



As approved by the Board of Trustees via email.

**Meeting Minutes
NRHS Fund, Inc. Board of Trustees
Meeting
Radisson Lackawanna Station Hotel, Scranton, PA
Friday, October 12, 2018**

Pursuant to notice, the Board of Trustees of the NRHS Fund, Inc. met on Friday, October 12, 2018.

Call to Order

The meeting was called to order at 8:00 p.m. EDT on Friday, October 12, 2018.

Roll Call

The Trustee attendance for this meeting was as follows:

Name	Office	Present	Absent
Wes Weis	President	A	
James Badgley	Trustee	P	
Bob Bitzer	Trustee	A	
Wes Ross	Trustee	A	
Jeff Smith	Trustee		U
Marlin Taylor	Trustee		
Vacant	Trustee		

A=Attended P=Attendance by Phone E=Excused Absence U=Unexcused Absence

There was a quorum present to conduct business. NRHS Fund, Inc., Vice President/Secretary Robert Ernst, NRHS Fund General Counsel John Fiorilla, NRHS Vice President Joe Maloney, NRHS Directors Roberta Ballard, Tony White, David Foster, Harold Shaak. NRHS members Ron Gawdzinski, Bob Heavenrich, Dawn Holmberg, Dan Meyer, Peter Senin, Victor Varney and Bob Kornreich were in attendance.

President Weis received a notification from Trustee Marlin Taylor that he is resigning from the NRHS Fund Board of Trustees due to personal reasons.

NRHS Fund Financial Report / Audit Report / Expense Report

NRHS Comptroller Bob Heavenrich reviewed the 2017 NRHS Fund Audit. The Audit is complete but needs some corrections. He expects this to happen shortly. The financial records, including the investments of the Fund, were reviewed. (Appendix A)

No 2019 NRHS Fund Budget was presented. This will be worked on for the next meeting.

NRHS Fund Policies**Money Transfer Procedure**

Trustee Bob Bitzer presented to the Board a procedure for cash transfers between the NRHS and the NRHS Fund, Inc. (Appendix B) The purpose is to provide a controlled documented procedure to make cash transfers between the two organizations. Bob explained the procedure and why it is necessary to have documentation for cash transfers.

Motion: Wes Ross motioned and Wes Weis seconded to approve the Cash Transfer Procedure as presented. Passed by voice vote.

Investment Policy

NRHS Fund President Wes Weis presented to the Board an Investment Policy to be used by the NRHS Fund. (Appendix C) It outlines the philosophy, investment strategies and risks the Fund will use when investing the money in the Fund's control.

There was a discussion on the policy and some modifications were made. (The modifications are highlighted on Appendix C.)

Motion: Wes Ross motioned and Wes Weis seconded to approve the NRHS Fund, Inc. Investment Policy with the modifications. Passed by voice vote.

Investment Committee

President Wes Weis is creating an Investment Committee to control the investments of the NRHS Fund. Wes is appointing Bob Bitzer, James Badgley, John Fiorilla, Peter Senin, Steven Siegerist, Victor Varney and Wes Weis to the committee.

Motion: Wes Ross motioned and Bob Bitzer seconded to approve the creation of the Investment Committee and the appointed members. Passed by voice vote.

General Policies

NRHS Fund Secretary Bob Ernst presented to the Board three policies; Policy on Conflicts of Interest (Appendix D), Policy on Confidentiality (Appendix E) and Volunteer Reporting Policy

(Appendix F). Each policy mirrors the policies used by the NRHS but are revised to reflect the NRHS Fund, Inc and its Board of Trustees.

Motion: Wes Ross motioned and Wes Weis seconded to approve the three policies as presented. Passed by voice vote.

Additional Business

The NRHS Fund is still looking for a new Treasurer. NRHS member Victor Varney asked about the duties of the Treasurer. Bob Bitzer and Bob Heavenrich gave a general description of the Treasurer's duties.

The NRHS Fund Board has two vacancies. The NRHS Fund Board will nominate Bob Kornreich to fill one of the vacancies at the NRHS Board meeting on Saturday, October 13, 2018. (The nomination was approved by the NRHS Board.)

The NRHS is showing on its books expenses of the NRHS Fund. The expenses were paid by the NRHS but are the responsibility of the NRHS Fund. The amount is \$89,563.00.

Motion: Wes Ross motioned and Wes Weis seconded to approve the payment of \$89,563.00 to cover the NRHS Fund expenses paid by the NRHS. Passed by voice vote.

Future expenses of the NRHS Fund will be paid directly by the NRHS Fund.

No NRHS funding requests were brought to the Board.

Fundraising for NRHS Programs

Wes Ross placed an article in the NRHS News to promote the Combined Federal Campaign (CFC). All donations received from the CFC go directly to the NRHS because the NRHS is the working entity. The NRHS Fund would not be eligible to participate in the CFC because it has no activities.

