

San Francisco Maritime National Park Association

Endowment Fund Policy

Effective as of March 6, 2019

Table of Contents

EXECUTIVE SUMMARY	3
SCOPE OF THIS INVESTMENT POLICY	6
PURPOSE OF THIS INVESTMENT POLICY STATEMENT	6
DELEGATION OF AUTHORITY	7
DEFINITIONS	8
GENERAL INVESTMENT PRINCIPLES.....	9
INVESTMENT MANAGEMENT POLICY.....	9
GOALS AND PURPOSES OF THE FUND.....	10
POLICY REGARDING GIFTS	10
WITHDRAWAL POLICY	10
INVESTMENT OBJECTIVES	10
SPECIFIC INVESTMENT GOALS.....	11
DEFINITION OF RISK	11
LIQUIDITY.....	12
MARKETABILITY OF ASSETS	12
INVESTMENT GUIDELINES.....	12
ALLOWABLE ASSETS	12
ASSET ALLOCATION GUIDELINES.....	14
DIVERSIFICATION FOR INVESTMENT MANAGERS	15
GUIDELINES FOR FIXED INCOME INVESTMENTS AND CASH EQUIVALENTS	15
SELECTION OF INVESTMENT MANAGERS	15
PERFORMANCE REVIEW AND EVALUATION	16
INVESTMENT POLICY REVIEW	17

EXECUTIVE SUMMARY

Organization Background

The San Francisco Maritime National Park Association (the “SFMNPA”) is a California nonprofit corporation that is classified by the Internal Revenue Service as a charitable organization under Section 501(c)(3) of the Internal Revenue Code. Its objective is to operate in perpetuity. It is governed by its Board of Trustees.

Endowment

By Resolution adopted at its duly-noticed meeting on December 5, 2018, the SFMNPA Board of Trustees authorized the establishment of the SFMNPA Endowment Fund (the “Endowment”) as well as an Endowment Committee. By resolution adopted on March 6, 2019, the SFMNPA Board of Trustees adopted the Endowment Fund Charter to establish the Fund as well as this Endowment Fund Policy (“Policy”) to govern the management of the Endowment.

Donations will be added to the Endowment if either: (1) the donation is in response to a solicitation stating that gifts will be added to the Endowment; or (2) the donor directs or specifies that his or her gift will be added to the Endowment. Bequests to the SFMNPA shall be added to the Endowment unless the donor directs otherwise in the gift document.

The assets in the Endowment shall be held and managed in accordance with the California Uniform Prudent Management of Institutional Funds Act (California Probate Code §§ 18501, *et seq.*) (“UPMIFA”), the California Nonprofit Corporation Law (California Corporations Code §§ 5000, *et seq.*), and other laws and regulations applicable to institutional endowment funds as defined in UPMIFA (Probate Code § 18502.)

The assets of the Endowment shall be overseen by the Endowment Committee. That committee has been created by the Board of Trustees' resolution pursuant to the SFMNPA's by-laws. The Endowment Committee shall be comprised of: (1) The Chairman of the Board of Trustees of the SFMNPA (chair); (2) the Chief Executive Officer of the SFMNPA; and (3) Such other Endowment Committee members as may, from time to time, be appointed by the Trustees. The Endowment Committee may, in the discretion of the Board of Trustees, include persons who are not SFMNPA members or trustees. As with other standing committees, the Board is empowered to appoint and/or remove members of the Endowment Committee. As of the date of the adoption of this Endowment Fund Policy by the Board of Trustees, the Endowment Committee consists of five members who are SFMNPA Trustees.

The Endowment Committee is authorized and encouraged to seek advice, direction and counsel from persons and organizations who are professional managers of institutional investments.

The Board of Trustees shall determine from time to time whether and when to disburse some or all of the income of the Endowment Fund for the purposes specified in this Policy. These purposes include: (1) Scholarships for Title 1 or need-based schools or their students to facilitate attendance at educational programs offered by or through the SFMNPA; (2) Capital projects deemed appropriate by the SFMNPA Board of Trustees; or (3) In the case of a Named Endowment within the Fund as described in the Charter of the SFMNPA Endowment Fund, in accordance with the gift instrument of the donor. Any unexpended income shall retain its character as income and may be disbursed at a later time, or it may be retained in the Fund to protect it from the effects of inflation and to allow for the growth of earnings.

This Policy is hereby adopted by the Board of Trustees of the SFMNPA, effective as of March 6, 2019. This Policy may be periodically reviewed and amended by the Board of Trustees of the SFMNPA to take into account market conditions, provided that this Policy shall remain compliant with UPMIFA.

Investment Policy

Time Horizon:	Long Term
Total Return Objective:	5.0%, if this is considered realistic in view of the risk tolerance indicated below.
Risk Tolerance:	Moderate

Spending Policy:

Pursuant to this Policy, and consistent with UPMIFA, it is anticipated that the net income of the Endowment will be used for the charitable purposes listed above, to the extent consistent with preserving the principal in perpetuity.

