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Latvian Foundation Inc.

INVESTMENT PRINCIPLES, ORGANIZATION
POLICIES AND RESOLUTIONS-IN-FORCE

September 6, 1975

I. PRINCIPLES

1. The fundamental aim of the Latvian Foundation (LF) is to ensure financial support for the Latvian educational and cultural activities in the years to come.
2. Investment policies should, first, ensure preservation of the assets to be invested and, second, provide commensurate yield to make available adequate funds for the activities supported by the LF.

II. ORGANIZATION

1. The responsibility for prudent investment and safekeeping of the assets of the LF rests with the Board of Trustees (BoT), especially with its Chairman.
2. The BoT selects a Vice President-Investments from among its members.
3. The BoT appoints an Investment Committee (IC) to be chaired by the Chairman of the BoT. Ex-officio members of the IC are the Treasurer and the Vice President-Investments of the BoT. The latter serves as the Secretary General of the IC.
4. Other members of the IC are appointed by the BoT from among members of the LF. The duration of their service concurs with that of the BoT which appointed them.
5. For each type of investments (such as Securities, Real Estate, Term Deposits) as well as for a geographical area (such as Investments/Australia, Securities/USA), the BoT may, as needed, appoint Investment Consultants.
6. The BoT defines broad investment policies.

7. The IC:

- (a) proposes for the BoT's consideration and approval additions, deletions and changes to existing investment policies,
- (b) within the framework of these policies, establishes guidelines for Investment Consultants,
- (c) supervises--under specific personal responsibility of its Secretary General--the implementation of these guidelines,
- (d) if necessary, gives--through Committee action or through the action of either its Chairman or its Secretary General--specific investment/divestment orders to the Investment Consultants,
- (e) publishes Financial Reports at such intervals and in such format as laid down by the BoT,
- (f) reports its resolutions in writing to the members of the BoT and to the members of the Board of Audit (BoA),
- (g) meets, as convened by its Chairman, or on his/her behalf by its Secretary General, but, as a rule, not less frequently than once in a calendar quarter.

- 8. The Investment Consultant is empowered by the IC to carry out specific transactions in his/her specialty or geographic area within the guidelines laid down by the IC.
- 9. An Investment Consultant may or may not be a member of the LF, its BoT or IC. He/she may not be a member of the Board of Audit. The duration of an Investment Consultant's service concurs with that of the BoT which appointed him/her.
- 10. The Investment Consultant submits a monthly report of the transactions made in his/her specialty or geographic area to the BoT, BoA and IC in the format laid down by the BoT and approved by the BoA.
- 11. The Treasurer of the BoT is responsible for
 - (a) preparation, presentation for the approval of BoT and monitoring of the administrative budget of the LF,
 - (b) proposing the amount of funds to be set aside for grants or grant-loans to the BoT as well as for the administration of such funds after appropriate decisions have been passed by the BoT,

- (c) keeping records in a format that permits identification of funds available for various types of investment according to laid down investment policies,
- (d) releasing the maximum practical amount of available funds for investment to the appropriate Investment Consultant on advice of the Vice President-Investments,
- (e) safekeeping of all negotiable assets of the LF in a manner consistent with the standards set by the BoT and BoA.
- (f) collecting of grant-loans that have become due.

III. POLICIES

1. The following utilization of the various categories of funds is permissible:
 - (a) all funds may be invested,
 - (b) interest and dividend income, repayment of grant-loans and annual membership fess may be used for grants,
 - (c) initiation fees, donations other than those made towards attaining membership with voting rights, and miscellaneous income (such as sales of promotional items, revenues from special events, etc.) may be used for administrative expenses.
2. Bank accounts are established by resolution of the BoT. All cheques in excess of \$100. drawn upon any bank account of LF should bear two signatures, one or both of them being that of either the Chairman, Treasurer or the Vice President-Investments. Other signing parties have to be specifically authorized by the BoT.
3. The Treasurer will advise the Vice President-Investments once a month of all available funds in excess of short term operational needs.
4. The funds received as loans by members may be invested in bonds that meet the eligibility criteria for life insurance and trust company investments.
5. All funds received from sources other than loans by members may be applied to other forms of investment. and constitute the maximum amount of funds that may be applied towards growth investments. The principles of investment as laid down in Article I of this document and the standard of normal business prudence should be applied in all cases.