Sam Freeman Grant

The NRHS Fund received \$83,216 from the Sam Freeman Grant. The money is restricted to the NRHS Heritage Grants Program. The Board thanked Bob Kornreich who actively pursued and secured this grant. The grant is for three-years and the NRHS Fund would be eligible in 2021 to re-apply for the grant.

Motion: Wes Weis motioned and Bob Bitzer seconded to divide the grant into three equal portions to be used by the NRHS Heritage Grants Program in the next three years. Passed by voice vote.

Next Meeting

The next meeting of the NRHS Fund Board of Trustees is to be held at the NRHS Conference in Birmingham, AL. The meeting is scheduled for Friday, March 22, 2019 at 8:00PM CDT.

Adjourn

Wes Weis adjourned the Trustee meeting at 10:26PM EDT.

Respectfully Submitted:

Robert Ernst
NRHS Fund, Inc., Secretary

Preliminary Unaudited Report: NRHS Fund Income and Expense

	2014 Audited	2015 Audited	2016 Audited	2017 Unaudited	Jan - Aug 18 Unaudited	TOTAL Unaudited
Income						
4200 · Interest and Dividends	5	2	3	1,158	6,991	8,159
4530 · Unrealized Gains and Losses	0	0	0	2,523	0	2,523
4560 · Realized Capital Gains	0	0	0	0	-2,316	-2,316
4800 · Unrestricted Donations	7,620	9,869	2,887	67,102	13,860	101,338
4900 · Restricted Donations						
4910 · Library	0	55	125	50	0	230
4911 · Film and Video Library	20,000	0	5,000	9,110	2,145	36,255
4920 · Grants to by issued by NRHS	0	1,810	2,676	18,429	11,113	34,027
4940 · RailCamp	0	208	2,309	48,595	1,055	52,167
4950 · Educational Program	0	0	200	27,300	1,000	28,500
4990 · Other Restricted Donations	200	0	1,200	286,250	0	287,650
Total 4900 · Restricted Donations	20,200	2,073	11,510	389,734	15,313	438,829
Total Income	27,825	11,944	14,400	460,517	33,848	548,533
Expense						
5600 · Travel and Meetings	0	0	0	1,887	146	2,033
5700 · Office Expenses	0	73	0	348	219	639
5950 · Financial Fees	346	306	744	1,215	252	2,863
5990 · Interest Expense	6	0	0	0	0	6
6050 · Accounting Fees	0	7,570	9,825	9,933	4,298	31,625
6060 · Legal Fees	7,474	293	4,931	3,855	1,051	17,604
6300 · Fundraising Fees	31,846	0	1,295	0	0	33,140
6500 · Program Services	0	0	2,310	7,313	16,410	26,033
6800 · IT	0	0	0	0	330	330
8000 · Depreciation FFE	850	2,292	2,292	1,442	0	6,876
9311 · Film Preservation	8,056	0	0	2,426	0	10,482
Total Expense	48,577	10,534	21,396	28,419	22,706	131,633
Net Income	-20,752	1,410	-6,997	432,097	11,142	416,900

Notes:

Unrealized capital gains are only booked at the end of the fiscal year.

Donations received during 2017 include forgiveness of a \$50,000 loan to the Fund from NRHS and the transfer of \$360,000 from NRHS to the fund.

Preliminary Unaudited Report: NRHS Fund Balance Sheet

	08/31/18	12/31/17	\$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings	154,209	164,600	-10,391	-6%
1500 · Investment Securities	326,454	288,837	37,617	13%
TOTAL ASSETS	480,662	453,437	27,225	6%
LIABILITIES				
Loan From NRHS	40,289	40,093	196	1%
Accounts Payable	0	473	-473	-100%
Grants Payable to NRHS				
Grants Payable -- Library	330	280	50	18%
Grants Payable -- Film	1,387	1,387	0	0%
Grants Payable -- Grants	20,389	5,335	15,054	282%
Grants Payable - Railcamp	1,568	312	1,256	403%
Total Grants Payable to NRHS	23,673	7,313	16,360	224%
Total Liabilities	63,962	47,878	16,084	34%
Equity				
Unrestricted Net Assets	130,500	119,359	11,141	0%
Temp. Restricted Net Assets				
Film & Video Library	16,019	13,749	2,270	17%
Grants	7,853	11,794	-3,941	-33%
RailCamp	50,340	49,285	1,055	2%
Educational Program	27,244	27,500	-256	-1%
Temp. Restricted Net Assets	101,457	102,329	-872	-1%
Perm. Restricted Net Assets	286,200	286,200	0	0%

