

**The Dane County Humane Society
Board of Directors Meeting
December 21, 2005**

Board Attendees: Cathy Holmes, Jan Viney, Dr. Sara Orvick, Pam Tauscher Coshun, Gary Godding, John Bloodgood, Bridget Bush, Ellyn Mohs

Staff: Pam McCloud Smith

Call to order: 11:07 A.M.

Motion to accept the November 16 2005 board minutes as amended by Bridget Bush. Second by John Bloodgood. No discussion. Motion carried.

Executive Director Update: Pam Smith

The cat adoption fee was waived again starting Friday December 17, 2005 due to the large number of surrenders and overcrowding.

The industrial size washing machine is breaking and the cost to replace it is approximately \$8,000.00. It was suggested we solicit donations to raise money.

The DCHS website is now being updated every 2 hours with new pictures and descriptions. Adopt-a-Friend software conversion will be done sometime early next year.

Financial Update: Bridget Bush

Investments have risen due to the money market account transfer. Adoption money is down year to date as a result of less adoptions and waived fees.

Building maintenance costs are over budget.

Bank fees are being charged a fairly high rate and could be reduced if we looked at seeking competitive bank rates.

Revolution costs are high and we can now apply for a grant from Pzier to try and get that reduced or at no cost.

New Business –

Our Investment Policy was sent to all board members and is as follows:

Dane County Humane Society Investment Policy Statement

I. Overview

The purpose of this Investment Policy Statement (“IPS”) is to provide guidelines to the Finance Committee (the “Committee”) of Dane County Humane Society in fulfilling its responsibilities under the Uniform Prudent Investor Act that was released in 1994 by the National Conference of Commissioners on Uniform State Laws and similarly provided in Wisconsin under W.S.A. 881.01.

These guidelines are intended to provide direction to the Committee in monitoring the investments of Dane County Humane Society. The Committee will review these guidelines and the IPS on an annual basis to ensure they remain consistent with the long-term objectives of the endowment funds and trusts.

II. Policy Framework

This IPS is intended to ensure that the investments of Dane County Humane Society are managed in accordance with applicable laws and trust documents, and to assist the Committee in complying with said laws and documents. This IPS is also intended to make the individual members of the Committee aware of their fiduciary duties and responsibilities. As fiduciaries, the individual members of the Committee, as well as the Committee as a whole, shall:

- Analyze and review all of the documents pertaining to the establishment and management of the investments;
- Manage the investment decisions for the exclusive benefit of Dane County Humane Society;
- Ensure all contracts are in writing and do not conflict with fiduciary standards of care;
- Define a time horizon for the investment portfolio, including future cash flow requirements;
- Ensure all assets are protected from theft and embezzlement;
- Avoid conflicts of interest and prohibited transactions; and
- Determine investment goals and objectives, and choose an appropriate asset allocation strategy.

III. Investment Responsibilities

Finance Committee

The Finance Committee of Dane County Humane Society is responsible for the investment and administration of the investment portfolio. To properly implement its investment strategies, the Committee relies heavily on outside service providers, such as professional consultants, investment advisors, custodians, etc.

The Committee has responsibility for establishing and maintaining broad policies and objectives for all investment assets. Central to this is the Committee’s responsibility for

the prudent investment of all assets managed by the Committee. The Committee shall establish such policies as set forth in this Investment Policy Statement.

The primary objective of the Committee is to ensure that the investment assets are invested prudently and in accordance with the overall long-term investment objectives. The Committee is also responsible for achieving an optimum level of return within specified risk parameters and to do so effectively, prudently and in a cost efficient manner, in full compliance with applicable laws and regulations. To achieve these goals, the Committee shall perform the following functions:

- Evaluation, selection, and termination of investment advisors;
- Regular review and revision of this Investment Policy Statement;
- Evaluation of investment results to ensure compliance with investment guidelines and determine success of investment strategies implemented;
- Other investment related issues as necessary for the prudent and cost effective investment of Dane County Humane Society assets.

Sub-Committee of the Finance Committee

- The Finance Committee may delegate to an appointed sub-committee (“Sub-Committee”) any of its responsibilities to facilitate the implementation of these policies.

Investment Advisor

The Committee will select the Investment Advisor (“Advisor”). The Advisor’s duty is to work with the Committee, or an appointed Sub-Committee, or both, to help manage the investment process. (Hereinafter in the Investment Advisor section, the term “Committee” may refer to either the Finance Committee or the Sub-Committee, unless specifically noted.) The Advisor is expected to attend regular meetings with the Committee to provide an independent perspective on the issues facing Dane County Humane Society and its accounts. The Advisor shall be provided a copy of this Investment Policy Statement and its Appendices that will detail certain investment parameters with regards to asset mix and risk tolerance. The Advisor shall be responsible for ensuring that all investments managed by the Advisor are in compliance with the IPS and its Appendices.

