



Statement of Investment Policy, Objectives, and Guidelines for Council of State Archivists Funds

The Board of Directors, as a fiduciary, holds all funds of the Council of State Archivists (CoSA), stewarding them for the sake of carrying out its mission and purposes. The following investment objectives and directions are to be judged and understood considering that overall sense of stewardship.

This investment policy governs the administration of any CoSA funds placed in income-bearing accounts other than federally insured checking and savings accounts.

INVESTMENT OBJECTIVES AND PHILOSOPHY

The primary investment objective of CoSA is to preserve and protect its assets by earning an appropriate total return (that is, the aggregate return from capital appreciation and dividend and interest income) considering time horizon, liquidity needs and risk tolerance.

- Investments shall be made solely in the interest of CoSA's members.
- Funds shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the investment of a fund of like character and with like aims.
- Investment of funds shall be so diversified as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.
- The Board of Directors may employ one or more investment managers of varying styles and philosophies to attain CoSA's objectives.
- Cash is always to be employed productively, by investment in short term cash equivalents to provide safety, liquidity, and return.

PURPOSE OF THIS INVESTMENT POLICY

This policy is set forth by the Finance Committee and approved by CoSA's Board of Directors to:

- Define and assign the responsibilities of all involved parties.
- Establish a clear understanding for all involved parties of CoSA's investment goals and objectives.
- Offer guidance and limitations to any Investment Managers working on behalf of CoSA.
- Establish a basis for evaluating investment results.
- Manage all invested funds according to prudent standards as established in common trust law.
- Establish the relevant investment horizon for which funds will be managed.

In general, the purpose of this statement is to outline a philosophy and attitude that will guide the investment management of CoSA's funds toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

DELEGATION OF AUTHORITY

The CoSA Board of Directors is the fiduciary of all the organization's funds and delegates to the Finance Committee the responsibility of directing and monitoring the management of invested funds. The Finance Committee is responsible for reporting regularly on investments to the full board. In carrying out its responsibilities, the Finance Committee and its agents will act in accordance with this investment policy and all applicable laws and regulations. Certain specified functions of the Finance Committee require approval by the Board of Directors prior to implementation, as noted.

The Finance Committee is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to:

- **Investment Management Consultant.** The consultant may assist the Finance Committee in establishing investment policy, objectives, and guidelines; selecting investment managers; reviewing such managers over time; measuring and evaluating investment performance; and other tasks as deemed appropriate. Engaging an Investment Management Consultant requires prior approval by the Board of Directors.
- **Investment Manager.** The investment manager shall provide day-to-day management of the invested funds and will purchase, sell, or hold the specific securities that will be used to meet CoSA's investment objectives, according to the provisions provided in this policy and direction by the Finance Committee.

Additional specialists such as attorneys, auditors, actuaries, retirement plan consultants, and others may be employed by the CoSA Board of Directors upon recommendation of the Finance Committee to assist in meeting its responsibilities and obligations to administer CoSA's assets prudently.

The Finance Committee may reserve control over investment decisions and may act in lieu of one or more of the capacities set forth above. If an investment manager is appointed, the appointee will be held responsible and accountable to achieve the objectives herein stated and subject to the specific limitations described in this policy. While it is not believed that the limitations will hamper investment managers, each manager should request modifications that they deem appropriate.

If such 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 CoSA as deemed appropriate and necessary.

DEFINITIONS:

- "Invested Funds" shall include all funds of CoSA placed in income-bearing accounts other than federally-insured checking and savings accounts.
- "Finance Committee" shall refer to the committee established in the by-laws of the organization and appointed by the Board of Directors.
- "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 CoSA's assets.

- “Investment Manager” shall mean any individual, or group of individuals, employed to manage the investments of all or part of CoSA’s assets, and may be the Finance Committee itself.
- “Investment Management Consultant” shall mean any individual or organization employed to provide advisory services, including advice on investment objectives and/or asset allocation.
- “Securities” shall refer to the marketable investment securities, which are defined as acceptable in this statement.

SPECIFIC INVESTMENT GOALS

Over the investment horizon established in this statement, it is the goal of the invested funds to meet or exceed the market index, or blended market index, selected and agreed upon by the Finance Committee that most closely corresponds to the Investment Objectives and Philosophy.

The Investment Manager shall display an overall level of risk in the portfolio which is consistent with the risk associated with the benchmark specified above. Risk will be measured by the standard deviation of quarterly returns.

Specific investment goals and constraints for each Investment Manager, if any, shall be stated in writing and delivered to the Investment Manager in conjunction with this policy.

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 Finance Committee will periodically provide the Investment Manager with an estimate of expected net cash flow. The Finance Committee will notify the Investment Manager in a timely manner, to allow sufficient time to build up necessary liquid reserves.

To maintain the ability to deal with unplanned cash requirements that might arise, the Finance Committee requires that a minimum of 6% of all managed funds shall be maintained in cash or cash equivalents, including money market funds or short-term U.S. Treasury bills.

ASSET MIX

The Finance Committee requires that all invested funds be invested in liquid securities, defined as securities that can be transacted quickly and efficiently, with minimal impact on market price.

To accomplish CoSA’s investment objectives, the Finance Committee and the investment manager are authorized to utilize a portfolio comprising the following allowable assets:

- **Cash Equivalents¹**
 Treasury Bills
 Money Market Funds
 Certificates of Deposit
- **Fixed Income Securities²**
 U.S. Government and Agency Securities
 Mutual Funds that invest in securities as allowed in this statement
- **U.S. and Foreign Stocks**

GIFTS OF STOCK

CoSA may receive contributions in the form of common stock. Any gifts of common stock made to CoSA shall be liquidated as soon as practicable, and the proceeds thereof shall be, upon direction of the Finance Committee in consideration of any donor restrictions, either a) added to the investment account corpus by the Investment Manager, or b) transferred to another CoSA account.

TRANSACTIONS

All purchases of securities will be for cash and there will be no margin transactions, short selling, nor commodity transactions.

REPORTING REQUIREMENTS

1. Monthly: The Investment Manager will provide the Finance Committee with a monthly written statement containing all pertinent transaction details for each separately managed portfolio for the preceding month, including
 - a. the name and quantity of each security purchased or sold, along with transaction date;
 - b. an analysis for each security with its description, percentage of total portfolio, purchase date, quantity, average cost basis, current market value, unrealized gain or loss, and indicated annual income and yield % at market; and
 - c. an analysis for the entire portfolio of the current asset allocation by investment category (equities, fixed income securities, and cash).
2. Annually, or upon request by the Finance Committee: The Investment Manager shall provide the Finance Committee detailed information about
 - a. asset allocation
 - b. investment performance

¹ The quality rating of commercial paper must be A-1 as rated by Standard and Poor's, P-1 as rated by Moody's, or better. The assets of any money market mutual funds must comply with this standard and/or the quality provisions for fixed income securities.

² The quality rating of Bonds must be A or better, as rated by Standard and Poor's or Moody's. The portfolio may consist of traditional and interest obligations (No derivatives) with maturities of 7 years or less.

- c. future investment strategies, and
 - d. any other matters of interest to the Finance Committee.
3. Annually: The Investment Manager shall provide an annual summary of all transactions in each fiscal year, together with a report of investment performance for the year by portfolio, to the full Board of Directors, as well as recommendations for rebalancing the portfolio.

Adoption and Revision

This policy was adopted by the CoSA Board of Directors on December 17, 2014.

Revision history:

- August 16, 2016
- February 25, 2019
- June 26, 2019
- February 22, 2023

The Finance Committee will review every three years or as needed.