Preliminary Unaudited Report; NRHS Fund Investment Securities as of 8/31/18

	Quote	Shares	Market Value	Book Value	Gain/Loss	Gain/Loss Percent	Dividend Yield (%)	Amount Invested (%)
Mutual Funds								
DoubleLine Total Return Bond Fund Class N	10.4	1,437.879	14,954	15,265	-311	-2.0	3.4	4.6
Energy Select Sector SPDR Fund	74.44	150.000	11,166	11,498	-332	-2.9	3.1	3.5
Fidelity Select Retailing Portfolio	16.61	790.830	13,136	10,534	2,602	24.7	0.2	3.2
Fidelity [®] International Capital Appreciation Fund	21.16	502.874	10,641	10,591	50	0.5	0.3	3.3
Fidelity [®] Small Cap Growth Fund	30.82	424.071	13,070	10,487	2,583	24.6	0.0	3.2
Goldman Sachs High Yield Municipal Fund Class C	9.84	2,139.377	21,051	20,434	618	3.0	2.9	6.2
Ishares S&P PFD EFT	37.84	110.000	4,162	4,154	8	0.2	5.1	1.3
Templeton Global Bond Fund Class C	11.37	1,683.208	19,138	20,059	-921	-4.6	3.9	6.0
Vanguard Consumer Staples Index Fund ETF Shares	140.05	100.000	14,005	14,604	-599	-4.1	2.5	4.5
Vanguard Telecommunication Services Index Fund ETF Shares	86.81	110.000	9,549	10,027	-477	-4.8	4.1	3.1
Vanguard Value Index Fund Investor Shares	43.21	259.332	11,206	10,740	466	4.3	2.2	3.3
Total Mutual Funds			142,078	138,392	3,686	2.7		42.1
Stocks								
AT&T Inc	31.94	725	23,157	26,104	-2,947	-11.3	6.3	8.0
BP PLC	42.88	360	15,437	15,131	306	2.0	5.7	4.7
Ford Motor Co	9.48	1,325	12,561	16,549	-3,988	-24.1	6.3	5.1
Merck & Co Inc	68.59	190	13,032	10,691	2,341	21.9	2.8	3.3
PPL Corp	29.74	1,000	29,740	28,957	783	2.7	5.5	8.9
Regions Financial Corp	19.46	500	9,730	9,330	400	4.3	2.9	2.9
South Jersey Industries Inc	33.18	300	9,954	9,369	585	6.2	3.4	2.9
Southern Co	43.78	500	21,890	22,735	-845	-3.7	5.5	7.0
Union Pacific Corp	150.62	100	15,062	13,410	1,652	12.3	2.1	4.1
Ventas Inc	59.87	200	11,974	11,967	7	0.1	5.3	3.7
Verizon Communications Inc	54.37	450	24,467	23,819	648	2.7	4.3	7.3
Total Stocks			187,003	188,062	-1,059	-0.6		57.9
Totals:			329,081	326,454	2,627	0.8		100.0

NRHS Fund Investment Portfolio as of 9/30/18

Appendix A

Name	Quote/ Price	Shares	Market Value	Book Value	Gain/s Loss	Gain/ Lose (%)	Dividend	Dividend Yield (%)	Dividend Date	Percent of Investments
Market Index										
Dow Jones Industrials	26,458									
NASDAQ Composite	8,046									
Russell 2000	1,697									
S&P 500 Index	2,914									
Mutual Funds										
DoubleLine Total Return Bond Fund Class N	10.330	1,442.187	14,898	15,310	-412	-2.7		3.4		4.2
Energy Select Sector SPDR Fund	75.740	150.000	11,361	11,498	-137	-1.2	0.51	2.5	Sep 21	3.2
Fidelity Select Retailing Portfolio	16.780	790.830	13,270	10,534	2,736	26.0		0.2		2.9
FidelityÂ® International Capital Appreciation Fund	20.950	502.922	10,536	10,592	-55	-0.5		0.3		3.0
FidelityÂ® Small Cap Growth Fund	27.960	463.208	12,951	11,599	1,353	11.7		0.0		2.9
Goldman Sachs High Yield Municipal Fund Class C	9.750	2,144.850	20,912	20,488	425	2.1		2.9		5.6
Ishares S&P PFD EFT	37.130	110.000	4,084	4,154	-70	-1.7	0.16	6.2	Oct 1	1.2
Templeton Global Bond Fund Class C	11.510	1,689.211	19,443	20,127	-684	-3.4		3.9		5.5
Vanguard Consumer Staples Index Fund ETF Shares	140.120	100.000	14,012	14,604	-592	-4.1	0.82	2.6	Sep 24	4.1
Vanguard Telecommunication Services Index Fund ETF Shares	87.000	110.000	9,570	10,027	-457	-4.6	0.26	3.4	Sep 24	2.8
Vanguard Value Index Fund Investor Shares	43.180	260.961	11,268	10,811	458	4.2		2.2		3.0
Total Mutual Funds			142,306	139,741	2,565	1.8				38.3
Stock										
										61.7
AT&T Inc	33.580	725	24,346	26,104	-1,758	-6.7	0.50	5.9	Oct 9	7.3
BP PLC	46.100	360	16,596	15,131	1,465	9.7	0.62	5.3	Aug 9	4.2
Ford Motor Co	9.250	1,325	12,256	16,549	-4,293	-25.9	0.15	6.5	Jul 20	4.6
Merck & Co Inc	70.940	470	33,342	30,120	3,221	10.7	0.48	2.7	Sep 14	8.4
PPL Corp	29.260	1,000	29,260	28,957	303	1.1	0.41	5.5	Sep 7	8.1
Public Service Enterprise Group Inc	52.790	250	13,198	13,194	4	0.0	0.45	3.4	Sep 6	3.7
Regions Financial Corp	18.350	500	9,175	9,330	-155	-1.7	0.14	3.1	Sep 6	2.6
South Jersey Industries Inc	35.270	300	10,581	9,369	1,212	12.9	0.28	3.2	Sep 7	2.6
Southern Co	43.600	500	21,800	22,735	-935	-4.1	0.60	5.5	Aug 17	6.4
Union Pacific Corp	162.830	100	16,283	13,410	2,873	21.4	0.80	2.0	Aug 30	3.8
Ventas Inc	54.380	200	10,876	11,967	-1,091	-9.1	0.79	5.9	Sep 28	3.4
Verizon Communications Inc	53.390	450	24,026	23,819	207	0.9	0.60	4.4	Oct 9	6.7
Total Stocks			221,738	220,685	1,053	0.5				61.7
Totals:		A=avg cost	364,044	360,426	3,618	1.0				100.0