Asset Allocation

	Lower Limit	Strategic Allocation	Upper Limit
Equities	50%	65%	75%
Fixed Income/ Cash	25%	35%	50%

[The rest of this page is intentionally left blank]

Statement of Investment Policy, Objectives, and Guidelines for the SFMNPA Endowment Fund

SCOPE OF THIS INVESTMENT POLICY

This statement reflects the investment policy, objectives, spending policies, and restrictions relating to the assets of the SFMNPA Endowment Fund (the “Endowment Fund”, or the “Fund”).

PURPOSE OF THIS INVESTMENT POLICY STATEMENT

This statement of investment policy is set forth by the Board of Trustees of the SFMNPA in order to:

1. Define and assign the responsibilities of all relevant parties.
2. Establish a clear understanding for all parties of the investment goals and objectives of Fund assets.
3. Offer guidance and limitations to all Investment Managers regarding the investment of Fund assets.
4. Establish a basis for evaluating investment results.
5. Manage Fund assets according to prudent standards as established under California law (including UPMIFA) with respect to institutional endowment funds administered by charitable organizations.
6. Establish the relevant investment horizon for which the Fund assets will be managed.

In general, the purpose of this statement is to outline a philosophy and attitude, which will guide the management and administration of the assets to produce the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

DELEGATION OF AUTHORITY

The Endowment Committee is responsible for directing and monitoring the investment management of Fund assets, subject to the approval by the Board of Trustees. The Endowment Committee may, with the approval of the Board of Trustees, seek advice from and, to the extent set forth below, delegate responsibility to professional experts in relevant fields. These include, but are not limited to:

1. Investment Management Consultant. A consultant may assist the Endowment 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.
2. Investment Managers. Investment managers may be delegated discretion to select, purchase, sell, or hold the specific securities that will be used to meet the Fund's investment objectives, while observing and operating within all policies, guidelines, constraints, and philosophies outlined in this Policy. Investment Managers must acknowledge in writing their acceptance of responsibility as fiduciaries and their duty to be guided by this Policy. Specific responsibilities of the Investment Manager(s) include:
 - a. Discretionary investment management including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines established in this Policy;
 - b. Reporting, on a timely basis, quarterly investment performance results;
 - c. Communicating any major changes in economic outlook, investment strategy, or any other factors which affect implementation of this Policy;
 - d. Informing the Board of Trustees regarding any qualitative change to the investment management organization. Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.; and

- e. Voting proxies, if requested by the Endowment Committee or the Board of Trustees, on behalf of the Fund, and communicating such voting records to the Endowment Committee on a timely basis.
3. Custodian. A custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Fund, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Fund accounts.
4. Additional specialists such as attorneys and auditors may, with the approval of the Board of Trustees, be employed by the Endowment Committee to assist in meeting its responsibilities and obligations to administer Fund assets prudently.

Managers and professional experts will be held responsible and accountable to achieve the objectives herein stated. The Endowment Committee and the Board of Trustees shall retain discretion at all times to engage or terminate managers and other professionals at will, with or without cause.

DEFINITIONS

1. "Fund" shall mean the Endowment Fund.
2. "Endowment Committee" shall refer to the Committee designated, from time to time, by the Board of Trustees to oversee the Fund.
3. "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 the Fund assets.
4. "Investment Manager" shall mean any individual, or group of individuals, retained to manage the investments of all or part of the Fund assets.
5. "Investment Management Consultant" shall mean any individual or organization retained to provide advisory services, including advice on investment objectives and/or asset allocation, manager search, and performance monitoring.

6. "Securities" shall refer to the marketable investment securities which are defined as acceptable in this Policy.
7. "Investment Horizon" shall be the time period over which the investment objectives, as set forth in this Policy, are expected to be met. The Investment Horizon for this Fund is "in perpetuity".

GENERAL INVESTMENT PRINCIPLES

1. Investments shall be made solely in the best interest of the Fund and the SFMNPA.
2. The Fund 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.
3. Investment of the Fund shall be so diversified as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.
4. The Endowment Committee may retain one or more investment managers of varying styles and philosophies to attain the Fund's objectives.
5. Funds are to be employed productively at all times, by investment in short term cash equivalents to provide safety, liquidity, and return.

INVESTMENT MANAGEMENT POLICY

1. Growth & Income - To achieve a balanced return of income consistent with safety of principal.
2. Preservation of Purchasing Power - Investment managers should make reasonable efforts to achieve returns in excess of the rate of inflation over the Investment Horizon in order to preserve purchasing power of the Fund's assets. Risk control is an important element in the investment of the Fund's assets
3. Long-Term Preservation of Capital - To preserve principal, taking into account inflation, while avoiding excessive risk. Short-term volatility will be tolerated inasmuch as it is consistent with the volatility of a comparable market index.

