

WCTE ENDOWMENT

INVESTMENT, & SPENDING POLICY

Upper Cumberland Broadcast (WCTE)

WCTE Endowment Investment & Spending Policy

TABLE OF CONTENTS

Statement of Investment & Spending Policy Guidelines	2
Gift Agreement	7

STATEMENT OF INVESTMENT & SPENDING POLICY GUIDELINES

I. MISSION

The mission of Upper Cumberland Broadcast Council, Inc.(WCTE) is:

To establish lifelong learning and cultural storytelling by connecting the Upper Cumberland to the world and the world to our region.

II. PURPOSE OF THE STATEMENT OF INVESTMENT & SPENDING POLICY GUIDELINES

The purpose of this Statement of Investment & Spending Policy Guidelines (Statement) is to assist the WCTE Board of Trustees (Board of Trustees) in effectively supervising and monitoring the WCTE Endowment and its investment and spending activities; and to provide guidance to investment managers, CPAs, lawyers or other consultants (collectively referred to hereafter as “investment professionals”) employed to manage assets of the WCTE Endowment on behalf of the Board of Trustees. The Board of Trustees shall review this Statement at least every three (3) years to ensure that it continues to reflect the appropriate expectations, goals and objectives for the WCTE Endowment.

III. DELEGATION OF AUTHORITY

A RESPONSIBILITIES OF THE BOARD OF TRUSTEES

The Board of Trustees is charged with the responsibility for the safekeeping and management of the assets of the WCTE Endowment.

B ADMINISTRATION

The Chair of the Board of Trustees shall each year appoint the Finance Committee or an Investment Committee consisting of a minimum of three (3) members of the Board of Trustees. The appointed Committee shall execute its duties solely in the interests of the WCTE Endowment.

C RESPONSIBILITIES OF THE APPOINTED COMMITTEE

The Appointed Committee will facilitate the management of the WCTE Endowment. The Committee may employ or consult investment professionals as deemed appropriate to manage or to advise on the investment of the endowment fund(s). The following responsibilities are delegated to the Appointed Committee:

1. To recommend to the Board of Trustees guidelines regarding the investment of the WCTE Endowment;
2. To regularly evaluate the performance of any investment professionals to ensure adherence to policy guidelines and to monitor the progress in achieving investment objectives;

3. To ensure the investments of the WCTE Endowment are in compliance with this Statement's objectives and guidelines as stated herein and approved by the Board of Trustees;
4. To provide quarterly reports to the Board of Trustees concerning the assets held in the WCTE Endowment and the use made of such assets and the income thereof;
5. To ensure that the Investment Manager agrees, in writing, to accept fiduciary responsibility for endowment fund performance as per agreement with the Investment Manager.

D RESPONSIBILITIES OF THE INVESTMENT MANAGER

The Investment Manager's role is that of a discretionary advisor to the Appointed Committee and, as requested by the Appointed Committee, to the Board of Trustees. Investment advice concerning the investment management of the assets will be offered by the Investment Manager, and will be consistent with the investment objectives, policies, guidelines and constraints as established in this Statement. Specific responsibilities of the Investment Manager include:

1. Assisting in the development and review of the investment policy if requested by the Appointed Committee;
2. Reviewing the investment history of the endowment fund(s), capital market performance, and the contents of this Statement with any newly appointed Trustee(s);
3. Assisting the Appointed Committee in the development of a strategic asset allocation plan and its implementation;
4. Establishing customized investment performance benchmarks for the overall WCTE Endowment portfolio and for each component, and monitoring the portfolio on an ongoing basis;
5. The periodic rebalancing of the WCTE Endowment investment portfolio with notification to the Appointed Committee of the rebalancing.

In addition, the Investment Manager's role will include the following administrative responsibilities:

1. Overseeing the day-to-day operational investment activities of the WCTE Endowment subject to the policies established by the Appointed Committee;
2. Implementing the allocation and reallocation of the fund(s) among asset classes, investment styles and investment management firms in accordance with the guidelines of allocation targets set forth in this Statement;
3. Receiving, reviewing and distributing reports from any other outside professionals regarding the status of the WCTE Endowment portfolio;
4. Interfacing with the custodian bank(s) and other outside professionals;
5. Issuing status reports to the Appointed Committee and, as requested by the Appointed Committee, to the Board of Trustees.

IV. CONTRIBUTIONS

The Board of Trustees has established a gift acceptance policy. The purposes of contributions shall include both existing needs and future plans which the Board of Trustees identifies as long-term continuing priorities.

The Fund shall be administered, and amounts withdrawn by WCTE shall be expended, solely for the charitable purpose of WCTE and in accordance with any applicable restrictions imposed by donors to the Fund. All gifts to the Fund must comply with WCTE's gift acceptance policies, and the board of trustees reserves the right to refuse acceptance of any gift to the Fund.

