

INDEX

Interstate Medical Licensure Compact
Policies

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1 INTERSTATE MEDICAL LICENSURE COMPACT

2
3 Policies

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5 **#1 – Policy on Policies**

6
7 ADOPTED: April 1, 2016

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9 EFFECTIVE: April 1, 2016

10
11 POLICY REVIEWED: February 16, 2021

12
13 AMENDMENT HISTORY (LIST WHEN AMENDED AND CITE SECTION NUMBER):

- 14 • Paragraph III was modified by adding a new definition called “Policy review” by the Executive
15 Committee on March 2, 2021

16
17 **I. Policy Statement**

18
19 The Interstate Medical Licensure Compact (IMLC) Commission is committed to
20 providing policies that clearly interpret and provide guidance on its actions in the
21 interpretation, application and administration of the IMLC. Policies are not legally
22 binding, but are intended to provide clarity, guide decisions, or implement a procedure
23 or protocol.

24
25 **II. PURPOSE**

26
27 The purpose of this policy is to establish:

- 28
29 1. A formal mechanism to create, approve, rescind and periodically review IMLC
30 policies.
31
32 2. A central policy archive that is accessible and easy to use.

33
34 **III. DEFINITIONS**

35
36 **Policy** – A policy is a governing set of principles that guide the IMLC Commission in
37 its actions in the application and administration of the IMLC. It helps to ensure
38 compliance with applicable laws and regulations, promotes operational efficiencies,
39 and provides a basis for consistent decision-making, resources allocations or a
40 method of action selected to guide and determine present and future decisions. It
41 mandates actions or constraints and contains specific procedures to follow.

42
43 **Policy action** – A policy may be created, amended or rescinded.

44
45 **Policy development** – Commissioners or IMLC Commission committees may
46 propose policy action. The IMLC Commission will determine the need for policy

47 action pertaining to the interpretation or application of the language and provisions of
48 the IMLC. The IMLC Commission may delegate authority to the executive director to
49 determine the need for policy action for the administration of the IMLC.

50
51 **Policy approval** – The authority to determine which policy action requires approval
52 of the IMLC Commission rests with the executive committee, which shall review
53 proposed policy action and decide to recommend it with or without amendments,
54 return it for further study and analysis, or reject it all together. The Commission may
55 review any approved or rejected policy and choose to vote to approve, rescind or
56 reject such action of the executive committee.

57
58 **Policy maintenance** – All policies will be maintained centrally and will be accessible
59 to all interested persons through the IMLC Commission website. Anyone
60 responsible for creating, distributing or revising IMLC policy shall follow the
61 procedures outlined in this policy.

62
63 **Policy review** – The Rules and Administrative Committee is charged with
64 conducting a regular review of the IMLCC policies. These reviews should occur at
65 least every five (5) years. Recommendations for change should be made to the
66 Executive Committee for action.

67 68 **IV. DEVELOPMENT**

69
70 Proposed policy actions shall be presented in a format that includes:

- 71 1. *Policy Statement* – This is a summary of the policy action.
- 72 2. *Purpose* – This section addresses what the policy action intends to accomplish.
- 73 3. *Definitions* – This section lists and defines specific terms in the policy action.
- 74 4. *Development* – This section lists the format of a policy action.
- 75 5. *Requirements* – This section delineates the requirements of a policy.

76 77 78 79 80 81 **V. REQUIREMENTS**

- 82 1. An IMLC policy shall be clearly written and understandable and be accessible to
83 the IMLC Commission, member states, and the public.
 - 84 2. An IMLC policy shall be consistent with applicable laws and regulations and
85 case law.
 - 86 3. An IMLC policy is effective upon adoption, or shall express an effective date,
87 and the policy shall remain in effect until amended or rescinded by the
88 authorized authority, or as expressed in the policy, such as a sunset clause.
- 89
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91
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93 The date of amendment(s) to an existing policy shall be expressed, but the
94 original policy adoption date shall be retained.

95
96 4. All IMLC policies shall be reviewed and updated every five fiscal years or earlier
97 as needed.

98
99 5. All IMLC policies shall be maintained on the IMLC Commission's website.
100 Policies that are rescinded shall be removed on the effective date of the policy
101 action.

102
103 6. An IMLC policy action shall be announced in a press release created and
104 distributed by the communications committee.