Procedure for Cash Transfers between Organizations Effective:

Purpose: To provide for a controlled documented procedure to make cash transfers between the two organizations.

Scope: Controlled cash transfers periodically will need to be made between the two organizations for purposes of satisfying donation requirements and distributions, bill payments for services rendered by contractors, investment purposes, etc.

General Instructions:

1. The Treasurer and Comptroller of the NRHS and/or the Fund will determine when monies should be transferred between the organizations.
2. Transfer of funds may also be requested by action of the NRHS BOD's, the NRHS Fund Trustees and their respective officers.
3. The Treasurer and/or the Comptroller shall provide documentation to support the financial transfer of funds. In cases of absences of the Treasurer or Comptroller of either the NRHS or the Fund, the designated Assistant Treasurer of the NRHS and designated approved personnel from the Fund may complete these functions.
4. Documentation to support the transfer can include spreadsheets (from QB), minutes from meetings authorizing transfer of funds, bills from contractors authorized to do work for the NRHS or the Fund, etc..
5. A Request for Funds Transfer form (exhibit) must be completed and supporting documentation attached.
6. Assign a control number in sequential order for each transfer request. Use separate control numbers for NRHS and the Fund. Examples: NRHS, 2018-01, 2018-02; FUND 2018-01, 2018-2 etc.
7. The Treasurer of the requesting organization must sign the form and forward it to the President for review and authorized signature. Electronic signatures are permitted.
8. The President of the requesting organization must review the form and documentation and authorize the form. Reject any which are incomplete or do not have supporting documentation. This officer will then forward the authorized completed form and documentation to the organization providing the requested funds.
9. The organization providing the funds will receive the request, ensure it is properly authorized and supporting documentation is attached. . Reject any which are incomplete or do not have supporting documentation.
10. Process the necessary transfer of requested funds either electronically or by written check within 7 working days of receipt.
11. If the transfer of funds requires a sale of investment stocks, the timing of the sale should allow for any dividends to be paid (monthly, quarterly). This will depend on the urgency for the transfer of the needed funds.
12. Documentation of all financial transfers must be retained by both organizations as required by our corporate record retention policies.

National Railway Historical Society, Inc.

National Railway Historical Society Fund, Inc.

Funds Transfer Request Form

Prepared by _____

Title _____

Date Prepared ____/____/____

Control number _____

Important: Check one

NRHS Fund to NRHS

NRHS to NRHS Fund

Amount of transfer: \$ _____

Reason for request:

Funds needed by: ____/____/____

Approved by:

NRHS / NRHS FUND President

NRHS / NRHS FUND Treasurer

IMPORTANT: Supporting documentation must be attached for all requests to transfer funds between the organizations.

NATIONAL RAILWAY HISTORICAL SOCIETY FUND, INC.
INVESTMENT AND FUNDS POLICY

Date: October 13, 2018

Adopted by the NRHS Board of Directors and the NRHS Fund Trustees

1) Executive Summary

a) Current Assets of the Fund are in dollars: is \$481,000 as of 9-18-18.

