STATEMENT OF INVESTMENT POLICY, OBJECTVES AND GUIDELINES

FOR

THE MINERALS, METALS AND MATERIALS SOCIETY

It is intended that this statement be reviewed and updated at least annually. Any change to the policy should be communicated in writing on a timely bases to all interested parties.

Reviewed by Committee February 7, 2013
Revised and BOD approved October 7, 2012
Reviewed and BOD approved June 7, 2012
Updated May 29, 2012
Revised and BOD approved February 27, 2011
Approved by BOD on August 13, 2009
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Executive Summary

Type of Account	501 (C) 3 (Tax Exempt)
Client Name:	The Minerals, Metals & Materials Society (TMS)
IRS Tax Indentification:	25-1484913
Current Assets:	See Addendum A
Current Asset Allocation:	See Addendum B
Time Horizon:	Greater than 10 years
Return Objective**:**	**8%** **(4.5**% over CPI**)**
Modeled Risk Level*	**+ / -** **10.5%** for any single year + / **-** **3.3%** for 10 years (Statistical confidence level of 95%)
Modeled Best Case Return*	**15.40%** (Average Return – 10 year time horizon)
Modeled Worst Case Return*	**2.40%** (Average Return – 10 year time horizon)
Modeled Expected Return*	**8.80%** (Average Return – 10 year time horizon)
Probability of Negative Return*	**19.20%** Any single year **0.30%** 10 year time horizon

***Modeled returns are based on 8-31-10 TMS Asset Allocation (Addendum B) and shown on a Portfolio Optimizer Utilizing the Efficient Frontier (Addendum G)**

Statement of Investment Policy, Objectives, and Guidelines
The Minerals, Metals and Materials Society

INTRODUCTION
This statement of investment policy has been adopted by the Financial Planning Committee ("FPC") of The Minerals, Metals and Materials Society ("TMS") to provide guidelines for investment of funds held by the association.

For the purposes of managing investment risk and to optimize potential returns within acceptable risk parameters, the funds held will be divided into two separate investment pools. The two investment pools will be called the **"Long Term Reserve Fund" (Reserve Fund)**, and the **"Foundation Fund."** Collectively, the two pools will be referred to as the **"Total Fund."**

SCOPE OF THIS INVESTMENT POLICY

This statement of investment policy reflects the investment policy, objectives, and constraints of the Total Fund of TMS, along with guidelines for managing each of the two investment pools.

PURPOSE OF THIS STATEMENT OF INVESTMENT POLICY

This statement of investment policy is set forth by the Financial Planning Committee of the Minerals, Metals and Materials Society in order to:

1. Define and assign the responsibilities of all involved parties.

2. Offer guidance and limitations to all Investment Managers regarding the investment of Total Fund assets.

3. Establish a basis for evaluating investment results.

4. Manage Fund assets according to prudent standards as established in common trust law.

5. Establish the relevant investment horizon for which the Total Fund and the two separate investment pools assets will be managed.

6. Assign dollar amounts to be placed in the Reserve Fund, and Foundation Fund.

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

DEFINITIONS

1. "Total Fund" shall mean the aggregate of the Reserve Fund, and Foundation Fund assets of TMS.

2. "Financial Planning Committee (FPC)" shall refer to the governing board established to administer the Total Fund as specified by applicable ordinance.

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 Total Fund assets.

4. "Investment Manager" shall mean any individual, or group of individuals, employed to manage the investments of all or part of the Total Fund assets.

5. "Investment Management Consultant" shall mean any individual or organization employed 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 statement.

7. "Investment Horizon" shall be the time period over which the investment objectives for each fund, as set forth in this statement, are expected to be met.

DELEGATION OF AUTHORITY

The Financial Planning Committee of TMS is a fiduciary, and is responsible for directing and monitoring the investment management of Fund assets. As such, the “FPC” is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to:

1. Investment Management Consultant. The consultant may assist the “FPC” 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 Manager. The investment manager has discretion to purchase, sell, or hold the specific securities that will be used to help meet the Fund's investment objectives.

3. Custodian. The 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, auditors, actuaries, retirement plan consultants, and others may be employed by the Financial Planning Committee to assist in meeting its responsibilities and obligations to administer Total Fund assets prudently.

The “FPC” will not reserve any control over investment decisions, with the exception of specific limitations described in these statements. Investment Managers will be held responsible and accountable to achieve the objectives herein stated. While it is not believed that the limitations will hamper investment managers, each manager should request modifications which they deem appropriate.

