

Freedom's Frontier National Heritage Area

Endowment Fund

INVESTMENT POLICY

This Investment Policy establishes the philosophy for investing the endowment fund of the Freedom's Frontier National Heritage Area.

Objective

The investment objective for the endowment fund of the Freedom's Frontier National Heritage Area is to achieve an average annual rate of return commensurate with appropriate indices over specified time horizons and within the asset allocation guidelines, as set forth in this Policy. Standard and Poor's 500 is identified as the comparative equity index and Barclays U.S. Aggregate Bond index is the comparative fixed-income index.

Time Horizon

For measuring investment performance, the time horizon is a three- to five-year period. Freedom's Frontier National Heritage Area recognizes that in any one-year period, there is a risk of capital losses.

Asset Allocation Guidelines

The selection and allocation of assets should be prudent and diversified. Investments should include a mix of cash equivalents, fixed-income, and equity. The endowment fund should be diversified to try to minimize the impact of substantial loss in any industry or issue.

In light of the goals and objectives of the endowment fund of the Freedom's Frontier National Heritage Area, and considering the potential risks and investment returns, the acceptable range of designated asset categories should depend on the economic conditions at the time, to be determined by the Board of Trustees.

Subject to:

International equities may not exceed twenty-five percent (25%) of the amount of total Equities in the fund.

High Yield Bond Funds may not exceed twenty percent (20%) of the total Fixed-Income investments in the fund.

Re-Balancing Procedures

In order to remain within the Asset Allocation Guidelines, each asset class shall be reviewed at least annually, and re-balanced as the Board of Trustees determines.

Liquidity and Marketability of Holdings

All investments shall be in securities with a ready market of sufficient depth to absorb the entire position in a particular security, without major noticeable effect on the overall rate of return of the endowment fund.

Cash Equivalents

Investments may be made in commercial paper, repurchase agreements, Treasury Bills, certificates of deposit, and money-market funds to provide income, liquidity and preservation of the principal of the endowment fund. All Cash Equivalents must have a maturity of nine (9) months or less from the time of purchase.

Fixed-Income

Investments in Fixed-Income securities will be managed actively for opportunities from changes in interest rates and credit ratings. Investments may be chosen from appropriately liquid preferred stocks, corporate debt securities, municipal issues, obligations of the U.S. Government and its fully guaranteed agencies, and issues convertible to equities. Fixed-Income investments are subject to the following limitations:

- (1) No individual issues may be purchased with more than fifteen (15) years until maturity.
- (2) Obligations of the U.S. Government, and its fully guaranteed agencies, may be held in any amounts. Investments in securities of a single issuer (with the exception of the U.S. Government and its fully guaranteed agencies) must not exceed ten percent (10%) of the endowment fund's market value.
- (3) Corporate bonds, which are obligations of U.S. corporations, shall be diversified by issuer type. Securities that meet or exceed a credit rating of "AAA" or "AA" from Standard & Poor's (S & P), or a rating of "Aaa" or "Aa" from Moody's, may be held up to a maximum of 5% per issuer. "A" rated securities may be held up to a maximum of 2.5% per issuer. Securities that meet or exceed a credit rating of "BBB" from S & P, or a rating of "Baa" from Moody's, may be held up to a maximum of 1% per issuer. Overall credit quality of the all corporate bonds shall be "AA/Aa" or higher.
- (4) Only individual municipal issues that meet or exceed a credit rating of "BBB" from S & P, or a rating of "Baa" from Moody's, may be purchased.
- (5) As an exception to (3) and (4), and as provided in the Asset Allocation Guidelines, High Yield Bond Funds may be used to broaden portfolio diversification when deemed appropriate by the Investment Manager. High Yield

Bond Fund holdings will be no more than twenty percent (20%) of the Fixed-Income investments in the fund.

Equity

Securities of one issuer shall not exceed ten percent (10%) of the endowment fund's market value. The maximum equity investment in any one minor industry class shall not exceed twenty-five percent (25%) of the total Equity investments. When purchased, securities must be rated at least "Baa" by Moody's and "BBB" by Standard & Poor's. When issues are downgraded below a "BBB" rated quality, the Investment Manager shall notify the Executive Director within three (3) business days of the downgrade, along with a recommendation on how to proceed. The original issue size of the securities selected should afford a high degree of marketability.