\$367,000+ - in the TD Ameritrade Account and \$92,000+ - in the TD Money Market Account and \$22,000+ - in the TD Checking Account.

b) How much do we plan to invest each month: 50% of the investment returns, plus contributed funds either restricted by the donor, or not needed for current anticipated operating expenses?

c) How many years will we be investing: 20 years?

d) What is the expected return over inflation over a 10 year period: 6% per annum?

e) How much of a loss can we accept over?

a three month period: 8%

a one year period: 5%

a five year period: 2%

f) What are the target asset allocations?

Cash: 5%

Bonds: 10%

Large company stocks: 45%

Small company stocks: 30%

Foreign stocks: 5%

The Bonds and Stocks are to be held by the NRHS Fund.

g) What are the benchmarks for the portfolio?

Long Term Growth and Income

2) Investment Objectives

a) What is my financial goal? Long Term Growth and Income

b) How long of a time frame for investing? 20 Years

c) How much will this goal cost every year? These costs are to be determined.

3) Investment Philosophy

a) What is important to the Fund?

Maintain Principal;
Long term growth of principal;
Returning funds to the Society for its programs and activities.

b) What is my philosophy about risk?

Medium to low risk.

c) What is the Fund's philosophy about core versus non-core investments?

None.

d) Philosophy about diversification?

The Fund's philosophy regarding diversification is to insure that different business types are represented in both stock and bond holdings as well as in mutual fund holdings. The percentages of what is held will vary depending upon what instruments are best to buy to meet the investment philosophy of long term growth, income and medium to low risk

Up to but not exceeding:

5% in any one blue chip company;
3% in any one non-blue chip company;

30% in transportation stocks and bonds, with a focus on Rail Transportation;
10% in finance, stocks and bonds; **Derivatives, and non- standard financial instruments will not be utilized;**
20% in utilities;
20% in the food or food service industry;
20% in real estate or real estate management firms;
5% in government securities;
20 % in healthcare industry equities;
20 % in consumer products equities;
20 % in Energy related equities.

These general fields are as generally defined in the financial world.

e) What's the philosophy about trading?

Review portfolio each week and at one year intervals conduct a major check that the investments are in the correct areas, and are performing within the stated measures for performance. Rebalancing will be done annually as needed, but must be done every three years to insure investment goals are met.

f) What's the philosophy about costs?

With the realization that management of a portfolio takes outside companies to buy and sell investments we want to strive for a minimal cost to the NRHS Fund. The committee will endeavor to limit all expenses. With that said, investments in mutual funds will be permitted, notwithstanding their inherent extra cost, due to the anticipated maximized return from such funds.

g) What's the philosophy about taxes?

As the NRHS Fund is exempt from Income Taxes as a 26 U.S.C. §501(c)(3) not for profit, we get no benefit from tax free investments, such as municipal obligations. The Fund needs to take that into account when making investments as no tax benefit will inure.

4) Investment Selection Criteria

a) What are the investment selection criteria for my debt investment vehicles?

Bonds should be from highly rated companies. They should be rated bonds, from firms that do not have a vested interest in the issuing organization or company.

b) What are the investment selection criteria for my common and preferred stocks?

We are looking for stable companies, those which have over history provided solid returns to investors. **Dividend paying stocks are to be an important part of the equities selected.**

5) Monitoring Procedures

a) How often will we monitor the portfolio?

Please refer to section 3(e).

b) How will we determine how well the individual investments are doing?

We will use a three year average of an investment to determine how an individual investment is performing up to our set standard of 6 % per annum.

c) How will we determine how well the overall portfolio is doing?

Use financial published indexes, such as the S&P 500, or NASDAQ.

d) How will determine if the portfolio is meeting the expected return?

Use financial published indexes, such as the S&P 500, or NASDAQ. Determine the return and compare it to the stated 6 % per annum.

e) How will we determine whether losses fall within my accepted range?

To be determined by the standing committee and reported to management, the Board of Directors, Trustees and the members.

6) Reports to NRHS Board of Directors and NRHS Trustees

It is anticipated that there will be an annual report of investment funds to the NRHS Board of Directors and the NRHS Fund Trustees at the Fall meeting of each year. This report will have sufficient detail so that the Directors and Trustees will have a clear picture of the nature and status of all funds entrusted to the NRHS Fund.

The net value of the funds on hand is to be reported to the NRHS BOD and the Fund Treasurers and Comptroller, once per quarter, or as requested by either of the Treasurers or the Comptroller for the organizations financial reports and audits.