If such experts employed are also deemed to be fiduciaries, they should acknowledge such in writing. All expenses for such experts must be customary and reasonable, and will be borne by the Fund as deemed appropriate and necessary.

ASSIGNMENT OF RESPONSIBILITY

RESPONSIBILITY OF THE FINANCIAL PLANNING COMMITTEE

The Financial Planning Committee shall oversee the implementation of this Investment Policy. Specific responsibilities of the “FPC” include:

1. Define the investment objectives & guidelines as per this Investment Policy Statement.

2. Hiring any additional parties needed for the management of the Total Fund (such as Investment Managers, Investment Consultants, Custodians, etc...).

3. Define the distinct investment pools and the allocations to each of those pools.

4. Maintain & Update this Investment Policy regularly. As any changes are made, notify the appropriate parties.

RESPONSIBILITY OF THE INVESTMENT MANAGER(S)

Each Investment Manager must acknowledge in writing its acceptance of responsibility as a fiduciary. Each Investment Manager will have full discretion to make all investment decisions for the assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement. Specific responsibilities of the Investment Manager(s) include:

1. Discretionary investment management including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines established in this statement.

2. Reporting, on a timely basis, quarterly investment performance results.

3. Communicating any major changes to economic outlook, investment strategy, or any other factors which affect implementation of investment process, or the investment objective progress of the Fund's investment management.

4. Informing the "FPC" regarding any qualitative change to investment management organization: Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.

5. Voting proxies, if requested by the "FPC", on behalf of the Fund, and communicating such voting records to the "FPC" on a timely basis.

RESPONSIBILITY OF THE INVESTMENT CONSULTANT(S)

The Investment Consultant's role is that of a non-discretionary advisor to the Financial Planning Committee of TMS. Investment advice concerning the investment management of Total Fund assets will be offered by the Investment Consultant, and will be consistent with the investment objectives, policies, guidelines and constraints as established in this statement. Specific responsibilities of the Investment Consultant include:

1. Assisting in the development and periodic review of investment policy.

2. Conducting investment manager searches when requested by the Financial Planning Committee.

3. Providing "due diligence", or research, on the Investment Manager(s).

4. Monitoring the performance of the Investment Manager(s) to provide the Financial Planning Committee with the ability to determine the progress toward the investment objectives.

5. Communicating matters of policy, manager research, and manager performance to the Financial Planning Committee.

6. Reviewing Total Fund investment history, historical capital markets performance and the contents of this investment policy statement to any newly appointed members of the Financial Planning Committee.

GENERAL INVESTMENT PRINCIPLES

1. Investments shall be made solely in the interest of TMS.

2. The Total Fund shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man 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 Total Fund shall be diversified among the two distinct investment pools based on the time horizons and guidelines established later in this document.

4. The Financial Planning Committee may employ one or more investment managers of varying styles and philosophies in seeking to attain the Total Fund's objectives.

SELECTION OF INVESTMENT MANAGERS

The Financial Planning Committee's selection of Investment Manager(s) must be based on prudent due diligence procedures. A qualifying investment manager must be a registered investment advisor under the Investment Advisors Act of 1940, or a bank or insurance company.

The FPC will apply the following due diligence criteria in selecting each money manager or mutual fund.

1. *Regulatory oversight:* Each investment manager should be a registered investment adviser. Form ADV should be an addendum for each manager

2. *Correlation to style or peer group:* The management style should be highly correlated to the asset class of the investment option. This is one of the most critical parts of the analysis since most of the remaining due diligence involves comparisons of the manager to the appropriate peer group.

3. *Performance relative to a peer group:* The product's performance should be evaluated against the peer group's median manager return, for 1, 3, and 5 year cumulative periods.

4. *Performance relative to assumed risk:* The product's risk adjusted performance (Alpha and or Sharpe Ratio) should be evaluated against the peer group's median manager's risk adjusted performance.

5. *Minimum track record*: The manager's track record should be greater than three years.

6. *Assets under management:* The manager should have at least $200 million under management.

7. *Holdings consistent with style:* The selected manager should have no more than 20% of the portfolio invested in "unrelated" asset class securities. For example, a Fixed Income Manager should not hold more than 20% in cash, equities and/or international securities.

8. *Expense ratios/fees:* The manager's fees should not be in the bottom quartile (most expensive) of their peer group.
9. *Stability of the organization:* There should be no perceived organizational problems – the same portfolio management team should be in place for at least two years.

