

**Investment Policy**  
**Adopted by the Board March 26, 2013**

LTA Standard 6-F

**I. Purpose**

- A. This document covers both short-term and long-term investment policy for ALT's financial assets, broken down into three categories as follows:
1. Reserves for expected near-term or medium-term needs.
  2. Board-designated invested funds
  3. Donor-restricted endowment funds.

**II. Procedures, Process, Responsibilities**

- A. Reserves for Expected Near-Term or Medium-Term Needs
1. At the discretion of the Executive Director and Treasurer, these reserves may be placed in a bank checking account, bank savings account, bank money-market account, bank certificate of deposit, or a money-market fund with a financial institution other than a bank.
  2. This should include resources expected to be needed for 3-6 months of operations for ALT
- B. Board-Designated Invested Funds
1. With Board approval, at the recommendation of the Finance Committee, these funds will be placed in one or more of the following:
    - a. An account at Maine Community Foundation (MCF), with a Spending Type category of Invested / Income and Principal – Special. MCF invests these funds in their Primary Investment Pool, which is outside of the control or influence of ALT. The normal annual withdrawal or “grant budget” is determined by MCF, but ALT may request a greater or lesser distribution; Board approval is required for a greater distribution.
    - b. A managed account at a brokerage firm or other financial institution. The specific portfolio will be selected by the account manager, based on ALT's objective of achieving an average long-term total return that allows 5% annual withdrawals with the asset value keeping pace with inflation.
    - c. A non-managed account at a brokerage firm or other financial institution. The objective of the investment portfolio is an average long-term total return that allows 5% annual withdrawals with the asset value keeping pace with inflation.
    - d. The Finance Committee will review the holdings on a quarterly basis.
    - e. In selecting investment agents, ALT will use the following as criterion:

- Have a proven track record in long-term investments with returns compared to the industry standard with reasonably prudent investments
  - The growth in value of invested funds should be favorable when compared with the benchmarks for the various asset classes
  - Be readily available for questions from the Finance Committee
  - Be able to provide sub-accounts that meet our need for restrictions in the use of the funds
  - Be able to assist in the processing of securities, tangible assets, assistance with charitable annuities and other vehicles that support of our mission.
  - Provide services at a reasonable cost
  - Assists us in spending the appropriate percent of assets to meet all State and Federal requirements for endowments.
2. On a temporary basis, any of the types of accounts listed under category 1 (Reserves), with the approval of the Board, funds so invested may be used to finance cash-flow needs through inter-fund borrowing.
  3. The spending policy for Board-designated invested funds is to limit annual withdrawals to 5% of asset value, except that under extraordinary circumstances and on a positive three-fourth vote of all currently serving members of the Board, additional funds may be withdrawn. The asset value used to calculate a given year's withdrawal is a twelve-quarter average ending on September 30 of the preceding year.

C. Donor-Restricted Endowment Funds

1. The Finance Committee will prepare a plan to invest donor restricted funds when the ALT receives its first donor restricted gift. The plan must be approved by the Board of Directors.

D. Oversight of Funds and Reports to ALT Board

1. The Finance Committee has oversight responsibility for all of ALT's invested funds, and will report quarterly to the Board on the status and actions taken.
2. The Treasurer will include the most recently reported asset value of all investment accounts in the monthly Treasurer's report.

### III. Amendments

- A. ALT may amend this Policy from time to time as appropriate. The Policy is to be reviewed at least annually by the Finance Committee to assure that it continues to meet ALT's objectives, with any proposed amendments submitted to the Board for approval.

### IV. Policy adopted by Board of Directors

- A. March 26, 2013