

17 May 2020

Council #5750 Investment Strategy

1. **Intent:** This document is intended to provide the policies and procedures to guide the Knights of Columbus Fr. Edwin F. Kelley Council #5750 Woodbridge, Va (Council #5750 or Council) in managing their fiscal investments and allocating the resources from those investments. This document is an addendum to the existing by-laws and governed by those by-laws, the Council Charter and the guidelines and regulations of the State and National Knights of Columbus organization.
2. **Goals:** Council #5750 has the following fiscal goals:
 - a. Ensure the financial stability of the council.
 - b. Provide for their ongoing charitable activities and goals for the foreseeable future.
 - c. Be able to rapidly respond to unexpected requirements within their diocese, and community.
 - d. Protect their financial investments from unwarranted risks and threats.
3. **Oversight and Management:** Council #5750 shall establish an investment committee that shall:
 - a. Consist of the Deputy Grand Knight who will chair the committee, the Financial Secretary, the Treasure, and two members at large appointed by the Grand Knight. The Advocate will be a non-voting Committee member.
 - b. Conduct routine management of the Council investment accounts.
 - c. Advise the Grand Knight and the Council at large on matters relating to the investment accounts.
 - d. Engage an investment advisor within the following guidelines:
 - i. Selected financial advisor's primary business will be providing financial advice.
 - ii. Be subject to appropriate state and federal oversight.
 - iii. Routinely advise non-profit organizations on investment strategies.
 - iv. Not be a Council member.
 - v. Have sufficient scope to ensure a stable relationship over the long term with the Council.
 - e. Work with the financial advisor to ensure Council objectives and goals are met.
 - f. Provide quarterly reports to the Council on the status of the Council investments
 - g. Provide annual reports to the Council on financial advisor status and activities.

4. **Investment Strategy:** The Council will divide its investments into three broad categories to facilitate the accomplishment of its stated goals:
- a. **Short -Term:** Defined as having funds available for allocation within a 30-day window. These funds should require little to no process (beyond those established in the by-laws) for use.
 - i. These funds will routinely be placed into Council checking and/or savings accounts.
 - ii. Funds for these accounts will come from the routine fund-raising activities of the Council, donations, and withdrawals from other Council investments as approved in Council annual budget or vote of $\frac{3}{4}$'s majority at a Regular or Special business meeting.
 - iii. These funds are not under the purview of the Investment Committee and are managed as established in the by-laws.

 - b. **Mid-Term:** These funds are established to cover unplanned expenditures in a five-year timeframe.
 - i. These funds are to be invested in a vehicle that enables to the Council rapidly withdraw the funds at need with little or no penalty.
 - ii. These funds should have minimal risk associated with them.
 - iii. Provide a source of income, if required, while the Long-Term funds are being established.
 - iv. Withdrawal of these funds require a 30-day notice to the Council of the intent to withdraw, publication of the intent, and approval of the Council with a $\frac{3}{4}$ th's majority vote at a Business meeting.
 - v. The level of these funds will be reviewed annually and adjusted as required to meet Council goals.
 - vi. Be funded from other Council funds as determined in the annual budgets and spending plans.

 - c. **Long-Term:** These funds are established to provide for the capitol funding requirements of the Council into the foreseeable future.
 - i. These funds are invested into medium risk funds with the goal to meet the long-term spending plan of the Council.
 - ii. The Council shall develop a Long-Term spending plan and review the plan annually at the same time the annual budget is developed and reviewed.
 - iii. The initial establishment of this fund will, barring unforeseen emergencies, be excluded for consideration of withdrawal of funds for a period of five years to allow the fund to build to a level to ensure its long-term sustainability.

- iv. After the five-year moratorium, the Council will limit any withdrawal to no more than 50% of the previous year's earnings within the Long-Term investments.

5. General Investment Guidelines: All investments shall conform to the following guidelines:

- a. A copy of this Investment Policy shall be provided to all investment advisors.
 - b. The Council is a tax-exempt organization as described in section 501(c)(7) of the Internal Revenue Code. This tax-exempt status should be taken into consideration when making Organization investments.
 - c. The Council is expected to operate in perpetuity; therefore, a 10-year investment horizon shall be employed. Interim fluctuations should be viewed with appropriate perspective.
 - d. Transactions shall be executed at reasonable cost, taking into consideration prevailing market conditions and services and research provided by the executing broker.
 - e. No fixed income security shall have an equivalent credit quality below investment grade at the time of purchase, defined as:
 - i. BBB by Standard & Poors for straight bonds and convertibles.
 - ii. Baa3 by Moody's Investor Service for straight bonds and convertibles.
 - 1. A1 by Standard & Poors for short term securities.
 - iii. P1 by Moody's Investor Service for short-term securities.
 - iv. AAA for money market accounts
 - f. The following transactions are prohibited: Purchase of non-negotiable securities, derivatives, high risk or junk bonds, private placements, precious metals, commodities, short sales, any margin transactions, straddles, warrants, options, life insurance contracts, leverage or letter stock.
 - g. The Council will maintain a reasonable diversification of investment assets between asset classes and investment categories at all times. And adjust that diversification upon advice of the financial advisor in accordance with approved Council objectives.
6. Review: This addendum will be reviewed by the Investment Committee and the Council Advocate annually. Modifications to this addendum will be made in the same manner as changes to the Council by-laws.