Private placements, options, as well as short sales, margin transactions, or other similar investment activities are prohibited. Investment in Real Estate Investment Trusts (REIT's) and mutual funds investing in REIT's are allowed.

Prohibited Investments

To provide for the safety and liquidity of the endowment fund of Freedom's Frontier National Heritage Area, the investment is subject to the following restrictions:

- (1) The Investment Manager is prohibited from investing in future contracts, commodities, currency exchange, and mineral exploration and/or options.
- (2) Borrowing for investment purposes ("leverage") is prohibited.
- (3) Investment in any instruments that are Structured Notes (e.g., inverse floaters, leveraged floaters, and equity-linked securities) is prohibited.
- (4) Investment in any instrument commonly considered a "derivative" instrument (e.g., options, futures, swaps, caps, floors and collars) is prohibited.
- (5) Contracting to sell securities not yet acquired in order to purchase other securities for purposes of speculating on developments or trends in the market is prohibited.

Other Financial Assets

No deviation from this Policy is allowed without the prior written consent of the Board of Trustees (the "Trustees") of the Freedom's Frontier National Heritage Area.

Conflict of Interest

When making financial decisions and policies, Trustees must be independent, impartial and responsible only to the Freedom's Frontier National Heritage Area. Decisions must

be made so as to ensure that donors maintain confidence in the integrity of Freedom's Frontier National Heritage Area. Trustees shall not place themselves in a position that may substantially conflict with their duties to the Freedom's Frontier National Heritage Area; or that may be a substantial influence to act other than in the best interests of the Freedom's Frontier National Heritage Area. Any Trustee or employee involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair his/her ability to make impartial decisions. Any trustee or employee who has what he/she believes may be a conflict of interest with the investment process or program shall immediately disclose the conflict and shall not participate in any discussion or vote about investment process or program.

Investment Manager

- A. If an Investment Manager is retained, he/she will manage the endowment fund of Freedom's Frontier National Heritage Area consistent this Policy and in accordance with applicable laws. This includes discharging responsibilities with respect to the endowment fund consistent with "Prudent Person" standards, and all other fiduciary responsibility provisions, regulations, and laws.
- B. Each Investment Manager shall fully and promptly inform the Executive Director of the Freedom's Frontier National Heritage Area of any material changes in his/her outlook, and proposed strategies and tactics (including any decision to invest in High Yield Bond Funds). The Investment Manager, upon request, shall meet with the Executive Director and/or the Trustees in order to review and explain the investment of the endowment fund. The Investment Manager shall be reasonably available for telephone communication. Any material event affecting the ownership of the Investment Manager's firm, or the management of the endowment fund of Freedom's Frontier National Heritage Area must be promptly reported to the Executive Director.

Investment Review

- A. At least quarterly, the Executive Director shall review the following reports:
 - (1) Performance results over the last one (1) year, three (3) years, and five (5) years.
 - (2) Results of comparative performance benchmarks for the same periods.
 - (3) Value of each type of assets in the endowment fund.
- B. At least annually, the Executive Director shall review and present recommendations to the Trustees of Freedom's Frontier National Heritage Area about:

- (1) The appropriateness of the prudence and investment standards established by this Policy.
 - (2) The need for any amendments to this Policy.
 - (3) The performance of the investments relative to comparative benchmarks and asset allocation guidelines set out in this Policy.
 - (4) The suitability of investments relative to the investment criteria established by this Policy.
 - (5) The need for any changes to the investment portfolio.
- C. The Executive Director may request that any Investment Manager managing the endowment fund of Freedom's Frontier National Heritage make an annual presentation to the Trustees to interpret performance results, including a report on investment performance in terms of rate of return and changes in dollar value, as well as a comparison of the investment returns to appropriate market indices.

ADOPTED BY THE BOARD:

Jody Ladd Craig
Chair, Board of Trustees

W. C. Hays
Attest: Secretary, Board of Trustees

3-4-2015
Date