REDWOOD EMPIRE FOOD BANK

Long-Term Reserve Investment Policy

Introduction

This policy was adopted by the Board of Directors of Redwood Empire Food Bank (REFB) to provide procedures for the creation and management of the Long-Term Reserve Fund. This revision to the policy supersedes any and all prior actions and policies regarding fund management and investment.

Policy Philosophy Statement

To ensure exceptional stewardship and proper use of REFB resources by: 1) focusing on the preservation of capital and the minimization of risk; 2) investing to realize a total return in excess of the rate of inflation, as measured by the Consumer Price Index; 3) minimizing costs of investing, including management fees.

Purpose

To advance our mission to end hunger in our community through effective judicious investing of funds to optimize returns within acceptable risk parameters. The purpose of investing is to provide secure long-term funding for the mission of the Redwood Empire Food Bank.

The goal of the Long-Term Reserve Fund is to provide a source of funds for capital asset replacement or expansion and serve as an operating reserve during periods of time when current fundraising efforts and the Short-Term Reserve fund does not meet the operating requirements

Definitions

Funds in excess of target balances for the Operating and Short-Term Reserve Funds will be considered Long-Term Reserve Funds (excluding the excess funds allocated for the Board Designated Endowment Fund by the Board of Directors). All Long-Term Reserve Funds will be managed and/or invested according to this policy.

Delegation of Authority

The Board of Directors designated committee, Finance Committee, acts in a fiduciary capacity, and is responsible for directing and monitoring the management of the various fund assets on behalf of the Redwood Empire Food Bank. As such, the Finance Committee is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to, Investment Management Consultant, Investment Manager, Custodian, and additional specialists.

Responsible Parties

Board of Directors

The Board of Directors (Board) has a direct oversight role regarding all decisions that impact the REFB's institutional funds. The Board has delegated supervisory responsibility for the management of our institutional funds to the Finance Committee. The Board shall ensure that its fiduciary responsibilities concerning the proper management of the REFB's funds are fulfilled through appropriate investment structure, internal and external management. Based on the advice and recommendations of the Finance Committee, the Board shall approve investment policies and objectives that reflect the long-term investment-risk orientation of the Long-Term Reserve Fund.

Finance Committee

As it relates to the management of the investment assets, the Finance Committee is responsible for reviewing and monitoring the financial performance of the Long-Term Reserve Fund. In addition, the Finance Committee will,

- determine that institutional funds are prudently and effectively managed with the assistance of REFB Management and any necessary investment consultants and the portfolio performance is consistent with all policies and procedures.
- based on REFB Management's review and recommendations regarding the performance of all parties responsible for managing institutional funds, the Finance Committee shall approve the retention and/or dismissal of investment consultants or other service providers.
- review and approve contractual relationships with any necessary outside service providers-such as: investment consultants, investment managers, banks, and/or trust companies and/or any other necessary outside professionals- as recommended by REFB Management.
- at least quarterly, receive and review reports from REFB Management and investment advisor.
- at least annually, meet with the investment advisor on topics that include discussion on the total investment activity, market conditions, and future recommendations to ensure all investment objectives are met.
- convene annually to evaluate whether this policy, investment activities, asset allocation ranges, risk management controls and processes continue to be consistent with meeting the goals and objectives set for the management of investment funds; develop and/or propose policy recommendations to the Board with regard to the management of all investment funds.

REFB Management

REFB Management shall be responsible for the day-to-day administration and implementation of policies established by the Board and/or the Finance Committee concerning the management of institutional funds. REFB Management shall also be the primary liaison between any investment consultants and/or other outside professionals that may be retained to assist in the management of such funds. The Chief Financial Officer will be primarily responsible for executing all management responsibilities.

Additionally, REFB Management shall:

- ensure that the service providers adhere to the terms and conditions of their contracts; have no material conflicts of interests with the interests of the REFB; and, performance monitoring systems are sufficient to provide the Finance Committee with timely, accurate and useful information.
- regularly meet with any outside service providers to evaluate and assess compliance with investment guidelines, performance, outlook and investment strategies; monitor asset allocation and rebalance assets, as directed by the Finance Committee and in accordance with approved asset allocation policies, among asset classes and investment styles; and, tend to all other matters deemed to be consistent with due diligence with respect to prudent management of institutional funds.
- monitor and evaluate the performance of all those responsible for the management of institutional funds and recommend the retention and/or dismissal of investment consultants to the Finance Committee.
- conduct an analysis of the services provided by each banking and financial services firm every three years to ensure that the REFB is achieving the desired level of performance. Report the results of the analysis, along with any findings and recommendations, to the Finance Committee.
- propose the engagement of any necessary external service providers—such as investment consultants, investment managers, banks, trust companies, or other relevant professionals—for review and approval by the Finance Committee.
- comply with official accounting and auditing guidelines regarding due diligence and ongoing monitoring of investments, especially alternative investments.
- prepare and issue periodic status reports to the Board and the Finance Committee.

Investment Guidelines

Investment Objectives

The investment strategy of the Long-Term Reserve Fund is to emphasize net total return, defined as the aggregate return from capital appreciation, dividend income, and interest income, net of investment management costs. The Fund will maintain an investment horizon of up to 15 years. Additionally, the portfolio will be structured with a maturity ladder designed to ensure sufficient liquidity to meet established spending rate guidelines, as described below.