GOALS AND PURPOSES OF THE FUND

The Board of Trustees wishes to help assure that the Fund will exist in perpetuity. The Fund is intended to generate income that can be applied solely to: (1) Carry out the directives of donors who contribute to the Fund pursuant to the Charter; and (with respect to unrestricted donations) (2) Provide an additional source of income to fund: (a) scholarships for Title 1 or need-based schools to attend educational programs offered by or through the SFMNPA; or (b) other capital projects deemed appropriate by the SFMNPA Board of Trustees. To attain these goals, the overriding investment objectives of the Fund are current income and the maintenance of purchasing power taking into account the rate of inflation, consistent with safety of principal.

POLICY REGARDING GIFTS

All assets contributed to and accepted into the Fund shall be administered in accordance with the Charter of the Fund, the donor's gift instrument and UPMIFA.

WITHDRAWAL POLICY

Withdrawals from the Fund in any given year shall not exceed the amounts deemed prudent in accordance with UPMIFA. As a general matter, the goal is to have withdrawals in each year (under normal capital markets conditions) equal the net investment income (including net realized capital gains) of the Endowment Fund. Unspent income shall retain its character as income and may be withdrawn at a later time. Distributions from the Endowment Fund may be made as needed, or upon convenient intervals.

INVESTMENT OBJECTIVES

In order to meet its needs, the investment strategy of the Endowment Fund is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income, consistent with safety of capital.

Specifically, the primary objective in the investment management for Fund assets shall be growth and income -- to achieve a balanced return of income and growth of principal, consistent with safety of principal.

SPECIFIC INVESTMENT GOALS

Over the Investment Horizon established in this Policy, it is the goal of the aggregate Fund assets to achieve:

A rate of return of 5%, so long as that remains attainable in view of the risk parameters discussed herein. The total return earned by the Fund in excess of the amounts approved for distribution may be retained in the Fund to protect it from the effects of inflation and to allow for growth of earnings.

The investment goals above are the objectives of the aggregate Fund, and are not meant to be imposed on each investment account (if more than one account is used). The goal of each investment manager, over the Investment Horizon, shall be to:

1. To meet or exceed the market index, or blended market index, selected and agreed upon by the Endowment Committee that most closely corresponds to the style of investment management.
2. To display an overall level of risk in the portfolio that is consistent with the risk associated with the benchmarks specified above.

Specific investment goals and constraints for each investment manager, if any, shall be stated in attachments to this statement of investment policy.

DEFINITION OF RISK

The Endowment Committee believes that the assets of the Endowment should be managed in a manner consistent with the Fund's objectives and investment strategy, as articulated in this statement of policy. The Endowment Committee defines risk as the probability of not meeting the fund's objectives, or of taking a risk of loss of principal in excess of that permitted or deemed advisable under state law with respect to fiduciaries of a charitable organization.

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 Endowment Committee will periodically provide investment managers with an estimate of expected net cash flow. To maintain the ability to deal with unplanned cash requirements that might arise, a minimum of 2% of Fund assets shall be maintained in cash or cash equivalents, including money market funds or short-term U.S. Treasury bills.

MARKETABILITY OF ASSETS

The Endowment Committee requires that all Fund assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the Fund, with minimal impact on market price.

INVESTMENT GUIDELINES

ALLOWABLE ASSETS

1. Cash Equivalents
 - Treasury Bills
 - Money Market Funds
 - Commercial Paper
 - Certificates of Deposit

2. Fixed Income Securities
 - U.S. Government and Agency Securities
 - Corporate Notes and Bonds
 - Mortgage Backed Bonds
 - Preferred Stock
 - Fixed Income Securities of Foreign Governments and Corporations•

3. Equity Securities
 - US Common Stocks
 - US Convertible Notes and Bonds
 - US Convertible Preferred Stocks
 - American Depository Receipts (ADRs) of Non-U.S. Companies
 - Real Estate Investment Trusts (REITS)
 - Emerging Markets Common Stocks via diversified mutual funds
 - Commodities via diversified mutual funds

4. Mutual Funds and Exchange Traded Funds
 - Mutual Funds and Exchange Traded Funds which invest in securities as allowed in this Policy.
5. Other Assets
 - GIC's

Prohibited Assets:

Prohibited investments include, but are not limited to the following:

1. Commodities and Future Contracts
2. Private Placements
3. Options
4. Limited Partnerships
5. Venture-Capital Investments

Prohibited Transactions:

1. Purchasing securities on margin.
2. Pledging or hypothecating securities.
3. Purchasing or selling derivative securities for speculation or leverage.
4. Engaging in investment strategies that have the potential to amplify or distort the risk of loss beyond a reasonably expected level.