V. THE WCTE ENDOWMENT SPENDING POLICY

The WCTE Endowment will be maintained as an endowed fund. As such, the Board of Trustees shall endeavor to conserve the historic gift value of its endowment funds; and to provide a steady flow of income rather than distribution of principal.

The assets of the WCTE Endowment Fund (the "Fund") may, at the discretion of the board of directors, be held in one or more segregated accounts or commingled with other property of WCTE for investment purposes.

Income of the fund shall be accumulated and identified as income for future disposition. In addition, the growth in principal after adjusting for inflation shall also comprise income available for future disposition. The Board of Trustees shall determine, within ninety (90) days after the end of any fiscal year, whether any income or any portion of the principal appreciation,

- After adjustment for inflation for the said prior fiscal year, will or will not be treated as income available for future use or identified as principal. In making this determination, the Board of Trustees shall consider, if relevant, the following factors:
 1. The duration and preservation of the endowment fund;
 2. The purposes of WCTE and of the endowment fund;
 3. General economic conditions;
 4. The possible effect of inflation or deflation;
 5. The expected total return from income and the appreciation of investments;
 6. The other resources of WCTE;
 7. Where appropriate and circumstances would otherwise warrant, alternatives to expenditure of the endowment fund, giving due consideration to the effect that such alternatives may have on WCTE; and
 8. The investment policy of WCTE.

The Board of Trustees has established a policy guideline that allows for spending up to 5% of the fair market value averaged over at least 20 quarters immediately preceding the year that the appropriation for expenditure is made (or, over the life of the endowment fund if the fund has been in existence less than five years). The Board of Trustees has established this 5% guideline with an understanding that it represents an annual spending level that can be expected to be sustainable for the long-term. Moreover, the Board of Trustees will monitor spending as a percentage of overall assets on an annual basis.

VI. INVESTMENT STRATEGY & GUIDELINES

In order to achieve its spending goals in perpetuity, the investment strategy for the endowment funds will emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income. Specifically, the primary objective in the investment management for the endowment funds shall be: to maximize long-term total returns consistent with prudent levels of risk.

Returns are expected to preserve and/or enhance the real value of the WCTE Endowment after funds are distributed for current use. In order to accomplish its objectives, the WCTE Endowment may invest primarily in (1) domestic and international equities, (2) domestic and global bonds and (3) alternative investments. Any illiquid investment shall require the written approval of the Appointed Committee prior to purchase. Investment risks will be considered within the context of the entire investment portfolio. Understanding that different economic conditions may produce periods of relative under-performance and over-performance, there will be an attempt to diversify the endowment funds by both asset class (e.g., stocks, bonds, cash, and alternative investments) and investment style (e.g., growth versus value).

A SPECIFIC INVESTMENT GOALS

It is the goal of the aggregate WCTE Endowment assets to: meet annual inflation plus a minimum of 5% per year, over a complete market cycle (usually 5-8 years), the fund's overall annualized total return (income plus appreciation) after deducting for advisory, money management, and custodial fees, as well as total transaction costs.

B LIQUIDITY

The Appointed Committee will periodically make an estimate of the expected net cash flow (if any). The committee will notify the Investment Manager in a timely manner, to allow sufficient time to build up necessary liquid reserves.

C ALLOWABLE ASSETS

Allowable assets should be identified with a minimum quality rating of "BBB" unless specific authority is received from the Appointed Committee. The Appointed Committee has authority to convert illiquid assets to liquid assets.

Allowable assets include (but are not limited to):

- Cash and Cash Equivalents
- US Government Backed Securities
- Domestic Equity
- Domestic Fixed Income
- Domestic and Global Bonds
- International Equity
- Alternative Investments

VII. ASSET ALLOCATION GUIDELINES

To ensure returns are sufficient to support the investment objectives of the WCTE Endowment, the aggregate assets will be invested with the following long-term allocations and ranges:

<u>Asset Class</u>	<u>Minimum</u>	<u>Goal</u>	<u>Maximum</u>
Equities:	30%	60%	75%
Fixed Income:	15%	25%	35%
Alternative Investments:	0%	10%	15%
Cash & Equivalents:	0%	5%	30%

The Appointed Committee may employ investment managers whose investment disciplines require investing outside established asset allocation guidelines. However, taken as a component of the aggregate portfolios, such disciplines must fit within the overall asset allocation guidelines established in this Statement.

VIII. INVESTMENT MANAGER SEARCH & SELECTION

The Appointed Committee will search for investment managers to invest according to the stated policy guidelines and objectives. Managers will be screened for superiority of qualitative characteristics such as investment process and discipline, personnel and ownership structure. Quantitative characteristics such as absolute returns and risk-adjusted performance, consistency of returns and performance in both up and down markets will also be analyzed. Additionally, the Appointed Committee will assess the independence of prospective investment managers and avoid conflicts of interest. All Trustees will sign and update a Conflict of Interest Statement annually. The search process will ultimately provide a working list of managers from which the Appointed Committee will make a recommendation subject to approval by the Board of Trustees.

