

Ovid Union Cemetery Investment Policy

Objective

To accumulate and to preserve in perpetuity a pool of assets sufficient to meet the cash needs of the Ovid Union Cemetery.

Policy

It is the policy of the Board to Trustees to apply industry standard of prudence to the management of the cemetery's assets, which states:

“Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.”

Board members acting in accordance with this policy statement or any other written procedures pertaining to the administration and management of the cemetery's assets and who exercise the proper due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes.

Board members involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Further, no board member involved in the investment process shall use the authority or influence of office to secure anything of value or the promise or offer of anything of value that would create an improper influence upon the service providers with respect to that provider's function(s) on behalf of the cemetery's assets.

Cemetery Assets

The Cemetery Assets are divided into two general categories:

- A. General Fund
- B. Trust Fund (Permanent Maintenance Trust, Perpetual Care Trust, Special Trust)

General Fund:

The General Fund is the “day to day” operating account of the Cemetery and used to pay near term expenses, including any capital improvements planned for the immediate future. While the Division of Cemetery does not provide any guidelines as to the suggested amount to be kept in the General Fund, the suggested approach is to keep two years expenses plus money for any near term board approved well defined improvement projects (such as road repair, landscaping, monument repair, etc.) The Board should strongly consider moving any excess funds to the Trust Fund.

Trust Fund:

The Trust Fund is the cemetery's financial commitment to its future care. Over time, these funds must grow to meet the maintenance needs of the sold out cemetery.

Transfers between General Fund and Trust Fund:

By law, a minimum of 10% of lot sales and \$35 per interment (as of 1/1/2001) must be deposited in the Trust Fund (Permanent Maintenance Account). By law, the principal and any capital gains must be retained in the Trust Fund. Only interest or dividends can be transferred from the Trust Fund to the General Fund. The Restricted Principal cannot be transferred to the General Fund without petition and approval by the Supreme Court of Seneca County.

If cemetery finances allow, transferring more than the minimum amount from the General Fund to the Trust Fund is encouraged.

If cemetery finances require interest and dividends to be transferred from the Trust Fund to the General Fund, transferring 3% or less is considered prudent. Transferring more than 3% can erode the long-term purchasing power of the Trust Fund.

Investment Strategy

The objectives of the General Fund and the Trust Fund are different and as such, have different investment strategies. These funds are to be kept in different accounts and not co-mingled.

Strategy for General Fund

The General Fund shall be managed according to the following hierarchy:

1. Safety – The single most important objective of the General Fund investment program is the preservation of principal.
2. Liquidity – The General Fund's assets shall be managed in such a manner that assures that funds are available as needed to meet immediate and near-term operating requirements of the Ovid Union Cemetery.
3. Yield – Compliant with applicable laws, regulations and ordinances the Cemetery's General Fund assets will be invested to maximize return while maintaining safety and liquidity.

Investment Allocation Guidelines for General Fund

As safety and liquidity are of paramount importance for the General Fund, all funds should be invested in safe short-term securities.

General Fund Asset Class	Target
Cash, Cash Equivalents, and Certificate of Deposit	100%

Strategy for Trust Fund

The Trust Fund shall be managed according to the following hierarchy:

1. Maintain Purchasing Power - Provide for long-term growth of the assets while simultaneously protecting the principal of the assets through constraints on approved investments and asset allocation. The objective is to ensure that the purchasing power of the Trust Fund keeps pace with rising maintenance expenses. The time horizon for the cemetery is essentially eternity.
2. Diversification – The Board believes the Trust’s ability to achieve sustained acceptable returns and minimize risk is a function of a diversified asset allocation. In addition, diversification within each asset class is essential.
3. Low Cost – The Board recognizes that high management, transaction and mutual fund load fees can erode future asset balances over many years.

Investment Allocation Guidelines for Trust Funds

The Board believes that the ability to achieve sustained acceptable returns is, in large part, a function of a diversified asset allocation. A target of seventy percent (70%) of the Trust Fund’s market value will be invested in stock with the balance invested in notes, bonds and short-term securities.

Trust Fund Asset Class	Target
U.S. Large Cap Equities	40%
U.S. Medium & Small Cap Equities	25%
Non-U.S. Equity	5%
Fixed: Notes, Bonds, Short-term securities	30%

The total portfolio shall conform to a disciplined process of rebalancing that both increases the total return and minimizes investment transaction costs. The portfolio will be reviewed twice a year for target over/under weightings in excess of 10%.

Trust Fund Permissible Investments

Equity: No-load Mutual Funds and Exchange Traded Funds.

Fixed: U.S. Treasuries, Bond Index Funds, FDIC Insured Certificates of Deposits, and Money Market Accounts.

Note: Copied in large part from the City of Kalamazoo Cemetery Perpetual Care Trust Fund Investment Strategy.