I. Purpose.
The purpose of this Statement of Building Fund Investment Policy (“Statement”) is to establish and explain the investment and income philosophy, goals, guidelines and tolerance for risk of the Building (“Funds”) of Rocky Mountain College (“College”), and to communicate these matters to the investment managers selected by the College.

II. Definitions. In addition to the foregoing, the following terms shall mean.
A. “Board” means the Board of Trustees of the College;
B. “CFO” means the Chief Financial Officer of the College;
C. “Committee” means the Investment Committee of the Board;
D. “Committee Chair” means the Chairperson of the Investment Committee of the Board;
E. “Managers” means individually and collectively the investment management firm or firms employed by the College.

III. Duties.
The Board holds the ultimate responsibility for the power over the Building Funds, the safekeeping of the Funds, the content of this Statement, and the election of and dismissal of the Managers. The Board shall delegate to the Committee the responsibility and authority (i) to investigate and select the Managers to be recommended for employment by the Board, (ii) to review and evaluate the performance of the Managers, (iii) to receive and monitor the reports furnished by the Managers, and (iv) to recommend the termination of any Managers who fail to discharge their duties, to meet the objectives, or to adequately communicate under the guidelines contained in this Statement.

The Committee shall (i) monitor the activities, performance and reports of the Managers, (ii) communicate to the Managers their duties under this Statement and any failure of the Managers to fulfill such duties, (iii) recommend to the Board the employment of and discharge of Managers, and (iv) recommend to the Board any changes to this Statement deemed appropriate by the Committee.

The Managers have the authority and responsibility (i) for the day-to-day custody, investment, safekeeping and accounting for the Building Funds entrusted to them, (ii) within the guidelines described in this Statement, for the determination of the
allocation of investment of the Building Funds among asset classes, bond qualities and maturities, security transactions, turnover, and reallocation of investment, (iii) for adhering to the investment guidelines and meeting or exceeding the investment goals described in this Statement, (iv) for voting all proxies on behalf of the Fund invested by them, and (v) for making timely, complete and understandable reports to the Committee as required in this Statement.

IV. Philosophy and Goals.
The philosophy of the College for its Building Funds is first to provide for safety of principal by investing in a diversified portfolio of government securities, corporate bonds, asset-backed securities, and other generally accepted investments; second, to achieve a return on investment which preserves the original value of additions to the Building Funds while also providing to the College reasonable income and capital appreciation to help meet the College’s goal of erecting and maintaining a new science building.

Prudent management of the Funds under this philosophy mandates that principal comprising the Funds is preserved (primary) and grown (secondary) as necessary to ensure the funds are available as the building project requires them. Through investments in approved asset classes, the total current income and appreciation (realized and unrealized) of the investments becomes the total return for any given period. After making necessary adjustments to the value of the investment assets at the previous period’s end, a net return can be calculated.

The overall minimum total annual return for the Fund investment portfolio (net of Managers’ fees and costs) is the Bank of America Merrill Lynch 1 to 3 year Government/Credit Index, which is consistent with the level of risk tolerance of the College.

The Investment Committee will monitor the performance of the endowment investments on a quarterly basis. The Investment Committee will evaluate each investment manager’s contribution toward meeting the investment objectives outlined below over a three-to-five-year time period and a full market cycle, unless otherwise noted.

V. Guidelines and Restrictions.
A. Investments/Asset Classes
The diversification of asset classes will be based on our risk/return profile and the research and analysis conducted on our behalf by our Portfolio Managers.

The Asset Classes that may be included in our Portfolio include:
FDIC Insured Money Market  |  Mutual Funds
US Government Bonds     |  International Bonds
US Corporate Bonds      |  Asset Backed Securities

Investments should be limited to liquid securities which have readily available prices and sufficient trading volume that they can be bought and sold without delays or significant impact on the price of the securities.

No one Manager shall invest more than 5% of the market value of the portfolio under their management in the equity security of any single issuer.

Derivatives which are privately placed and non-regulated are not acceptable investments.

B. Asset Allocation Policy

Fund investments should be allocated within the following ranges for each asset class.