NRHS Fund, Inc

Policy on Conflicts of Interest, October 12, 2018

This conflict of interest policy is designed for trustees, officers, employees, contractors and staff members of the NRHS Fund, INC. (Fund) to identify and deal with situations that present potential conflicts of interest, and to outline their responsibilities to the Fund and NRHS, and to provide the Fund with a procedure which, if observed, will allow a transaction to be treated as valid and binding even though a trustee, officer, employee, contractor or staff member has or may have a conflict of interest with respect to the transaction. The Fund's effectiveness is dependent on its credibility and reputation for objectivity and fairness. At the same time, individual Responsible Persons may be potential participants or provide professional business assistance, volunteer or contractor services to the Fund, its vendors and suppliers, or in a Fund transaction. Therefore, it is appropriate for the Fund to adopt specific policies that address real or apparent conflicts of interest. All capitalized terms are defined in Sections 1 and 2 of this policy.

1. Definitions.

- A. A "CONFLICT OF INTEREST" is any circumstance described in Part 2 of this Policy.
- B. A "RESPONSIBLE PERSON" is any person serving as an officer, employee, contractor, committee member, member of the Fund Board of Trustees, member of the NRHS Board of Directors, or member of the NRHS Advisory Council including Alternate Representatives, of NRHS.
- C. A "FAMILY MEMBER" is a spouse, domestic partner recognized by any state or local municipality, parent, child or spouse of a child, brother, sister, or spouse of a brother or sister, of a Responsible Person.
- D. A "MATERIAL FINANCIAL INTEREST" in an entity is a financial interest of any kind, which, in view of all the circumstances, is substantial enough that it would, or reasonably could, affect a Responsible Person's or Family Member's judgment with respect to transactions to which the entity is a party. This includes all forms of compensation. This includes ownership interests of greater than five percent in aggregate whether direct or indirect.
- E. A "CONTRACT or TRANSACTION" is any agreement or relationship involving the sale or purchase of goods, services, or rights of any kind, the providing or receipt of a loan or grant, the establishment of any other type of pecuniary relationship, or review of separate and distinct charitable organization by NRHS and those acting on its behalf. The making of a gift to the Fund is not a Contract or Transaction. This includes land-related transactions and business transactions.

2. Conflict of Interest Defined.

For purposes of this policy, the following circumstances shall be deemed to create Conflicts of Interest:

A. Outside Interest.

- (i) A Contract or Transaction between the Fund and a Responsible Person or Family Member.
- (ii) A Contract or Transaction between the Fund and an entity in which a Responsible Person or Family Member has a Material Financial Interest or of which such person is a director, officer, agent, partner, associate, trustee, personal representative, receiver, guardian, custodian, conservator or other legal representative.
- (iii) The relationship between the Chapters of the NRHS which are independent organizations, not under the control of the NRHS or the Fund, the members of the NRHS Board of Directors, and the members of the NRHS Advisory Council, notwithstanding the status of any National Representative or Alternate.
- (iv) Representative having been appointed or nominated by a particular constituency, including but not limited to voting, appointment of officers and staff, expenditures of funds, or allocation of budgeted funds.
- (v) Any relationship which must be reported to the outside auditors of the Fund, as defined by the auditors from time to time and potentially to any taxing authority having jurisdiction over either the Fund, NRHS or the members thereof.
- (vi) The refusal to sign the agreement attached to this policy, or the willful refusal to reveal relevant information as to any potential conflict of interest as defined herein.

B. Outside Activity.

- (i) A Responsible Person who is (a) competing with the Fund in the rendering of services or in any other Contract or Transaction with a third party or (b) seeking to do business with the Fund.
- (ii) A Responsible Person's having a Material Financial Interest in or serving as a director, officer, employee, agent, partner, associate, trustee, personal representative, receiver, guardian, custodian, conservator or other legal representative of, or consultant to an entity or individual that (a) competes with the Fund in the provision of services or in any other Contract or Transaction with a third party or (b) seeks to do business with the Fund.

C. Gifts, Gratuities and Entertainment.

A Responsible Person accepting gifts, entertainment or other favors from any individual or entity that:

- (i) does or is seeking to do business with, or is a competitor of the Fund, NRHS or any NRHS chapters; or
- (ii) has received, is receiving or is seeking to receive a loan or grant, or to secure other financial commitments from the Fund; or
- (iii) is a charitable organization under circumstances where it might be inferred that such action was intended to influence or possibly would influence the Responsible Person in the performance of his or her duties. This does not preclude the acceptance of items of nominal or insignificant value or entertainment of nominal or insignificant value that are not related to any particular transaction or activity of the Fund; or
- (iv) has received a sum of money, or a promise of reimbursement from any organization, including but not limited to the NRHS or a Chapter of NRHS.
- (v) Notwithstanding the above (i-iv), a Responsible Person in the normal course of business may accept the reasonable payment for meals, entertainment and travel expenses that do not exceed \$500 during any relevant 12-month period, which shall commence with the organizational meeting of the Fund Board of Trustees. This does not preclude the acceptance of gifts of nominal or insignificant value (\$100 or less per occurrence), even if these nominal gifts aggregate to the sum of \$500.00 or more per relevant 12-month period.