CONTROL PROCEDURES

Performance Objectives

The FPC acknowledges fluctuating rates of return characterize the securities markets, particularly during short-term periods. Recognizing that short-term fluctuations may cause variations in performance, the FPC intends to evaluate manger performance from a long-term perspective.

The FPC is aware the ongoing review and analysis of the investment managers is just as important as the due diligence implemented during the manager selection process. The performance of the investment managers will be monitored on an ongoing basis (quarterly) and it is at the FPC's discretion to take corrective action by replacing a manager if they deem it appropriate at any time.

On a timely basis, but not less than quarterly, the FPC will meet to review whether each manager continues to conform to the search criteria outlined in the previous section; specifically:

1. The manager's adherence to the TMS's investment guidelines;

2. Material changes in the manager's organization, investment philosophy and/or personnel; and

3. Any legal, SEC and/or other regulatory agency proceedings affection the manager.

The FPC has determined it is in the best interest of TMS that performance objectives established for each investment manager. Manager performance will be evaluated in terms of an appropriate market index and the relevant peer group.

A manager may be placed on a <u>Watchlist</u> and a thorough <u>review</u> and <u>analysis</u> of the investment manager may be conducted, when:

1. A manager performs below median for their peer group over a 1-, 3- and/or 5-year cumulative period.

2. A manager's 3-year risk adjusted return (Alpha and/or Sharpe) falls below the peer group's median risk adjusted return.

3. There is a change in the professionals managing the portfolio.

4. There is a significant decrease in the manager's assets under management.

5. There is an indication the manager is deviating from his/her stated style and/or strategy.

6. There is an increase in the manager's fees and/or expenses.

7. Any extraordinary event occurs that may interfere with the manager's ability to fulfill their role in the future.

A manager evaluation may include the following steps:

1. A letter to the manager asking for an analysis of their underperformance.

2. An analysis of recent transactions, holdings and portfolio characteristics to determine the cause for underperformance or to check for a change in style (attribution analysis).

3. A meeting with the manager, which may be conducted on-site, to gain insight into organizational changes and any changes in strategy or discipline.

The decision to retain or terminate a manager cannot be made by a formula. It is the FPC's confidence in the manager's ability to perform in the future that ultimately determines the retention of a manager.

Measuring Costs

The FPC will review at least annually all costs associated with the management of the TMS's investment program, including:

1. Expense ratios of the managers against the value added of management.

2. Custody fees: The holding of the assets, collection of the income and disbursement of payments.

Whether the manager is demonstrating attention to "best execution" in trading securities.

PERFORMANCE REVIEW AND EVALUATION

Performance reports generated by the Investment Consultant shall be compiled at least quarterly and communicated to the “FPC” for review. The investment performance of total portfolios, as well as asset class components, 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 statement. The Financial Planning Committee intends to evaluate the portfolio(s) over at least a three-year period, but reserves the right to terminate a manager for any reason including the following:

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 “FPC” plans to review investment policy at least annually.

EXECUTIVE SUMMARY

Investment Pool:	TMS Reserve Fund
Current Assets:	$ 2,400,000[1]
Time Horizon:	10 Years
Expected Return:	8.0%
Risk Tolerance:	Moderate

PURPOSE OF THE FUND

The purpose of the TMS Reserve Fund is to enhance the purchasing power of funds held for future expenditure, to maintain the financial stability of the association, and to provide cash to be used during the current budget cycle.

INVESTMENT OBJECTIVES

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

Specifically, the primary objective in the investment management for Fund assets shall be:

Long-Term Growth of Capital -To emphasize long-term growth of principal while avoiding excessive risk. Short-term volatility will be tolerated in as much as it is consistent with the volatility of a comparable market index.

SPECIFIC INVESTMENT GOALS

Over the investment horizon established in this statement, it is the goal of the aggregate Fund assets to exceed:

An absolute rate of return of 8.0%.

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. Meet or exceed the market index, or blended market index, selected and agreed upon by the “FPC” that most closely corresponds to the style of investment management.

[1] Reference quarterly reports for current value.

2. Display an overall level of risk in the portfolio which is consistent with the risk associated with the benchmark specified above. Risk will be measured by the standard deviation of quarterly returns.

Specific investment goals and constraints for each investment manager, if any, shall be incorporated as part of this statement of investment policy. Each manager shall receive a written statement outlining his specific goals and constraints as they differ from those objectives of the entire Fund.

INVESTMENT MANAGEMENT POLICY

1. Preservation of Capital - Consistent with their respective investment styles and philosophies, investment managers should make reasonable efforts to preserve capital, understanding that losses may occur in individual securities.