Investment managers should generally try to avoid investments that would generate unrelated business taxable income for the SFMNPA, unless the anticipated economic benefits of such investments clearly justify the tax cost and the additional accounting services required. In order to achieve a prudent level of portfolio diversification, the securities of any one company should not exceed 5% of the total Fund, and no more than 25% of the total Fund should be invested in any one industry.

POOLED VEHICLES

The diversification restrictions for individual fixed income securities purchased and held in the total portfolio shall not apply to similar investment instruments held in a commingled fund or a SEC registered mutual fund specifically approved by the Endowment Committee. Best efforts shall be made, to the extent practical, prudent and appropriate, to select commingled funds and/or mutual funds that have investment objectives and policies that are consistent with this Policy. However, given the nature of commingled funds and mutual funds, it is recognized that there may be deviations between this Policy and the objectives of the pooled vehicles.

ASSET ALLOCATION GUIDELINES

1. The guidelines for Strategic Asset Allocation of the investment assets of the Endowment Fund are set forth above.
2. The Endowment Committee may retain investment managers whose investment disciplines require investment outside the established asset allocation guidelines. However, taken as a component of the aggregate Fund, such disciplines must fit within the overall asset allocation guidelines established in this Policy. Such investment managers will receive written direction from the Endowment Committee regarding specific objectives and guidelines.
3. In the event that there are deviations from the above aggregate asset allocation guidelines, for reasons including but not limited to market price fluctuations, the Endowment Committee will instruct the Investment Manager(s) to bring the portfolio(s) into compliance with these guidelines as promptly and prudently as possible. In the event that any individual Investment Manager's portfolio deviates from its specific guidelines, for reasons including but not limited to market price fluctuations, the Endowment Committee expects that the Investment Manager will bring the portfolio into compliance with these guidelines as promptly and prudently as possible without instruction from the Endowment Committee.

DIVERSIFICATION FOR INVESTMENT MANAGERS

The Endowment Committee does not believe it is necessary that securities held in the Fund represent a cross-section of the economy. However, in order to achieve a prudent level of portfolio diversification, the securities of any one company or government agency should not exceed 5% of the total fund, and no more than 20% of the total fund should be invested in any one industry. Individual treasury securities may represent up to 20% of the total fund, while the total allocation to treasury bonds and notes may represent up to 100% of the Fund's aggregate bond position.

GUIDELINES FOR FIXED INCOME INVESTMENTS AND CASH EQUIVALENTS

1. Fund assets may be invested only in investment grade bonds rated BBB (or equivalent) or better.
2. Fund assets may be invested only in commercial paper rated A1 (or equivalent) or better.
3. Fixed income maturity restrictions are as follows:
 - Maximum maturity for any single security is 30 years.
 - Weighted average portfolio maturity may not exceed 15 years.
4. Money Market Funds selected shall contain securities whose credit rating at the absolute minimum would be rated investment grade by Standard and Poor's, and/or Moody's.

SELECTION OF INVESTMENT MANAGERS

The Endowment Committee's selection of Investment Manager(s) must be based on prudent due diligence procedures. A qualifying investment manager must be either a bank, an insurance company, or an investment advisor registered under the Investment Advisors Act of 1940. The Endowment Committee shall require that each investment manager acknowledge its fiduciary responsibility to the Fund. No individual Trustee, spouse, close relative or employer of a Trustee shall serve as an Investment Manager. Any institutional Investment Manager(s) shall be required to disclose in writing to the Endowment Committee the identities and capacities of all individuals involved in the Investment Manager's handling of the Endowment's assets if those individuals are also a Trustee, spouse or close relative of a Trustee.

PERFORMANCE REVIEW AND EVALUATION

Performance reports generated by an Investment Consultant will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this Policy. The Endowment Committee intends to evaluate the portfolio(s) over at least a three year period, but reserves the right to terminate a manager with or without cause. In making a decision about retention of a manager, the Committee may consider the following factors:

1. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Failure to adhere to any aspect of this statement of investment policy, including communication and reporting requirements.
3. Significant qualitative changes to the investment management organization.

Investment managers shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

INVESTMENT POLICY REVIEW

To assure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this statement of investment policy, the Endowment Committee plans to review this Policy periodically, in most cases at least annually.

ADOPTION OF THIS POLICY

This statement of investment policy is hereby adopted by a meeting of the Board of Trustees of the SFMNPA held on March 6, 2019, to be effective as of that date.

Certification

I hereby certify that this Endowment Fund Policy was adopted by the Board of Trustees of the San Francisco Maritime National Park Association at its duly-noticed meeting on March 6, 2019.

Betty Taisch, Secretary

Witness:

Paul J. Roesler
President/Chairman of the Board
of Trustees

Charles Hart
Chief Executive Officer

Jack Lapidus
Chief Financial Officer