3. Procedures

- A. Prior to the Board of Trustees, or any Committee of the Fund taking action on any Contract or Transaction involving a Conflict of Interest, a Responsible Person, who has a Conflict of Interest and who is in attendance at the meeting, or is submitting an absentee ballot, shall disclose all facts material to the Conflict of Interest. Such disclosure shall be reflected in the minutes of the meeting and extend to instructions to voting members of the Board. Such requirements shall extend to meetings at which the Responsible person does not attend.
- B. A Responsible Person who has a Conflict of Interest may be present and participate in the Board's or committee's discussion of the Contract or Transaction but shall not vote on those matters and must leave the room when the vote is taken. Such Responsible Person's ineligibility to vote shall be reflected in the minutes of the meeting.
- C. Responsible Persons who are not members of the Board of Trustees of the Fund and who have a Conflict of Interest with respect to a Contract or Transaction that is not the subject of Board or committee action, shall disclose to the President or the President's designee any Conflict of Interest that such Responsible Person has with respect to a Contract or Transaction. Such disclosure shall be made as soon as the Responsible Person knows of the Conflict of Interest. The Responsible Person shall refrain from any action that may affect the Fund's participation in such Contract or Transaction.

- D. Where the Contract or Transaction constitutes a provision of services to the Fund, approval of such a transaction shall occur only if the Board makes specific findings that (A) the transaction or contract (i) is fair and benefits the Fund and its objectives and (ii) is approved with the full knowledge of the economic benefit to the Responsible Person involved in the conflict of interest and (iii) a good faith effort was made to review the range of options and costs for the provision of said services; and (B) that the affected Responsible Person did not participate in the vote approving the transaction or project and was in fact absent at the time of the Board vote on this issue.
- E. If requested by the Board, a Responsible Person shall take a temporary leave of absence from the Board of Trustees until completion of the Contract or Transaction in which the Responsible Person has a conflict of interest. Normal by-law provisions as to Alternate Directors shall be used to fill the temporary vacancy.
- F. In the event that it is not entirely clear that a Conflict of Interest exists, the Responsible Person with the potential conflict shall disclose the circumstances to the General Counsel or the General Counsel's designee, who shall determine whether there exists a Conflict of Interest that is subject to this policy.
- G. The minutes of formal meetings of the Fund Board of Trustees shall reflect all instances when a Responsible Person has stated a Conflict of Interest, refrained from participating in the discussion of an item of business and refrained from voting on an item of business.

4. Review of Policy.

- A. Each Responsible Person shall review a copy of this policy and abide by its terms. Each Responsible Person shall execute the letter attached hereto on a tri-annual basis. Each letter shall therefore be valid for three calendar years after its execution by a Responsible Person.
- B. The Board, each committee of the Board, any ad hoc committee shall at their first meeting of the calendar year review the confidentiality policy, for the benefit of new members of the Board.
- C. Each Responsible Person shall review this policy every three years, at or before the appropriate organizational meeting of the Board of Trustees, or upon their appointment. Any changes to the policy shall be communicated immediately to all Responsible Persons.

NRHS Fund, Inc.

Policy on Confidentiality, October 12, 2018

This confidentiality policy is designed to help Directors, Officers, employees, contractors and staff members of the NRHS Fund, Inc. (Fund) identify and deal with situations that present a need for confidentiality. All capitalized terms are defined in Sections 1 of this policy.

1. Definitions.

A. A "Responsible Person" is any person serving as an officer, employee, contractor, committee member, member of the Board of Trustees.

B. A "Family Member" is a spouse, domestic partner recognized by any state or local municipality, parent, child or spouse of a child, brother, sister, or spouse of a brother or sister, of a Responsible Person.

C. "Confidential NRHS Fund Information" includes all internal communications from Fund officers or Trustees, NRHS Board members or officers, Advisory Council members of NRHS, staff members, employees, and contractors, including but not limited to written information, electronic communication, and internal memoranda.

This information includes but is not limited to all distributed minutes prior to their approval by the Board of Trustees and includes other notes of the meetings of the Board of Trustees. It also includes written or electronic communications of any committee, either standing or ad hoc. Additionally, this information consists of commercial business agreements and proposals, applications for grants or scholarships, personal information contained in the Fund records and files except when used for a legitimate Fund business purpose, including drafts and internal memoranda.

This does not affect the statutory right of members of the Board of Trustees to inspect formalized and completed minutes of meetings of the Board of Trustees.