2. Risk Aversion - Understanding that risk is present in all types of securities and investment styles, the “FPC” recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Fund's objectives. However, the investment managers are to make reasonable efforts to control risk, and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.

3. Adherence to Investment Discipline - Investment managers are expected to adhere to the investment management styles for which they were hired. Managers will be evaluated regularly for adherence to investment discipline.

DEFINITION OF RISK

The “FPC” realizes that there are many ways to define risk. It believes that any person or organization involved in the process of managing the TMS assets understands how it defines risk so that the assets are managed in a manner consistent with the Fund's objectives and investment strategy as designed in this statement of investment policy. The Financial Planning Committee defines risk for the Long Term Fund as:

> The probability that the investment returns of the fund fail to meet or exceed a specified market index.

LIQUIDITY

To reduce the possibility of a loss occasioned by the sale of a security forced by the need to meet a required payment, the “FPC” will periodically provide an investment consultant(s) with an estimate of expected net cash flow. The “FPC” will notify the investment consultant in a timely manner, to allow sufficient time to build up necessary liquid reserves.

To maintain the ability to deal with unplanned cash requirements that might arise, the “FPC” requires that a minimum of 1% 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 “FPC” requires that all of 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. The exception to this rule would be the holding of limited partnership investments, which by nature are longer term holdings and less liquid.

INVESTMENT GUIDELINES

ALLOWABLE ASSETS

1. Cash Equivalents
    - Treasury Bills
    - Money Market Funds
    - STIF Funds
    - Commercial Paper
    - Banker's Acceptances
    - Repurchase Agreements
    - 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
    - Planned Amortization Class Collateralized Mortgage Obligations (PAC CMOs) or other "early tranche" CMOs

3. Equity Securities
    - Common Stocks
    - Convertible Notes and Bonds
    - Convertible Preferred Stocks
    - American Depository Receipts (ADRs) of Non-U.S. Companies
    - Stocks of Non-U.S. Companies (Ordinary Shares)

4. Mutual Funds
    - Mutual Funds which invest in securities as allowed in this statement.

5. Other Assets
    - Guaranteed Investment Certificates (GICs)

6. Limited Partnerships (With special approval)
    a. Includes real estate partnerships

7. Private Placements (With special approval)

8. Venture Capital Investments (With special approval)

DERIVATIVE INVESTMENTS

Derivative securities are defined as synthetic securities whose price and cash flow characteristics are based on the cash flows and price movements of other underlying securities. Most derivative securities are derived from equity or fixed income securities and are packaged in the form of options, futures, CMOs (PAC bonds, IOs, POs, residual bonds, etc.), and interest rate swaps, among others. The Financial Planning Committee feels that many derivative securities are relatively new and therefore have not been observed over multiple economic cycles. Due to this uncertainty, the Financial Planning Committee will take a conservative posture on derivative securities in order to maintain its risk averse nature. Since it is anticipated that new derivative products will be created each year, it is not the intention of this document to list specific derivatives that are prohibited from investment, rather it will form a general policy on derivatives. **Unless a specific type of derivative security is allowed in this document, the Investment Manager(s) must seek permission from the Financial Planning Committee to include derivative investments in the Fund's portfolio. The Investment Manager(s) must present detailed information as to the expected return and risk characteristics of such investment vehicles.**

PROHIBITED ASSETS

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

1. Commodities and Futures Contracts
2. Options
3. Real Estate Properties – Direct Ownership
4. Derivative Investments (unless permission is received from the Financial Planning Committee in advance, as set forth above)

PROHIBITED TRANSACTIONS

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

1. Short Selling
2. Margin Transactions

ASSET ALLOCATION GUIDELINES

Investment management of the assets of the TMS Long Term Fund shall be in accordance with the following asset allocation guidelines:

1. Aggregate Fund Asset Allocation Guidelines (at market value)

	Lower Limit	**Strategic Allocation**	Upper Limit
Domestic Large Cap Equities	15.0%	**36.0%**	50.0%
Domestic Mid-Cap Equities	0.0%	**8.0%**	20.0%
Domestic Small Cap Equities	0.0%	**5.0%**	15.0%
International Equities	5.0%	**21.0%**	35.0%
U.S. Core Fixed Income	10.0%	**22.0%**	40.0%
High Yield Bonds	0.0%	**0.0%**	10.0%
International Bonds	0.0%	**6.0%**	15.0%
Alternative Investments	0.0%	**0.0%**	20.0%
Cash & Equivalents	0.0%	**2.0%**	15.0%

