

The Board of Directors is authorized to hire professional financial advisors to work with the CFO and Executive Director of Optimist International to establish the Investment Fund for the surplus funds. This Investment Fund is separate and distinct from the Pension Fund. Moneys from the General Fund, Pension Fund, and Investment Fund shall never be co-mingled.

The Board shall direct the Investments and Pension Committee to oversee and manage the Defined Benefits Plan, Employees 401k Plan and Investment Fund of Optimist International. The new Investment and Pension Committee would provide oversight and management of the funds to provide income to the organization and grow the Investment Fund. The committee would set risk tolerance and select investment products to meet the goals set by the Optimist International Board of Directors. This committee and/or the CFO and Executive Director of Optimist International should meet quarterly with any professional financial advisors.

MANAGEMENT GUIDELINES

The investment and re-investment of surplus funds shall follow the guidelines set forth below. The overall goal being to grow the corpus of the fund, while also providing annual grants to Optimist International for its many activities.

1. Assumption Guidelines.
 - A) Assume an estimated inflation of 3% annually. (This is a conservative estimate based upon the actual inflation benchmark for the last 5 years).
 - B) Assume an estimated rate of return of 8% total return. (This is a conservative estimate based upon the Vanguard Balanced Index Fund & Vanguard Wesley Fund benchmark for the last 5 years).
 - C) Assume no distribution of corpus; only distribution from income.
2. Allocation Guidelines of the 8% total return.
 - A) Allocate the first 5% for distribution grants annually to Optimist International.
 - B) Allocate the remaining total return amount to be added to corpus annually.
3. Asset Mix Guidelines.
 - A) No more than 70% equities, stocks, and mutual funds.
 - B) No less than 30% bonds, treasuries, money markets, and cash.

4. Investment Strategy Guidelines.

- A) Make wise long-term fund choices- Don't Churn.
- B) Reasonable mix of funds in "known" fund Manager's Funds.

5. Optimist International Emergency Need Guidelines.

- A) An emergency need can only be declared if the need cannot be addressed by the existing reserves of Optimist International.
- B) Upon a declared emergency need by the President, the Executive Director, or three Directors from the Board, in writing, the Board of Directors must hold a regular or special board meeting. At the meeting, the emergency need to dip into the corpus of the Investment Fund should be reviewed and voted upon. In order to pass, said emergency need must be agreed upon by 8 of 9 votes of the Board. If not, the emergency need fails.

If yes, then a second separate regular or special meeting of the Board must be called, no sooner than 2 weeks after the first meeting. The matter must be discussed again and a second vote must be held. The emergency need must again pass by 8 of 9 votes of the Board.

- C) In that case the Board of Directors could invade the corpus of the Investment Fund to a maximum of 10% of the Fund per fiscal year.

6. Optimist International Business Development or Organizational Opportunity Guidelines.

- A) Upon a request for a business development or organizational opportunity by the President, Executive Director, or 3 Directors from the Board of Directors, the following procedures will be followed:
The requesting party must present a business plan or case study which demonstrates:

- 1) The financial viability of the opportunity.
- 2) The non-dues revenue which may be created by the opportunity.
- 3) The sustainability of the opportunity and return on investment over time.

B) The Board of Directors must hold a regular or special board meeting. At the meeting, the request for a business development or organizational opportunity should be reviewed and voted upon. In order to pass, said request for a business development or organizational opportunity must be agreed upon by a 8 or 9 votes of the Board. If not, the request for a business development or organizational opportunity fails.

If yes, then a second separate regular or special meeting of the Board must be called, no sooner than 2 weeks after the first meeting. The matter must be discussed again and a second vote must be held. The request for a business development or organizational opportunity must again pass by 8 out 9 votes of the Board.

C) In that case the Board of Directors could invade the corpus of the Investment Fund to a maximum of 10% of the Fund per fiscal year.

7. Maximum Growth Guidelines.

Once the corpus of the Investment Fund grows to \$5 million or more, the Investment and Pension Fund Committee and/or the Board of Directors shall revisit all guidelines.

(Nov 1959; Oct 1974; Mar 1989; July 2004; Dec 2005; Mar 2020)