ROCK ISLAND-MILAN EDUCATION FOUNDATION
STATEMENT OF INVESTMENT POLICY

I. INTRODUCTION

The purpose of the Statement of Investment Policy "Investment Policy" is to provide perpetual financial support for the Rock Island-Milan Education Foundation. The policy will establish expectations, objectives and guidelines in the investment of the Rock Island-Milan Education Foundation's portfolio assets and create the framework for a well-diversified asset mix that can be expected to generate acceptable long-term returns at a level of risk suitable to the Foundation.

II. RESPONSIBILITIES

The Board of Directors establishes the investment policies and practices of the Rock Island-Milan Education Foundation upon recommendation of the Finance Committee. Policies are administered by the Finance Committee, with the approval of the Board of Directors. The Investment Policy should include the following:

a. Describe an appropriate risk posture for the portfolio.
b. Specify the target asset allocation policy.
c. Establish investment guidelines regarding the selection of investment manager(s), permissible securities and diversification of assets.
d. Outline/Specify the criteria for evaluating the performance of the portfolio's assets.
e. Define the responsibilities of the investment manager(s).
f. Encourage effective communication between the investment manager(s).

The guidelines set forth in this policy can be changed as economic conditions or prudence dictates, as long as those changes remain within the fiduciary responsibilities of the Rock Island-Milan Education Foundation.

III. STANDARDS OF CARE

A. Prudence:

The "prudent person" standard states that, "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived." This standard will be exercised within the context as we in the organization define acceptable risk.

B. Ethics and Conflicts of Interest:

Board members and employees of the Rock Island-Milan Education Foundation 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 their ability to make impartial decisions. Board Members and investment manager(s) shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. No Board Members shall vote on any matter under consideration in which he/she has a conflict of interest. The minutes of such meetings shall reflect that a disclosure was made and that the individual having the conflict abstain from voting.

C. Delegation of Authority:

Authority to manage the investment program is granted to the Finance Committee of the Rock Island-Milan Education Foundation, subject to Board approval. Procedures shall include: explicit delegation of authority to persons responsible for investment transactions, report distribution, timely review of investment performance, and authorized signatures on transactions. No person may engage in an investment transaction except as provided under the terms of this policy and procedure established by the Finance Committee. The Finance Committee shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

IV. OBJECTIVES

A. Diversification - To avoid incurring unreasonable risks regarding specific security types, issuers, maturities, asset classes, and financial institutions, investments shall be well diversified based upon type of funds invested.

B. Investment Objective - The targeted annual return on investment for all endowment accounts should exceed benchmarks of the segments as described below. The investment objective of the Foundation Fund is to maximize total return while meeting periodic distribution and cash flow needs of the Foundation.

C. Exposure to all parts of stock and bond markets reduces risk. The investment approach shall be disciplined and consistent over time. Allocations between asset classes shall be modified when such actions are expected to produce incremental return, to reduce risk, or both.

V. PORTFOLIO COMPOSITION

There will be three basic segments for the Funds:

A. Cash & Cash Equivalents – To meet the anticipated cash requirements of the Foundation.

B. Fixed Income – Long-term target 30-50%
Fixed income investment shall consist of government, government agencies, and corporate bonds. The investment manager may use mutual funds, exchange traded funds, or individual securities for fixed income securities maturing with 10 years and rated A or better. Exposure to TIPS, international bonds, high yield bonds, and long-term bonds shall be restricted to mutual funds and exchange-traded funds.

C. Equities – Long-term target 50-70%
Equity investments shall consist of domestic large cap, mid cap, small cap along with International developed and emerging market securities. The investment manager may use mutual funds, exchange traded funds, or individual securities for large cap domestic and international developed securities. Exposure to mid caps, small caps, and emerging markets shall be restricted to mutual funds and exchange traded funds.

D. Alternatives – Long-term target up to 10%
Unless expressly authorized by the Committee, the Portfolio and its investment managers are prohibited from:
   i. Purchasing securities on margin or executing short sales,
   ii. Pleading or hypothecating securities, except for loans on securities that are fully collateralized,
   iii. Purchasing or selling derivative securities for speculation or leverage,
   iv. Engaging in investment strategies that have the potential to amplify or distort the risk of loss beyond a level that is reasonably expected, given the objectives of this portfolio.

VI. COMMUNICATION

The investment manager of banks will meet at least every six months with the Foundation's finance committee regarding, but not limited to, portfolio composition, review and explain the portfolio's performance results, minimizing the costs of investments, performance results of comparative benchmarks, and any other related issues. All account statements from the Bank Trust Department will be mailed each month to the Board President, Treasurer, and Executive Director. *Account statements will be mailed to the representative of the grant and scholarship accounts only if approved by the Executive Director and Treasurer.*

VII. ADOPTION

This policy was adopted by resolution of the Rock Island-Milan Education Foundation's Board of Directors on September 16, 2021. The Finance Committee shall review the policy annually and recommend changes to be presented to the Board of Directors for consideration.