IX. INVESTMENT MANAGER PERFORMANCE REVIEW & EVALUATION

Performance reports generated by the Investment Manager, if any, shall be compiled at least quarterly and communicated to the Appointed Committee, or the appointed committee’s designees for review. The investment performance of the total fund portfolio will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives set forth in this Statement. The Appointed Committee intends to evaluate the fund portfolio over at least a three-year period, but will closely monitor performance annually. The Appointed Committee reserves the right to terminate an Investment Manager for any reason including the following:

- A.** Investment performance significantly less than anticipated given the discipline employed and the risk parameters established or unacceptable justification of poor results;
- B.** Failure to adhere to any aspect of this Statement of investment policy, including communication and reporting requirements;
- C.** Significant qualitative changes to the investment management organization.

Investment Managers shall be reviewed regularly 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.

X. DISSOLUTION AND LIQUIDATION

In the event of the dissolution or liquidation of WCTE, the assets of the WCTE Endowment shall be handled in accordance with the By-Laws of WCTE.

THE WCTE ENDOWMENT GIFT AGREEMENT

This agreement, dated _____, is between _____ (hereafter referred to as Donor) and the Upper Cumberland Broadcast (hereafter referred to as WCTE).

The Donor agrees to transfer by gift _____ (*description of gift including dollar amount*) to the WCTE Endowment that shall be used by WCTE as follows:

_____ **A Gift to the WCTE Endowment**

A Gift to the WCTE Endowment can be used by WCTE in accordance with the Statement of Investment & Spending Policy Guidelines for the WCTE Endowment.

_____ **A Donor-Restricted Gift to the WCTE Endowment**

A Donor-Restricted Gift to the WCTE Endowment can be used only for the purpose given and in accordance with the Statement of Investment & Spending Policy Guidelines for the WCTE Endowment.

PURPOSE OF DONOR-RESTRICTED GIFT

The parties have executed the Agreement subject to the terms and conditions on the next page of this agreement.

DONOR:

NAME

DATE

STREET ADDRESS

EMAIL

CITY, STATE AND ZIP CODE

TELEPHONE

DONOR SIGNATURE

FOR WCTE:

SIGNATURE, AUTHORIZED REPRESENTATIVE

DATE

PRINT NAME & TITLE, AUTHORIZED REPRESENTATIVE

Gifts to the WCTE Endowment

The Donor irrevocably gives, delivers, transfers and assigns to the WCTE Endowment all rights, title and interest in the gift described, and understands that these assets shall become the property of the WCTE Endowment which shall have the sole legal right to determine their disposition. The gift shall be held in accordance with the Statement of Investment & Spending Policy Guidelines for the WCTE Endowment. All gifts, bequests, and devises to this fund are subject to acceptance by the Board of Trustees on behalf of the WCTE Endowment and shall be irrevocable once accepted.

Donor-Restricted Gifts to the WCTE Endowment

The minimum gift that a Donor may restrict is \$25,000. A donor-restricted gift to the WCTE Endowment shall be used to provide support to WCTE for a specific purpose. The Board of Trustees shall certify to donors and ensure that gifts accepted for donor-restricted uses are used in the manner specified by the donor. The donor-restricted gift shall be held in accordance with the Statement of Investment & Spending Policy Guidelines for the WCTE Endowment. In the event that, at some future date, the purpose for which this fund is restricted is no longer relevant for reasons not foreseeable at this time, the Board of Trustees, after taking into consideration the intent of the donor, is authorized to use the annual distribution from this endowment fund as it deems to be in the best interests of WCTE and in accordance with relevant laws. All gifts, bequests, and devises to this fund are subject to acceptance by the Board of Trustees on behalf of the WCTE Endowment, after review of the restriction and recommendation of acceptance from the Development Committee, and shall be irrevocable once accepted.

Administrative Provisions

Notwithstanding anything herein to the contrary, WCTE shall hold all gifts to the WCTE Endowment subject to the provisions of applicable to the Articles of Incorporation and By-Laws of WCTE.

Investment of Funds

The Board of Trustees shall have all powers necessary, or in its sole discretion desirable, to carry out the purposes of the WCTE Endowment, including, but not limited to, the power to retain, invest, and reinvest the endowment funds and the power to commingle the assets of the endowment funds with those of other funds held by WCTE for investment purposes.

Cost of the WCTE Endowment

It is understood and agreed that the WCTE Endowment shall pay the total investment and administrative expenses of managing its funds.