

GAY AND LESBIAN ALLIANCE OF THE CENTRAL COAST (GALA)  
ENDOWMENT & CAPITAL FUND INVESTMENT POLICY STATEMENT

I. PURPOSE

To establish guidelines so that the Board of Directors of the Gay and Lesbian Alliance of the Central Coast can effectively monitor investment results of the Endowment and Capital Funds.

II. OBJECTIVES

A. ENDOWMENT FUND: The primary investment objective of this fund is long-term growth of the fund to assist in future funding of GALA operating expenses.

B. CAPITAL FUND: The primary investment objective of this fund is medium-term growth to assist in future funding of capital equipment purchases including, but not limited to, office equipment and a building for a "permanent" GALA Center.

III. ASSET ALLOCATION

For both Funds the general policy shall be to diversify investments among both equity and fixed income securities. All assets should have a readily ascertainable market value and be readily marketable.

A. Equity Investments: The principal category of equity investments will be high quality common stocks and/or stock mutual funds. Other equity investments, trusts, private equity or venture capital may be considered if they meet investment return objectives and are approved in advance by the GALA Board. . Percentage allocation shall not exceed 65% of the individual Fund.

B. Fixed Income Investments: The principal categories of fixed income investments will be domestic investment grade bonds, high quality preferred stocks, and government securities. Short-term, cash equivalent investments are appropriate as a depository for temporary placement of funds directed for later investments to long-term capital markets. Percentage allocation shall not exceed 80% of the individual Fund.

C. Prohibited Transactions: The Funds may not purchase investments in commodities, private placements, or letter stock, In addition, the Funds will not engage in short sales or purchase on margin.

D. Diversification: The Endowment and Capital Funds shall not have more than 50% of their assets invested in the same securities as one another.

#### IV. INVESTMENT MANAGEMENT GUIDELINES

- A. The Board has the authority to retain and compensate an investment manager.
- B. The investment manager will have full discretion to invest assets of the Fund in a prudent manner, consistent with the Fund's objectives, and within the guidelines established in section III above.
- C. Reporting. The investment manager for the Fund shall report no less than quarterly on the performance of the portfolio. The report shall include an evaluation of performance of both funds on a total return basis as compared to the Fund's objectives and relative market indices.

#### V. SPENDING RULES

- A. ENDOWMENT FUND: Annual distributions from the fund may be up to the lesser of: 5% of the total fund value or the rolling average of the total return for the previous twelve quarters. Principal may not be withdrawn.
- B. CAPITAL FUND: Distribution of cumulative investment earnings may be made for purchase of Capital equipment or other needs as the GALA Board of Directors determines. Principal cannot be used except for the purchase of a "permanent" building for the GALA Center.