

Benjamin Franklin Classical Charter Public School Investment Policy Statement

I. Statement of Purpose

This policy statement is established to provide a clear understanding between the Trustees of the Benjamin Franklin Classical Charter Public School and the Investment Manager regarding the objectives, goals and guidelines of the assets that will be invested with the Investment Manager.

Included Assets:

Benjamin Franklin Classical Charter Public School - Account # XXX-XXXX-5602.

II. Background

The funds in the account are available to support the needs of Benjamin Franklin Classical Charter Public School. Furthermore, the board is currently evaluating the needs of the organization to determine if the funds will be needed to construct a new facility.

III. Investment Objectives

The primary investment objective of the assets placed under management is to provide for the preservation of capital and current income to support the needs of Benjamin Franklin Classical Charter Public School. Until the cash flow needs of the organization are determined in more detail, the funds will be invested to preserve capital.

IV. Investment Goals

Based on the investment objectives stated above, the specific objectives for these assets shall be to achieve a competitive interest rate on the cash deposits.

V. Investment Guidelines

Asset Mix

In general, the cash shall be invested in a short term laddered CD portfolio, with an average duration of less than one year.

It is our desire that the selection of CD's take into consideration the FDIC insurance coverage and that no more than \$100,000 be placed with any one individual bank.

Permissible Investments

The Charter School shall follow M.G.L. Chapter 44 *Municipal Finance* in regards to purchasing investments and are made at the initiation of Finance Committee who will solicit investment management proposals typically in short-term certificate of deposits, after working capital needs are determined.

The assets under the Investment Manager's supervision shall be invested in a manner that is consistent with generally accepted standards of fiduciary responsibility. The safeguards which would guide a prudent person shall be observed. All transactions undertaken on our behalf shall be for our sole benefit.

The following security classifications are permissible and suitable investments for the purpose of managing our assets:

Cash Reserve: Should be invested in interest bearing securities, free from risk of loss, price fluctuation and instantly saleable. Shall consist of individual fixed income securities such as Certificates of Deposit, Commercial Paper, U.S. Treasury Bills, and other similar instruments with less than one year to maturity and/or money market funds.

Other Securities: Are permissible only with our prior written approval.

Non-Permitted Investments and Transactions

The Investment Manager may not concentrate more than 10% of the portfolio in any security or issue other than United States Obligations, Agencies of the United States Government, or money market instruments described above. The cost basis of securities purchased will be used to determine the adherence to this policy. Derivatives will not be permissible investments in this portfolio.

V. Investment Review

Portfolio measurement standards

We intend to review quarterly the performance of the assets relative to our stated objectives and guidelines. The progress of the assets managed by the investment managers is to be compared to these measures (benchmarks) net of fees and expenses, withdrawals and contributions.

Investment Advisors

We have retained the Drought & McDonough Investment Group, Financial Consultants with RBC Dain Rauscher to assist with this and related functions.

The Trustees shall receive no less frequently than on a quarterly basis and within 30 days of the quarter end the following management reports:

1. Portfolio performance results over the last quarter and year.
2. Performance results of comparative benchmarks for the same periods.
3. Performance shall be reported on a time-weighted and a dollar-weighted rate of return basis.
4. End of quarter status regarding asset allocation.

The Drought & McDonough Investment Group and RBC Dain Rauscher, Inc. are responsible for assisting the Trustees in making an appropriate asset allocation decision based on the particular needs, objectives, and risk profile of their portfolio.

The Investment Advisor shall:

1. Advise the Trustees about the selection and allocation of asset Class (es)
2. Identifying specific investments within each asset class
3. Monitoring the performance of all selected assets
4. Recommending changes to any of the above
5. Periodically reviewing the suitability of the investments for the Trustees
6. Be available to meet with the Trustees periodically and being available at such other times within reason as requested

7. Preparation and presentation of appropriate reports

The Trustees must provide RBC Dain Rauscher, Inc. with all relevant information on financial condition and risk tolerances and must notify RBC Dain Rauscher, Inc. promptly of any changes to this information.

Quarterly reports provided by the Financial Consultant should include a complete list of assets, including the cost (to the extent available) and current value of each security, estimated annual income or dividend yield and security industry classifications.

VI. Review and Modification of Investment Policy Statement

This Investment Policy Statement shall be reviewed annually to determine if modifications are necessary or desirable. If modifications are made, they shall be promptly communicated to the Investment Managers and other interested persons.