Evaluation Benchmark: Total return to exceed the performance of a policy index based upon the strategic asset allocation of the Fund to various broad asset classes. Specifically, the policy index will be a weighted index comprised of:

- 36% S&P 500
- 8% Russell Mid Cap Index
- 5% Russell 2000 Small Cap Index
- 21% EAFE Index
- 22% Lehman Intermediate Govt/Corp.
- 6% Citigroup Non-U.S. World Govt Bond Index
- 2% 90 Day T-Bills

2. The Financial Planning Committee may employ 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 statement. Such investment managers will receive written direction from the Financial Planning Committee regarding specific objectives and guidelines.

3. In the event that the above aggregate asset allocation guidelines are violated, for reasons including but not limited to market price fluctuations, the Financial Planning 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 is in violation with its specific guidelines, for reasons including but not limited to market price fluctuations, the Financial Planning 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 Financial Planning Committee.

DIVERSIFICATION FOR INVESTMENT MANAGERS

The “FPC” does not believe it is necessary or desirable 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 30% of the total fund should be invested in any one industry. Individual treasury securities may represent 30% of the total fund, while the total allocation to treasury bonds and notes may represent up to 50% 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 Baa / BBB (or equivalent) or better.

2. 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.

3. Money Market Funds selected shall contain securities whose credit rating at the absolute minimum would be rated investment grade by Standard and Poors, and/or Moody's.

EXECUTIVE SUMMARY

Investment Pool:	TMS Foundation Fund
Current Assets:	$ 2,400,000[2]
Time Horizon:	10 Years
Expected Return:	8.0%
Risk Tolerance:	Moderate

PURPOSE OF THE FUND

The purpose of the TMS Foundation Fund is to enhance the purchasing power of funds held for future expenditure, to maintain the financial stability of the association, and to provide cash to be used during the current budget cycle.

INVESTMENT OBJECTIVES

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

Specifically, the primary objective in the investment management for Fund assets shall be:

> Long-Term Growth of Capital -To emphasize long-term growth of principal while avoiding excessive risk. Short-term volatility will be tolerated in as much as it is consistent with the volatility of a comparable market index.

SPECIFIC INVESTMENT GOALS

Over the investment horizon established in this statement, it is the goal of the aggregate Fund assets to exceed:

> **An absolute rate of return of 8%.**

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:

[2] Reference quarterly reports for current value.

1. Meet or exceed the market index, or blended market index, selected and agreed upon by the “FPC” that most closely corresponds to the style of investment management.

2. Display an overall level of risk in the portfolio which is consistent with the risk associated with the benchmark specified above. Risk will be measured by the standard deviation of quarterly returns.

Specific investment goals and constraints for each investment manager, if any, shall be incorporated as part of this statement of investment policy. Each manager shall receive a written statement outlining his specific goals and constraints as they differ from those objectives of the entire Fund.

INVESTMENT MANAGEMENT POLICY

1. Preservation of Capital - Consistent with their respective investment styles and philosophies, investment managers should make reasonable efforts to preserve capital, understanding that losses may occur in individual securities.

2. Risk Aversion - Understanding that risk is present in all types of securities and investment styles, the “FPC” recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Fund's objectives. However, the investment managers are to make reasonable efforts to control risk, and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.

3. Adherence to Investment Discipline - Investment managers are expected to adhere to the investment management styles for which they were hired. Managers will be evaluated regularly for adherence to investment discipline.

DEFINITION OF RISK

The “FPC” realizes that there are many ways to define risk. It believes that any person or organization involved in the process of managing the TMS assets understands how it defines risk so that the assets are managed in a manner consistent with the Fund's objectives and investment strategy as designed in this statement of investment policy. The Financial Planning Committee defines risk for the Long Term Fund as:

> The probability that the investment returns of the fund fail to meet or exceed a specified market index.

LIQUIDITY

To reduce the possibility of a loss occasioned by the sale of a security forced by the need to meet a required payment, the "FPC" will periodically provide an investment consultant(s) with an estimate of expected net cash flow. The "FPC" will notify the investment consultant in a timely manner, to allow sufficient time to build up necessary liquid reserves.

To maintain the ability to deal with unplanned cash requirements that might arise, the "FPC" requires that a minimum of 1% 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 "FPC" requires that all of 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. The exception to this rule would be the holding of limited partnership investments, which by nature are longer term holdings and less liquid.

