

Presbytery of Santa Fe

Investment Policy Statement

Presbytery of Santa Fe Investment Policy

SCOPE OF THIS INVESTMENT POLICY

This statement of investment policy (IPS) shall apply to all funds belonging to the Presbytery of Santa Fe. Currently, this includes the Operating (checking) and Reserve Funds as well as the investment account and any other accounts that may be established in the future.

BACKGROUND

The Presbytery of Santa Fe is a constituent governing body under The Presbyterian Church (USA) and a not-for-profit corporation organized in 1972 for religious purposes and existing under and by virtue of the laws of the State of New Mexico. Our Presbytery is composed of 39 churches located in the geographic area of northern New Mexico. The Ecclesiastical Officers of the Presbytery consist of the Moderator, Moderator-elect, Past Moderator, Stated Clerk and Treasurer.

Our Vision Statement: The Presbytery of Santa Fe, as the Presbyterian Church (USA) in this place, is a community of congregations engaged by the Triune God in worship, education, and mission, both as congregations and as relational networks. We live into our future as a community of faith engaged in God's mission, guided by Scripture, fulfilling ecclesial responsibilities, and claiming shared values.

PURPOSE OF THIS INVESTMENT POLICY

Purpose of this Investment Policy is to:

1. Define and assign the responsibilities of all involved parties.
2. Establish a clear understanding for all involved parties, present and future, of the investment goals and objectives for the Presbytery's funds.
3. Offer guidance and limitations to all involved parties for the investment of the Presbytery's funds.
4. Establish a basis for evaluating investment results.
5. Manage all funds according to acceptable and prudent standards.
6. Establish the relevant time horizon for which the funds will be managed.

DEFINITIONS

1. "Operating and Reserve Funds" shall mean the funds held in various accounts by the Presbytery.

2. "Fiduciary" shall mean any individual or group of individuals that exercise discretionary authority or control over fund management or any authority or control over management, disposition or administration of the funds of the Presbytery.
3. "Investment Horizon" shall be the time period over which the investment objectives are expected to be met.
4. "All involved parties" shall include the Finance and Property Committee, staff, treasurer, and outside professionals.
5. "Custodian" or "Sub-custodian" is the bank, brokerage firm, Foundation, Presbyterian Investment and Loan Program, or other investment managers being used to hold and invest funds as directed.
6. "Investment Manager" shall mean any individual, or group of individuals, hired to manage the investments of all or part of the Presbytery's funds.
7. "Short term" is generally considered to be two years or less.
8. "Long Term" is generally considered to be greater than five years.
9. "Securities" shall refer to the marketable investment securities which are defined as acceptable in this Policy.

DELEGATION OF AUTHORITY

The Trustees of the Presbytery of Santa Fe is a fiduciary and is responsible for directing and monitoring the investment management of funds. As such, the Presbytery is authorized to delegate certain responsibilities. These include, but are not limited to:

1. Finance and Property Committee, staff, and treasurer.
2. Custodian. The custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Presbytery of Santa Fe, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The Custodian, or sub-custodian, will provide statements of all assets owned, purchased, or sold as well as movement of assets into and out of the various accounts monthly.
3. Investment Manager. The investment manager has discretion to purchase, sell or hold the specific securities that will be used to meet the Presbytery's investment objectives. Managers will be held responsible and accountable to achieve the stated objectives.
4. Additional specialist such as attorneys, auditors, actuaries, retirement plan consultants, and others may be employed by the Presbytery to assist in meeting its responsibilities and obligations to administer assets prudently. If such outside experts employed are also deemed to be fiduciaries, they must acknowledge such in writing. All expenses for such experts must be customary and reasonable, and will be borne by the Presbytery when deemed appropriate and necessary.
5. The Finance and Property Committee shall monitor investment decisions and results.

GENERAL INVESTMENT PRINCIPLES

Investments shall be made solely for the interest and benefit of the Presbytery of Santa Fe.

1. Presbytery shall work within the guidelines of Mission Responsibility Through Investment of the Presbyterian Church (U.S.A.).
2. Investments shall be managed in the best interest of the Presbytery.
3. Investments shall be diversified so as to minimize risk of principal.
4. Presbytery's cash assets shall be invested with care, skill, prudence, and diligence under the circumstances then prevailing. The investment horizon for cash investments is not to exceed two years.
5. Cash is to be managed conservatively, by investment in short term cash equivalents to provide safety, liquidity and return.

INVESTMENT OBJECTIVES

In order to meet its needs and obligations, the investment strategy of the Presbytery is to emphasize total return. That is, the aggregate return from capital appreciation and dividend and interest income.