2. Confidentiality.

Each Responsible Person shall exercise care not to disclose confidential information including "Confidential NRHS Fund Information". Furthermore, a Responsible Person shall not disclose or use information relating to the business of the Fund for the personal profit or advantage of the Responsible Person or a Family Member. Each responsible person shall exercise all deliberate care not to knowingly misrepresent the Fund business information, including information disseminated at meetings of the Board of Trustees.

3. Review of Policy.

A. Each Responsible Person shall review a copy of this policy and abide by its terms. Each Responsible Person shall execute the letter attached hereto on a tri-annual basis. Each letter shall therefore be valid for three calendar years after its execution by a Responsible Person.

B. At its organizational meeting, the Fund shall review the confidentiality policy. In addition, the Board, each committee of the Board, any ad hoc committee shall at their first meeting of the calendar year review the confidentiality policy, for the benefit of new members of the Board or committee.

C. Each Responsible Person shall review this policy every three years, at or before the appropriate organizational meeting of the Board of Trustees. Any changes to the policy shall be communicated immediately to all Responsible Persons. Every third year, subsequent to the organizational meeting, the Fund shall present in-person, mail or email a copy of the confidentiality policy to each Responsible Person.

NRHS Fund, INC.

(A Maryland Not-for-Profit Corporation)

Volunteer Reporting Policy

It is the intent of NRHS Fund, Inc, (hereinafter "Fund") to adhere to all laws and regulations that apply to the organization, and to avoid conduct detrimental to its best interests. The underlying purpose of this policy is to support the organization's goal of legal compliance. This policy covers all Officers, current members of the Board of Trustees, current members of the Fund's Staff duly appointed by the NRHS Fund President, or current employees, should there be any such persons, of Fund, all collectively hereinafter referred to as "covered persons". The cooperation and understanding of all people who are in a position of governing the Fund, or having part in the direction of its activities, and decision making about those activities are important to the future of the Fund, and ensuring it is properly governed and directed.

Enabling those people to bring anonymous or other complaints to the attention of a person outside of the management structure for resolution, without the threat of retaliation is therefore needed to allow the Fund to ensure all needed compliance is taking place. The support of all covered persons is necessary to achieve compliance with various laws and regulations, and to avoid fraudulent or unlawful conduct.

Covered persons, as defined above, shall be mandatory reporters of activities of the Fund which they reasonably believe are violations of the criminal law of any State of the Union, or Federal Law. This mandatory reporting may be satisfied by a report to the Inspector General, as outlined below. Failure to comply with this duty to submit a mandatory report shall subject the covered person who so fails to do so to appropriate discipline pursuant to the NRHS Fund Bylaws. Such a report may be made anonymously.

Covered persons, as defined above, shall be non-mandatory reporters if they reasonably believe that some policy, practice, or activity of the Fund is in violation of applicable non-criminal laws, or that there has been dishonesty, or fraud in the implementation or conception of any policy, practice or activity, or a covered person has witnessed fraudulent or dishonest conduct by another person subject to this policy. A report should be forwarded by the covered person to the Inspector General. Such a report may be made anonymously.

The Inspector General of the NRHS shall be the Inspector General for the NRHS Fund, Inc. The Inspector General shall monitor all reports, and investigate such reports, pursuant to the Bylaws of the NRHS Fund, Inc and the NRHS. Reports may be submitted pursuant to procedures which shall be administered by, and distributed to all covered persons by the Inspector General.

The Fund and any of its officers and/or staff will not retaliate against any person, who in good faith, reports alleged unlawful, fraudulent, or dishonest activity, policy, or practices to the attention of the Fund that the covered person believes are within the scope of this policy. Such person shall provide the Inspector General with all information, and documentary evidence available to that person. The Inspector General shall be given a reasonable opportunity to investigate and correct the alleged unlawful, fraudulent, or dishonest activity. Should a

covered person possess information which would not make him a mandatory reporter, and who chooses not to make a report of this information, he forfeits the protections under this policy.

The Fund will not retaliate against a covered person who, in good faith, has made a protest or raised a complaint against some practice of the Fund or of another individual or entity with whom the Fund had a business relationship, on the basis of a reasonable belief that the practice is in violation of law or a clear mandate of public policy.

The Fund will not retaliate against a covered person who discloses or threatens to disclose to an officer of the Fund or a public body any activity, policy, or practice of the Fund that the employee reasonably believes is in violation of a law, or a rule, or regulation mandated pursuant to law or is in violation of a clear mandate or public policy concerning health, safety, welfare, or protection of the environment.

The Fund will hold confidential all information submitted to the inspector general, including the identity of any person who becomes a complaining witness. However, the identity of a complaining witness may need to be disclosed to conduct a thorough investigation, as mandated by the Fund's bylaws, or to comply with applicable law, or to afford persons accused of criminal activity of their legal right of confrontation in any proceedings which may result from their complaint.