INVESTMENT GUIDELINES

ALLOWABLE ASSETS

1. Cash Equivalents
    - Treasury Bills
    - Money Market Funds
    - STIF Funds
    - Commercial Paper
    - Banker's Acceptances
    - Repurchase Agreements
    - 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
    - Planned Amortization Class Collateralized Mortgage Obligations (PAC CMOs) or other "early tranche" CMOs

3. Equity Securities
    - Common Stocks
    - Convertible Notes and Bonds
    - Convertible Preferred Stocks
    - American Depository Receipts (ADRs) of Non-U.S. Companies
    - Stocks of Non-U.S. Companies (Ordinary Shares)

4. Mutual Funds
    - Mutual Funds which invest in securities as allowed in this statement.

5. Other Assets
    - GICs

6. Limited Partnerships (With Special approval)
    a. Includes Real Estate Partnerships

7. Private Placements (With Special Approval)

8. Venture Capital Invesments (With Special Approval)

DERIVATIVE INVESTMENTS

Derivative securities are defined as synthetic securities whose price and cash flow characteristics are based on the cash flows and price movements of other underlying securities. Most derivative securities are derived from equity or fixed income securities and are packaged in the form of options, futures, CMOs (PAC bonds, IOs, POs, residual bonds, etc.), and interest rate swaps, among others. The Financial Planning Committee feels that many derivative securities are relatively new and therefore have not been observed over multiple economic cycles. Due to this uncertainty, the Financial Planning Committee will take a conservative posture on derivative securities in order to maintain its risk averse nature. Since it is anticipated that new derivative products will be created each year, it is not the intention of this document to list specific derivatives that are prohibited from investment, rather it will form a general policy on derivatives. **Unless a specific type of derivative security is allowed in this document, the Investment Manager(s) must seek permission from the Financial Planning Committee to include derivative investments in the Fund's portfolio. The Investment Manager(s) must present detailed information as to the expected return and risk characteristics of such investment vehicles.**

PROHIBITED ASSETS

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

1. Commodities and Futures Contracts
2. Options
3. Real Estate Properties – Direct Ownership
7. Derivative Investments (unless permission is received from the “FPC” in advance, as set forth above)

PROHIBITED TRANSACTIONS

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

1. Short Selling
2. Margin Transactions

ASSET ALLOCATION GUIDELINES

Investment management of the assets of the TMS Foundation Fund shall be in accordance with the following asset allocation guidelines:

1. Aggregate Fund Asset Allocation Guidelines (at market value)

	Lower Limit	**Strategic Allocation**	Upper Limit
Domestic Large Cap Equities	15.0%	**36.0%**	50.0%
Domestic Mid-Cap Equities	0.0%	**8.0%**	20.0%
Domestic Small Cap Equities	0.0%	**5.0%**	15.0%
International Equities	5.0%	**21.0%**	35.0%
U.S. Core Fixed Income	10.0%	**22.0%**	40.0%
High Yield Bonds	0.0%	**0.0%**	10.0%
International Bonds	0.0%	**6.0%**	15.0%
Alternative Investments	0.0%	**0.0%**	20.0%
Cash & Equivalents	0.0%	**2.0%**	15.0%

Evaluation Benchmark: Total return to exceed the performance of a policy index based upon the strategic asset allocation of the Fund to various broad asset classes. Specifically, the policy index will be a weighted index comprised of:

- 36% S&P 500
- 8% Russell Mid Cap Index
- 5% Russell 2000 Small Cap Index
- 21% EAFE Index
- 22% Lehman Intermediate Govt/Corp.
- 6% Citigroup Non-U.S. World Govt Bond Index
- 2% 90 Day T-Bills

2. The Financial Planning Committee may employ 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 statement. Such investment managers will receive written direction from the Financial Planning Committee regarding specific objectives and guidelines.

3. In the event that the above aggregate asset allocation guidelines are violated, for reasons including but not limited to market price fluctuations, the Financial Planning 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 is in violation with its specific guidelines, for reasons including but not limited to market price fluctuations, the Financial Planning 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 Financial Planning Committee.

DIVERSIFICATION FOR INVESTMENT MANAGERS

The “FPC” does not believe it is necessary or desirable 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 30% of the total fund should be invested in any one industry. Individual treasury securities may represent 30% of the total fund, while the total allocation to treasury bonds and notes may represent up to 50% 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 Baa (or equivalent) or better.

2. 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.

3. Money Market Funds selected shall contain securities whose credit rating at the absolute minimum would be rated investment grade by Standard and Poors, and/or Moody's.

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