Specifically, the primary objectives of the investment management of the Presbytery's cash assets shall be:

1. Liquidity. To ensure the ability to meet all expected or unexpected cash flow needs by investing in securities that can be sold readily and efficiently.
2. Preservation of Capital. To minimize the probability of loss of principal over the investment horizon. Emphasis is placed on minimizing return volatility rather than maximizing total return.

The primary objective of the investment management of the long-term assets shall be:

1. Balanced with growth. Growth of principal shall be the primary objective of the long-term investments (greater than 5 years) consistent with a commiserate level of risk. These returns should be greater than the rate of inflation, as defined by the CPI + 3%, net of fees, over a five year average time period.

LIQUIDITY

To minimize the possibility of a loss occasioned by the sale of a security forced by the need to meet a required payment, the staff and the Finance and Property Committee shall periodically review estimates of expected net cash flow.

To maintain the ability to deal with unplanned cash requirements that might arise, the Committee requires that adequate assets shall be maintained in cash or cash equivalents.

SPENDING POLICY

In order to provide a sustainable level of income to support the Presbytery of Santa Fe while preserving the real (inflation adjusted) purchasing power of the assets invested, the Presbytery of Santa Fe establishes the following spending policy:

1. 3% of the total market value of the assets invested may be distributed annually based upon a three-year rolling average of the value of such assets. Distributions shall be calculated annually.

2. The percentage and amount distributed shall be reviewed annually by the Property and Finance Committee of the Presbytery of Santa Fe.

3. Should the suggested distribution result in a reduction of the real value of the funds invested below the real value of such funds as increased or decreased for net annual appreciation (depreciation) on these assets, the Property and Finance Committee of the Presbytery of Santa Fe shall determine the percent or amount to be withdrawn. Such percent or amount shall not exceed 3% of the total three-year rolling average of the value of such assets, as previously noted.

MARKETABILITY OF ASSETS

The Presbytery requires that all of Presbytery's cash assets be invested in liquid securities, defined as securities that can be transacted quickly, efficiently and with minimal loss of principal.

INVESTMENT GUIDELINES

Allowable Investments

1. Cash Equivalents

- Money Market funds
- Interest bearing accounts
- Commercial Paper
- Certificates of Deposit
- U.S. Treasury Bills, notes, and bonds

2. Fixed Income Securities

- U.S. Government and Agency Securities
- Mortgage Backed Bonds
- Corporate Bonds
- Mutual Funds
- Exchange Traded Funds (ETF)

3. Equity Securities

- Common Stock
- American Depository Receipts (ADR) of Non-U.S. Companies
- Mutual Funds (Domestic or International)

- Exchange Traded Funds-ETFs (Domestic or International)
- Real Estate (Publicly Traded REITs)

4. Presbyterian Investment and Loan Program notes

Prohibited Investments

Prohibited investments included, but are not limited to the following:

1. Commodities and Futures contracts
2. Private Placements
3. Options
4. Limited Partnerships
5. Venture-Capital investments
6. Derivatives
7. Individual high yield corporate bonds

Prohibited Transactions

Prohibited transactions include, but are not limited to the following:

1. Short selling
2. Margin transactions

ASSET ALLOCATION GUIDELINES

Asset Class		Long-Term Policy Weight %	Target Range %
Equities		63%	30%-75%
U.S. Large Cap Equities		33%	20%-60%
U.S. Small-Mid Equities		14%	5%-20%
International Equities		15%	5%-25%
Fixed Income		32%	20%-60%
Alternative Investments		3%	0%-15%
Real Estate			
Cash		2%	0%-50%
Total		100%	

INVESTMENT MANAGER PERFORMANCE REVIEW AND EVALUATION

The Investment Manager shall be reviewed every three years regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

The Presbytery office will be mailed monthly statements indicating the cost basis and current value of all investments. Statements will include all transactions affecting assets within the portfolio and additions or withdrawals to the endowment.

Performance reports generated by the Investment Manager shall be compiled at least quarterly and communicated to the Finance and Property Committee for review and comparison against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals and guidelines as set forth in this statement. The Committee intends to evaluate the portfolio over at least a three-year period, but reserves the right to terminate an Investment Manager for any reason including the following:

1. Investment performance that is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Failure to adhere to any aspect of this statement of investment policy, including communication and reporting requirements.
3. Significant qualitative changes to the investment management organization.
4. Unacceptable customer service

INVESTMENT POLICY AND PERFORMANCE REVIEW

To assure continued relevance of the guidelines, objectives, financial status and capital markets and expectations as established in this Investment Policy, the Finance and Property Committee shall review the investment policy and performance, at least annually, and make recommendations to the Presbytery Council.

Presbytery Administrator

Treasurer

Property and Finance Chair