.

- C. Each person responsible for managing and investing HPSF assets governed by this IPS shall manage and invest such funds in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.
- D. HPSF is responsible for hiring, evaluating, and terminating relationships with parties including the financial advisor.

IV. Financial Advisor Responsibilities

- A. The financial advisor shall discharge its responsibilities using the highest standards of fiduciary care, in accordance with all applicable laws and with the care an ordinarily prudent person in a like position would exercise under similar circumstances, taking into consideration the special skills or expertise of such fiduciary advisor.
- B. The financial advisor shall retain investment managers to create models set forth in this IPS.
- C. The financial advisor will monitor the assets allocations and performance relative to benchmarks for each investment model.
- D. The financial advisor will distribute Investment Results at least quarterly and/or as needed.
- E. The financial advisor will review annually the performance of the investment models, any proposed adjustment, and review the financial status of the HPSF investment objectives.
- F. The financial advisor is expected to provide reports and other reasonable information requested of HPSF.

V. General Policies

- A. HPSF has determined investment models which have been deemed acceptable for HPSF sponsored accounts and funds. Only these models can be used.
- B. All transactions undertaken on behalf of HPSF will be for the sole benefit of HPSF.
- C. HPSF and all parties involved shall strive to administer the investments at a reasonable cost, commensurate with the services being received. Costs to be considered include, but are not limited to, management and custodial fees, advisory fees, consulting fees, transaction costs and other administrative costs.
- D. HPSF will operate its investment program in compliance with all applicable federal, state and local laws, including but not limited to the Nebraska Uniform Prudent Management of Institutional Funds Act.

VI. General Investing Requirements

- A. HPSF is a tax-exempt organization. This tax-exempt status should be taken into account by investment selection when making investments for HPSF.

- B. No transaction should create additional benefits for anyone financially involved with HPSF or the financial advisor.
- C. Transactions shall be executed at a reasonable cost, taking into consideration prevailing market conditions and time requirements.
- D. No more than 5% of the invested assets of any HPSF endowed fund or account may be invested in the securities of a single issuer (other than mutual funds, exchange trade funds and collective investment trusts) or in a single asset, excluding securities issued by the US government agencies.
- E. Any investment, or action with respect to an investment, not expressly allowed by this IPS is prohibited, unless approved in advance by HPSF.

VII. Investment Models

- A. Based on the investment objectives set (Section II) above and additional factors set forth in the Policy, HPSF will establish two investment models:
 - 1. Balanced Fund
 - 2. Cash/Cash Alternative Fund
- B. Investment managers retained to manage assets shall be qualified to manage endowment assets.
- C. Target allocations for each model are specified below and should be maintained through periodic rebalancing when required. HPSF relies on the investment model manager's expertise to make tactical allocation changes within the models.
- D. All investment models can use a diverse mix of asset classes including, but not limited to domestic equities, international equities, fixed income, and cash/cash alternatives.
- E. All investment models will only use mutual funds, exchange traded funds, or collective investment trusts for investment vehicles. No individual stocks will be held in an investment model.
- F. Alternative investments used by any investment model manager cannot exceed 5% of any single position.

1. Balanced Fund		
	Target	Range
Equities	60%	+/- 10%
Fixed Income	40%	+/- 10%
Alternative Investments	0%	+/- 5%
Cash/Cash Alternatives	0%	+/- 10%
2. Cash/Cash Alternative Fund		
	Target	Range
Fixed Income	20%	+/- 20%
Cash/Cash Alternative Fund	80%	+/- 20%

VIII. Investment Models Monitoring

- A. The returns of each model should be measured to peer benchmarks of asset classes used. All returns should be measured net of fees. All benchmarks should be judged over a time horizon of no less than 3 years.

B. Benchmarks for asset classes:

Domestic Equities	S&P 500
International Equities	MSCI ACWI ex US
Fixed Income	Barclay's Bond Aggregate
Cash	0-3 Month US Treasury

IX. Payout Policy

A. Determination of Payout Rate

HPSF shall periodically review the payout policy and make adjustments to the payout rates necessary to attempt to preserve the purchasing power of the endowed assets. Under certain circumstances, HPSF may determine that a Payout Rate in excess of the current investment return is appropriate and warranted. All such Payout Rates should be documented and approved by HPSF.

B. Payout Amount

Payout Amount should be based on the Payout Rate multiplied by the assets in the fund or account. Any portion of the Payout Amount not spent in the academic year may be set aside for the next academic year or reinvested in the fund or account.

C. Payout Rate

The Payout Rate shall be expressed as a percentage of the Asset Base. Separate Payout Rates will be determined for each account or fund.

D. Asset Base Calculation

The Asset Base used to determine the Payout Amount for the academic year will be the average quarterly balance over the past 12 quarters (three years). At the discretion of HPSF, illiquid assets can be excluded.

E. If the Fund or Account has not been in existence for three years or more, the value as of 9-30 will be used as the Asset Base. HPSF can determine an alternative Payout Amount, if information exists to determine similar information as the normal Asset Base Calculation.

F. After the calculations have been determined, the academic year distributions will be invested in the Cash/Cash Alternative fund until the funds are exhausted or determined by HPSF that they will be reinvested with the other funds.

X. Exceptions

Any exceptions to this IPS must be approved in advance by HPSF.

XI. Review and Modifications of Investment Policy Statement

The HPSF Board of Directors will review this IPS periodically to determine if modifications are necessary. When modifications are made, they shall be promptly communicated to all involved third parties and financial advisors.

XII. Original Date of Acceptance

Approved 8-10-2020

XIII. ADDENDUM OF 3/11/21

Each spring, at scholarship time, the HPS Foundation Board will review their scholarship needs and current funds being held at the Foundation and will send an itemized fund withdrawal request list to Oakeson/Steiner.