



**STATEMENT OF INVESTMENT POLICY
ARTS COUNCIL OF GREATER LANSING, INC.
October, 2010**

Introduction and Purpose

This Statement of Investment Policy is set forth to:

1. Define the investment policies, guidelines and objectives of the Arts Council of Greater Lansing, Inc.
2. Create a framework form which the Finance Committee can evaluate performance, explore new opportunities and make recommendations to the Board of Directors to enhance the Council's investment portfolio.
3. Provide guidance for, expectation of and limitation on all parties bearing investment responsibilities with the Arts Council of Greater Lansing, Inc.

The intent of this Statement is to design an investment environment with specific parameters that reflect the philosophy of the Board of Directors, thereby providing investment Managers with clearly defined policies and objectives. Although these policies and objectives are intended to govern the investment activity, they are designed to be sufficiently flexible in order to be practical.

Scope

This Policy applies to all of the restricted and unrestricted funds of the Council, charitable gift annuities and amounts retained as working capital.

Investment Objectives

The overall investment objective is to earn a total rate of return (interest, dividends and net realized and unrealized gains and losses) which on a long-term basis (five year time horizon) exceeds the rate of inflation, as measured by the Consumer Price Index, by a minimum of five percent and outperforms over a moving five-year period a balanced index composed of appropriate indices selected by the Finance Committee and weighted to match the average asset mix of the Funds.

No investment shall be made which would cause the Council to lose its tax-exempt status.

Diversification

The Funds shall be invested so as to provide a reasonable diversification along asset classification, within the following guidelines:

<u>Asset Class</u>	<u>Target</u>	<u>Range</u>
Equities	60%	50% to 70%
Large cap	25%	20% to 30%
Small cap	25%	20% to 30%
International	10%	5% to 15%
Fixed Income	40%	30% to 50%
Cash Equivalents	0%	0% to 5%

Investment Manager Restrictions

There shall be no short-selling, securities lending, options trading, financial futures or other specialized investment activity without prior communication to the Finance Committee and the Board. There shall be no investments in non-marketable securities.

Role of the Board

The Board shall establish, periodically review and amend this Policy as it deems appropriate. Oversee the investment of Funds and retain

investment managers, an investment consultant and a custodian for the Funds as it sees necessary.

The Board may delegate functions to the Finance committee, but it shall remain responsible for overseeing the actions of the Finance Committee in carrying out the terms of this Policy. Only the Board of Directors may amend this Policy. For purposes of the Policy “investment manager” refers to a financial institution which actually manages the funds entrusted to it, such as a bank, brokerage firm or mutual fund company, “investment consultant” refers to an independent consulting firm which makes recommendations to the Finance Committee with respect to the selection and retention of investment managers and prepares reports on the performance of the investment managers and on the overall investment performance of the funds, and “custodian” refers to the financial institution which holds legal title to the Funds for the benefit of the Council.

Role of the Finance Committee

The Finance Committee shall recommend to the Board the selection and termination of investment managers, an investment consultant and a custodian for the Funds. It will meet regularly with the investment consultant and, when appropriate, with custodian and the investment managers. In consultation with the investment consultant, select appropriate benchmarks and indices for gauging the performance of the investment managers. In consultation with the investment consultant, review and report to the Board, at least quarterly, on the performance of the investment managers and the overall investment performance of the Funds. Review this Policy at least annually and report to the Board any suggested changes.

Perform such other functions as may be delegated to it by the Board of Directors.