

INVESTMENT POLICY

2003

1. Statement of Policy
 - 1.1 It is the policy of Calvary By the Sea Lutheran Church to manage its financial assets in accordance with terms of the Charter of Incorporation.
 - 1.2 To assist the Stewardship and Finance Team which will be responsible for the investment of financial assets.
2. Purpose of investment objectives and guidelines
 - 2.1 The purpose of these objectives and guidelines is as follows:
 - 2.1.1. to allow the Council to more effectively plan, review, and evaluate the investment of its financial assets.
 - 2.1.2. to provide the Council and the Stewardship and Finance Team with a clear and mutual understanding of the investment objectives and policies of the financial assets; and to provide the Stewardship and Finance Team with guidance and limitations in investing the financial assets.
3. Responsibilities of the Council
 - 3.1 The specific responsibilities are to:
 - 3.1.1 allocate financial assets to be managed by the Stewardship and Finance Team;
 - 3.1.2 determine the fund's projected financial needs and communicate them to the Stewardship and Finance Team on a timely basis;
 - 3.1.3 establish reasonable investment objectives;
 - 3.1.4 develop sound and consistent investment policy guidelines which the Finance committee can use in formulating corresponding investment decisions;
 - 3.1.5 monitor and evaluate performance results to assure that policy guidelines are being followed and objectives are being met;
 - 3.1.6 review the investment objectives, strategy, and guidelines from time to time, at least once a year, and revise them to reflect modifications and revisions, which may develop from time to time.
 - 3.1.7 authority to hire a professional money manager at the recommendation of the Stewardship and Finance Team.
4. Responsibility of the Stewardship and Finance Team.
 - 4.1 Adherence to Investment Policy, Objectives, and Guidelines.
 - 4.1.1. The Stewardship and Finance Team is expected to respect and observe the specific limitations, guidelines, attitudes, and philosophies stated herein and as expressed in any written amendments or instructions.
 - 4.2 Discretionary Authority
 - 4.2.1. The Stewardship and Finance Team will be responsible for making all investment decisions on a discretionary basis regarding all financial assets placed under its jurisdiction and will be held accountable for achieving the investment objectives indicated herein. Such discretion includes decisions to buy, hold, and sell securities (including cash equivalents) in amounts and proportions which are reflective of the Stewardship and Finance Team & current investment strategy and which are compatible with the investment guidelines.
 - 4.3 Communication
 - 4.3.1 The Stewardship and Finance Team will keep the Council informed on a timely basis of major changes in the investment outlook, investment strategy, asset allocation, and other matters affecting the Council's investment policies and philosophy.
 - 4.3.2 Whenever the /Stewardship and Finance Team believes that any particular guideline should be altered or deleted, it will be their reasonability to initiate

written communication with Council expressing their views and recommendations.

4.4 Reporting

4.4.1 The Council will receive timely notices of transaction activity as well as quarterly performance reports.

4.4.2 Any information required to assist the Council in conducting an evaluation of the investment management will be provided on a quarterly basis to the Council.

5. Investment Objectives

5.1 The Council seeks consistency of investment return through an emphasis on income on yield.

5.2 The achievement of this income should be accomplished in a manner such that the safety of principal of each of the individual investment is maintained over its life.

6. General Investment Guideline

6.1 Economy. Over a period of time, the Council anticipates significant changes in the economy, such as varying short- and long-term interest rates and changing rates of inflation. The financial assets shall be managed within the general guidelines that will optimize results and provide a hedge against anticipated inflation.

6.2 Liquidity. A reserve shall be maintained in the form of cash equivalent based on the Council's annual estimates for needed cash disbursements from the fund.

6.3 Permitted Investments

6.3.1 All investments must have a readily ascertainable market value and must be readily marketable. In order to provide the Stewardship and Finance Team with freedom to invest in various types of instruments, the following are among those approved;

6.3.1.1 Cash deposits in banks, savings banks, and savings and loans. U. S. governments securities

6.3.1.2 Securities of states, municipalities (insured), and other governmental units.

6.3.1.3 Certificate of deposits

6.3.1.4 Investment quality domestic commercial paper rated at least A@ by S &P and P2 by Moody's

6.3.1.5 Investment quality bills, notes, and bonds rated at least A+ by S&P and A1 by Moody's

7. Standards of Performance Measurement

7.1 Investments will be measured on a year-to-year basis. While measurement of the portfolio's investment return is an essential indicator in the evaluation of the portfolio's performance, the Council believes that ongoing qualitative evaluation of the portfolio management is important in the protection of the investments and in the achievement of the investment's objectives in future years

7.1.1 Performance will be measured on a time-weighted basis, which recognizes income received

7.1.2 Evaluation of investments will be conducted quarterly.

The undersigned concur that this entire document accurately reflects the Investment policy and objective guidelines for the Council of the Calvary of the Sea.