<table>
<thead>
<tr>
<th>Asset Category</th>
<th>Minimum</th>
<th>Recommended</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Income</td>
<td>95%</td>
<td>99%</td>
<td>100%</td>
</tr>
<tr>
<td>Government Securities</td>
<td>30%</td>
<td>50%</td>
<td>70%</td>
</tr>
<tr>
<td>Corporate Bonds</td>
<td>20%</td>
<td>40%</td>
<td>60%</td>
</tr>
<tr>
<td>International Bonds</td>
<td>0%</td>
<td>10%</td>
<td>15%</td>
</tr>
<tr>
<td>Alternative Investments</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Cash</td>
<td>0%</td>
<td>1%</td>
<td>50%</td>
</tr>
<tr>
<td>Cash Equivalents</td>
<td>0%</td>
<td>1%</td>
<td>50%</td>
</tr>
</tbody>
</table>

The targets above govern the strategic allocation, while the ranges allow for tactical moves. The Asset Allocation Policy of acceptable minimum and maximum ranges represents a long-term requirement. Routine market movements may cause the Funds’ actual asset allocations to move outside these ranges. In general, any such divergence should be corrected quarterly by the Managers, or sooner if it exceeds +/- 10%.

The purpose of holding fixed income assets (maturities over one year) is to provide a reasonably predictable income stream and to help preserve capital.
Cash equivalent securities are defined as individual debt instruments having maturities of less than one year or money market funds that hold securities with maturities for less than one year. The minimum rating of any single issue of commercial paper held in the Fund should be rated “A1” by Standard & Poor’s or “P1” by Moody’s. The percentage of total assets allocated to cash equivalents should be sufficient to assure enough liquidity to meet disbursements and general operational expenses. The total amount allowed to be held as cash equivalents by the Funds may be held in a single money market fund. Other liquidity requirements of the College will be communicated to Managers on a regular basis.

VII. Investment Performance Review.

A. Managers’ performance will be reviewed by the Committee on both a quarterly and annual basis and reported to the Board. The review fulfills the fiduciary responsibility of the Board to monitor the performance of the Managers. The review will determine if the Managers are meeting the investment objectives and will evaluate whether the Managers are adhering to the investment guideline and restrictions. The review will determine if the Managers are adhering to the appropriate degree of risk in managing the Funds. The review will determine if the Managers have added value through active management (e.g. are the Managers beating or at least matching a benchmark bond index). This process may result in withdrawing assets or dismissing Managers who have demonstrated relatively poor investment results over longer periods of time. Style Index: In view of the goal stated above that the endowment investments earn returns higher than the “market”, a benchmark index or mix of indices that reflect the endowment’s return objectives and risk tolerance will be used in the evaluation process. This benchmark or “style index” is to be constructed as follows:

100% Bank of America Merrill Lynch US Treasury Index

The Building portfolio is expected to exceed the average annual return of this benchmark on a risk-adjusted basis over a three-to-five year rolling time period and a full market cycle.

B. Reporting

Performance measurement reports will be provided by the Manager on a quarterly basis to the CFO and the Committee Chair. On a monthly basis, the Managers will provide to the CFO a list of assets held in the Funds, and a list of transactions that occurred during the month.
On a quarterly basis, the Manager will also provide to the Committee an analysis of the current and future investment environment, and a description of the current investment strategy for the Funds’ portfolio. The Managers will provide to the CFO an immediate written explanation of any instance when a portfolio falls outside the guidelines and policies set forth in this Statement.

The Managers or representatives of the Managers will meet with the Committee when requested. If at any time the Managers believe that a specific guideline or restriction is adversely impeding their ability to implement their instructions or to meet the performance objectives, they should present this fact in writing to the Committee. The Managers will inform the Committee immediately of major changes in the Managers’ firm, including a change of ownership, the departure of one or more investment professionals, or a change in investment style or approach. An independent Financial Advisor or other qualified representative may be called to meet with the Committee and the Board to review the performance of the Funds at any time. All guidelines, restrictions, and objectives contained in this Statement shall remain in force until modified by the Board in writing.

VIII. Summary

A. This Statement will be reviewed, at a minimum, on an annual basis by the Committee and may be revised by the Board at any time.

B. This Statement is meant to provide guidance to the Managers in managing the Fund’s assets and guidance to the Committee and the Board in monitoring the performance of the Managers and the investments of the College Funds. It is believed that the investment guideline, restrictions, objectives, and policies stated herein are sufficiently flexible to achieve the investment goals described herein.

C. This Statement and any subsequent revisions should be reviewed by the Managers immediately upon receipt. If the Managers disagree with any part of this Statement, those concerns should be communicated to the CFO and the Committee Chair. Failure to do so will be deemed acceptance of this Statement in its entirety.

D. The Managers should always be aware that the assets of the Funds are to be managed consistent with the safeguards and diversity to which a prudent investor would adhere, i.e., exercising judgment and care, under the circumstances prevailing, which men/women of ordinary prudence would employ in the management of their own affairs, not in regard to speculation, but to the permanent disposition of their funds, considering both income and safety of capital.
Adopted this the 13 day of November, 2015, By the Board of Trustees of Rocky Mountain College.