



POTOMAC APPALACHIAN TRAIL CLUB ENDOWMENT FUND CHARTER

Approved by Council – October 11, 2011

I. Name of the Fund

The name of the Fund shall be the Potomac Appalachian Trail Endowment Fund (the “Fund”).

II. Purpose of the Fund

The Fund shall provide financial support for Potomac Appalachian Trail Club (PATC) programs in perpetuity. More specifically, the Fund shall provide a vehicle for PATC to grow its endowment consistent with acceptable risk levels and PATC’s need for a relatively stable and predictable level of funds for capital improvements and operating expenses and provide sufficient cash to meet the financial obligations of PATC in a timely manner.

Specific goals of the Fund are twofold: 1) to provide funds for PATC capital programs which are not expected to exceed 5% of the Fund balance each year; and 2) to provide funds for PATC operating expenses which are not expected to exceed 2% of the Fund each year.

III. Operating Principles

Assets of the Fund shall be derived primarily from private donations and easement tax credit sales. However, the PATC Treasurer may, add to the Fund through general revenues upon notification to the Council. The Treasurer, in the budget report, shall report to the Council receipts of donations and easement tax credit sales and the funds, or portion thereof, transferred to the Endowment. Transfers to other PATC accounts in a given year that exceed 10% of the Fund’s assets shall require a two-thirds (2/3) majority vote of those present by the Council at a meeting.

Management of the Fund’s assets shall be the responsibility of an Endowment Committee appointed by the President of PATC and approved by Council.

IV. Endowment Committee Charter

A. Purposes of the Committee

1. Stewardship for the Endowment Fund
2. Selection of investment vehicles for the Fund
3. Management of Fund policies and procedures
4. Communication with Council and the Executive Committee regarding the status of the Fund
5. Transacting the Fund’s business and investing funds according to established PATC policies

B. Structure of the Committee

1. Standing members of the Committee are the PATC President and Treasurer
2. Three Committee members shall be nominated by the President and confirmed by the Council. The individuals nominated should have an understanding of investment management concepts.
3. Committee members shall serve rotating terms of three years so that not more than two members end their terms in any given year.

4. Terms shall begin on July 1 and end on June 30.
5. The Chair of the Committee shall be chosen annually by majority vote of the Committee at the first meeting after June 30. It is expected that the Chair shall be selected from the three nominated Committee members.
6. The Chair may recommend to the President that a Committee member be replaced.

C. Committee Operating Procedures

1. All investment transactions must be approved by a majority vote of the Committee members present and at least four members must be present to constitute a quorum.
2. Disbursement of endowment funds to PATC accounts shall be the responsibility of the President or Treasurer and shall not take place until the cash is needed by PATC.
3. The Endowment Committee shall be responsible for transacting the routine business of the Fund and interfacing with the investment manager and broker handling the Funds' investment transactions. In particular, the Chair, in consultation with the Committee, is authorized to instruct the Investment Advisor (or broker) to (1) select individual securities, (2) adjust the maturity mix, where applicable, and (3) diversify the assets.
4. In August of each year, the Committee shall provide Council members with a report listing the Fund's investment holdings.

D. Investment Policy

The investment policy used by the Committee is included in the attached addendum entitled "Investment Policy Statement."

V. Investment Advisor

The Committee shall have the option of selecting an investment advisor to implement investment strategy and to consolidate investment return information for Committee review.

The Committee has the responsibility to monitor the investment advisor on an ongoing basis and to add, replace or remove the advisor when it is deemed appropriate. Such an advisor shall be subject to periodic performance review by the Committee and shall report quarterly to the Committee on the investment portfolio. The appointed investment advisor shall invest assets in accordance with the Investment Policy.

Within four weeks after the end of each quarter, the investment advisor shall prepare a report containing information on investment performance. The analysis should include asset allocation, investment selection, portfolio performance, management fees and overall adherence to the investment policy. An annual review should include a presentation by the investment advisor.

VI. Termination of the Fund

Termination of the Fund shall require a three-quarters ($\frac{3}{4}$) majority vote of Council at two successive, regularly scheduled Council meetings affirming such action.

In the event of dissolution of PATC, any assets of the Fund remaining, after payment of expenses, liabilities, and other obligations associated with the dissolution, shall be distributed to the Appalachian Trail Conservancy (ATC) or, in the event that ATC is not in existence, to a similar organization in accordance with the Internal Revenue Service policy for non-profit organizations.