6. No new investment in either common or preferred shares of one company may exceed 25% of the total funds invested in that particular type of security.
7. The Investment Consultant will sell all holdings of any common or preferred shares
 - (a) if its value declines by 20% below purchase price, unless instructed to the contrary by the Vice President-Investment,
 - (b) if its value declines by 25% below purchase price, unless instructed to the contrary by the Chairman,
 - (c) if its value declines 30% below purchase price unless a decision to the contrary has been passed by the IC,
 - (d) if its value declines by 35% below purchase price unless a resolution to the contrary has been passed by the BoT.
8. Up to 15% of all LF assets may be invested in mortgages. Individual mortgages should not exceed \$15,000. However, the investment limitations of paragraph III/4 will take precedence.
9. It is permissible to invest in first and second mortgages, if the principal amount outstanding of both mortgages combined at the time of investment does not exceed 75% of the price of the property at the time of its latest sale.
10. The BoT may authorize borrowing of funds for investment purposes, using negotiable securities held by the LF as collateral, if:
 - (a) such funds can be obtained at no more than 1% over prime,
 - (b) the investment for which the funds would be borrowed would yield at least 3% more than the interest on the loan,
 - (c) the loans are repayable at any time.
11. All investments in securities will be recorded in the Balance Sheet "at cost". All other investments "at cost" or "at market value", whichever is lower.

IV. RESOLUTIONS-IN-FORCE

A. Appointments

1. Vice President-Investments is ~~B. Rubess~~ ^{V. Muiznieks}

2. Investment Committee is:

ex officio

V. Muiznieks, Chairman ^{Vice President - Investments}

G. Kaugars, Treasurer ^{Chairman}

~~B. Rubess, Vice President-Investments~~

~~J. Kukainis - Treasurer~~

other

E. Savics ^{B. Ruben}

I. Freibergs

G. Zeidenbergs

R. Grigors

E. Lejins

I. Dalbergs

3. Investment Consultants are:

Securities/Canada - E. Savics

Securities/USA - U. Klauss

Investments/Mortgages - J. Dirins

Investments/Australia - A. Prods

4. Authorized signatures:

(a) Industrial State Bank & Trust Co., Account No. 19-811-9,
Kalamazoo, Mich. - V. Muiznieks, G. Kaugars, V. Rutenbergs.

(b) First Federal Savings and Loan Association,
Savings Account No. 1-44-144-01, Kalamazoo, Mich. -
V. Muiznieks, G. Kaugars, V. Rutenbergs.

(c) Latvian (Toronto) Credit Union, Account No. 3858,
Toronto, Ontario - ~~V. Muiznieks~~, G. Kaugars, E. Apse.
^{J. Kukainis}

(d) Latvian Australien Credit Cooperative Society Ltd., No. 442,
Melbourne, Vic., Australia - V. Muiznieks, G. Kaugars.

(e) to obtain loans for investment in Ontario - E. Apse
and B. Rubess.

(f) to sign documents with regard to investments in mort-
gages - E. Apse and B. Rubess.

(g) access to Safety Deposit Box No. 769 at the Industrial
State Bank & Trust Co., Kalamazoo, Mich. - V. Muiznieks,
G. Kaugars.

B. Investment Guidelines

1. A higher proportion of investments should be made on the US market.
2. V. Muiznieks and G. Kaugars will instruct E. Savics to register specific bonds in the name of the Latvian Foundation Inc. and to transfer the securities for safekeeping at the offices of Pitfield, Mackay, Ross & Co. in Toronto, Ontario.
3. Investments in mortgages on behalf of the LF may be made by E. Apse and B. Rubess, acting together.

C. Financial Reports

1. The Financial Report will be published only once yearly for April 30.
2. The Investment Summary portion of the Financial Report will be provided by E. Savics.
3. The Balance Sheet Receipts and Disbursements portions will be provided by G. Kaugars.

J. Kucina;