Specifically, the primary objective in the investment management of the Long-Term Reserve Fund shall be (in order of importance):

1. Preservation of purchasing power – To achieve returns in excess of the rate of inflation as measured by the CPI inflation index over the investment time horizon in order to preserve purchasing power and assets of the organization. Risk control is an important element in the investment of assets.
2. Long-term growth of capital – To emphasize the long-term growth of principal while avoiding excessive risk. Short-term volatility consistent with the volatility of S&P 500 market index is anticipated, though management should strive to contain it.
3. Preservation of capital – To balance risk and return consistent with the philosophy to

preserve capital understanding that market volatility is expected from time to time.

General Principles

1. Investments shall be made solely in the interest of Redwood Empire Food Bank and Long-Term Reserve Fund.
2. The assets shall be invested with a fiduciary standard that is done with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent investor acting in like capacity and familiar with such matters would use in the investment of a like fund.
3. Investment of these funds shall be so diversified as to minimize the risk of large losses.
4. The REFB may employ one or more investment managers of varying styles and philosophies to attain the Fund's objectives.
5. Based on the recommendation of REFB Management, the Finance Committee may approve the hiring of an independent investment advisor whose duties will include developing investment proposals, assessing organizational risk tolerance, preparing required investment reports, delivering investment education as needed, and demonstrating compliance with all federal and state regulations.
6. The independent investment advisor shall have one of the following certifications: Certified Financial Planner (CFP), Chartered Financial Analyst (CFA), Chartered Financial Consultant (ChFC), Certified Investment Management Analyst (CIMA) or equivalent experience.

Diversification

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

Asset Class	Minimum	Maximum	Evaluation Benchmark
Cash Equivalents	0%	25%	FTSE 3-Month T-Bill Index
Fixed Income	25%	90%	BC U.S. Aggregate Bond Index
Equities	0%	75%	MSCI All World Net Index
Alternatives*	0%	10%	Based on type of alternative

*This category of investment is typically less correlated with traditional asset classes and provides a source of portfolio diversification.

The Finance Committee may employ investment managers whose investment disciplines require investment outside the established asset allocation guidelines. However, taken as a component of the aggregate portfolio, such disciplines must fit within the overall asset allocation guidelines established in this statement.

The Finance Committee will monitor and reevaluate the investment allocation in reference to the Investment Policy classes at least annually.

Allowable Assets

The Long-Term Reserve Policy requires that all investment assets be invested in marketable securities, defined as securities that can be traded efficiently for the Long-Term Reserve Policy, with minimal impact on market price.

1. Cash Equivalents (investment grade)
    a. U.S. Government, Municipal, and Agency securities (at least BBB)
    b. Corporate notes and bonds (at least BBB)
    c. Money market funds
    d. Banker's acceptances
    e. Certificates of deposit

2. Fixed Income
    a. U.S. Government and Agency securities
    b. Corporate notes and municipal bonds (investment and non-investment grade - non-investment < 10% of total portfolio, and at least B rated securities)
    c. Mortgage-backed bonds
    d. Preferred stock

3. Equities
    a. Common stocks
    b. Convertible notes and bonds
    c. Convertible preferred stocks
    d. American Depository Receipts of non-US companies (ADRs)

4. Alternatives
    a. REITs
    b. Commodities
    c. Inflation linked bonds
    d. Donated Private equity
    e. Donated Private real estate

5. Exchange Traded Funds and Mutual Funds that invest in securities as allowed in this statement.

To ensure marketability and liquidity, equity investments shall be executed through nationally recognized exchanges such as the New York Stock Exchange, American Stock Exchange and NASDAQ.

Communication and Performance Reporting

The investment of the Long-Term Reserve Fund will be evaluated at least annually on a total return basis. The evaluation will be based on the stated investment goals, analysis of the risk performance of the portfolio, and comparisons of results as determined by the Finance Committee and Investment Advisors. The report will be prepared by REFB Management and the Investment Advisor and will be presented to the Finance Committee. The Finance Committee will present a report to the Board of Directors at least annually.

Target Funding Level

The target level of this fund is 50% of the annual operating budget excluding donated food plus ten-year rolling average of asset replacement cost. An annual assessment of future capital expansion (equipment or facility) will be made to determine if the target funding level needs to be revised.

Spending Rate

On an annual basis, REFB Management will provide the Finance Committee with a capital asset purchasing schedule that outlines the anticipated organizational needs by year for the next three years. The Long-Term Reserve Funds will be utilized to fill the approved spending plan only when current Operating and Short-Term Reserve Funds are not adequate to meet the requirements.

All spending from the Long-Term Reserve Fund will be reviewed by the Finance Committee then referred to the Board for approval.

Ethics and Conflict of Interest

All directors, employees, agents and others involved in the investment process shall refrain from any personal business or investment activity that could conflict with the proper execution and management of the investment program or impair their ability to make impartial decisions.

ADOPTION

This policy shall be adopted by resolution of the Board of Directors of the Redwood Empire Food Bank.

Approved by the Board of Directors of the Redwood Empire Food Bank on 4/22/2026,

Signature of the Board Secretary

19 May 2026
Date

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Version Control

Date	Author	Version	Change Description
10/20/2021	Rebecca LaLonde	1.0	Initial version
04/14/2026	Paula Handelman, CFO	1.1	Full revision to ensure policy aligns with industry best practice and current operating requirements.