The Advisor will review asset allocations and performance in conjunction with the Committee and make recommendations to the Committee as appropriate. The Committee will rely on the advice and recommendations of the Advisor in selecting and/or dismissing all investments or investment managers. It is expected of the Advisor to promptly inform the Committee of any material issues concerning Dane County Humane Society investments.

An important function of the Advisor is the preparation of reports for review by the Committee regarding performance of the investments and asset allocation. The Advisor is expected to provide the Committee on a quarterly basis an accurate, written report on the asset allocation and further measuring the allocation to any pre-determined allocation targets. The Advisor will also provide the Committee on a quarterly basis an accurate,

written report that indicates the performance of the long-term investments account(s), and further measuring that performance relative to an appropriate benchmark. On an annual basis, it is required that the Advisor provides the Committee with a summary of fees and expenses associated with long-term investment activity. The Advisor will also provide the Committee with other monitoring reports as required by the Committee. The Advisor is required to provide only one of each required report to the Pastor of Dane County Humane Society.

The Advisor's compliance with the policies and guidelines of this IPS is mandatory. No deviation will be permitted without express written permission, in advance, from the Sub-Committee.

IV. Investment Strategy

The main objective of this IPS is to provide the Committee a framework in which the Committee can manage the investment process and ensure that prudent investment practices are followed. In determining an overall investment strategy, the Committee recognizes the need to develop a general investment philosophy. Permissible investments are defined in Appendix A.

The primary investment strategy of Dane County Humane Society is to achieve a total return on investments that is consistent with a general philosophy of preservation of principal. To achieve a specified rate of return, the Committee relies on the prevailing financial theory, which currently is an investment strategy utilizing an appropriate long-term diversified asset allocation model. A prudently allocated investment program possesses a certain level of diversification, which in turn produces risk reduction. Additionally, a long-term investment horizon will provide the time frame necessary to evaluate the effectiveness of the specific policies of Dane County Humane Society. Diversification should be considered in terms of: (a.) asset classes (stocks, bonds, cash, etc.), (b.) geography/country, (c.) industry, and (d.) maturity. These factors are not intended to be limiting, but rather they are mentioned as a general indication of the importance of diversification to proper asset allocation.

The Committee also relies on the theory that rebalancing an investment portfolio is inherent to the element of diversification, where the goal is to create a portfolio that balances an appropriate level of risk and return. That balance, once achieved, can only be maintained by periodically rebalancing the portfolio to maintain the appropriate diversification.

The Committee recognizes that even though its investments may be subject to short-term volatility, it is critical that the Committee maintain the appropriate time horizon. This prevents ad-hoc revisions to its philosophy and policies in reaction to either speculation or short-term market fluctuations. In order to preserve this view, the Committee has adopted the following formal review schedule:

<u>Agenda Item</u>	<u>Review Schedule</u>
Investment Performance	Quarterly
Investment Policy	Annually

Investment Allocation Targets
Advisor Performance

Annually
Annually

In determining its philosophy towards risk, the Committee considers specific purpose and characteristics, liquidity needs, sources and levels of contributions, income, and general business conditions. Based upon these many factors, the Committee identifies where either a more aggressive or more conservative approach is warranted. Should the allocations fall outside the targeted ranges, rebalancing of the portfolio should be considered.

**Dane County Humane Society
Investment Policy Statement**

Appendix A – Permissible Investments

Equities:

- Mutual Funds
- U.S. Common Stocks and Preferred Stocks
- Non-U.S. Common Stocks and Preferred Stocks
- American Depository Receipts (ADR's)
- Real Estate Investment Trusts (REIT's)
- Stock Warrants
- Stock Index Futures
- Exchange Traded Funds (ETF's)

Fixed Income Investments:

- U.S. Government and Agency Securities and Government Instrumentalities
- Corporate Bonds (Investment Grade and Non-Investment Grade)
- Taxable Municipal Bonds
- Asset-backed Securities
- Mortgage-backed Securities
- Convertible Bonds
- Trust Preferred Securities

Cash Equivalents:

- U.S. Treasury Bills
- Commercial Paper
- Certificates of Deposit
- Repurchase Agreements
- Agency Discount Notes
- Bank Short-term Investment Funds (STIF)
- Money Market Funds

- *Motion to accept the Investment Policy as presented: Cathy Holmes, Second by Jan Viney. No discussion. Motion carries.*

Adjourned for closed session at 11:38 P.M.

Motion to accept the 2006 budget as presented: Cathy Holmes. Second by John Bloodgood. No discussion. Motion carries. 2006 budget is passed.

Meeting adjourned at 1:11 P.M.

Respectfully Submitted by,

Ellyn Mohs
DCHS Board Secretary