105 VI. RESPONSIBILITY

106
107 The executive committee shall be responsible for ensuring that all IMLC policies are
108 current, compliant with all statutory requirements and case law, and consistent with
109 other applicable standards. The executive committee may delegate this responsibility to
110 the executive director.
111

112 113 **#2 – Policy on Conflict of Interest**

114
115 ADOPTED: June 24, 2016

116
117 EFFECTIVE: June 24, 2016

118
119 POLICY REVIEWED: February 16, 2021

120
121 AMENDMENT HISTORY (LIST WHEN AMENDED AND CITE SECTION NUMBER):

- 122 • None

123 124 I. POLICY STATEMENT

125
126 Interstate Medical Licensure Compact (IMLC) commissioners and staff members occupy
127 positions of trust and good faith and are obligated to act in the best interest of the IMLC and its
128 member boards without regard to their personal benefit or the interests of other organizations
129 with which they are associated. IMLC commissioners and staff member shall disclose all actual
130 or perceived conflicts of interest and shall recuse themselves from all discussions and decisions
131 when a conflict of interest has been disclosed or identified, unless a majority of the quorum of the
132 IMLC Commission determines otherwise.
133

134 135 II. PURPOSE

136 The purpose of the conflict of interest policy is to foster public confidence and trust in
137 the IMLC Commission and to protect the interests of the IMLC Commission as it
138 conducts its business. This policy is intended to prevent actual or perceived conflicts of

139 from influencing IMLC commissioners or staff members in the performance of their
140 duties.

141

142 III. DEFINITIONS

143

144 **Conflict of Interest** – An actual or perceived conflict of interest exists when a
145 financial or other relationship might directly or indirectly benefit the private or
146 personal interests of an IMLC commissioner or staff member, or prejudice an IMLC
147 commissioner or staff member in business before the IMLC Commission. A majority
148 of the quorum of the IMLC Commission may determine if an actual or perceived
149 conflict of interest exists for an IMLC commissioner or staff member

150

151 **Financial Interest** – Is an interest, whether through commitment, investment,
152 relationship, obligation, involvement, loan, donation, exchange transaction, or
153 otherwise, direct or indirect, that may influence a person’s judgement.

154

155 **Gift** – Is any item or service with monetary value in excess of \$50.00 offered to the
156 IMLC Commission, an IMLC commissioner or an IMLC staff member without the
157 expectation of compensation to the contributor. The gift might be tangible or
158 intangible.

159

160 IV. REQUIREMENTS

161

162 1. **Duty to Disclose.** IMLC commissioners and staff members have a duty to
163 disclose all actual and perceived conflicts of interest for themselves or other
164 IMLC commissioners or staff members.

165

166 2. **Personal recusal.** IMLC commissioners and staff members who disclose a
167 personal conflict of interest shall recuse themselves from all discussions and
168 decisions, on the matter, unless otherwise determined by a majority of the
169 quorum of the IMLC Commission, or by a majority of a committee designated
170 by the IMLC Commission. The recusal shall be recorded in the IMLC
171 Commission minutes or in a disclosure form provided by the IMLC
172 Commission at the initiation of a meeting.

173

174 3. **Commission-directed recusal.** If an IMLC commissioner or staff member
175 becomes aware of the existence of an actual or perceived conflict of interest,
176 the IMLC commissioner or staff member shall provide this information to the
177 IMLC Commission or a committee designated by the IMLC Commission.
178 Upon the commissioner’s own motion, or motion of a party, a majority of the
179 quorum of the IMLC Commission may recuse a commission upon a
180 determination that the actual or perceived conflict of interest raises an
181 unacceptable risk of bias or prejudgment in matters before the IMLC
182 Commission. The recusal shall be recorded in the IMLC Commission minutes
183 or in a disclosure form provided by the IMLC Commission at the initiation of a
184 meeting.

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4. **Gifts.** The IMLC Commission shall maintain a public listing of all gifts.
5. **Annual review of this policy.** Each IMLC commissioner and staff member shall annually sign a statement which affirms such person:
 - a. Has received a copy of the conflict of interest policy,
 - b. Has read and understands the policy, and
 - c. Has agreed to comply with the policy.
6. **Administration of this policy.** The IMLC Commission executive committee shall be responsible for administering this policy and ensuring that this policy is current, compliant with all statutory requirements and case law, and consistent with other applicable standards. The executive committee may delegate administration and maintenance of this policy to the IMLC executive director.

#3 – Policy on Executive Committee Spending Authority

ADOPTED: February 22, 2017

EFFECTIVE: February 22, 2017

POLICY REVIEWED: February 16, 2021

AMENDMENT HISTORY (LIST WHEN AMENDED AND CITE SECTION NUMBER):

- The policy was rescinded by the Executive Committee on March 2, 2021.

~~I. POLICY STATEMENT~~

~~The Interstate Medical Licensure Compact (IMLC) commissioners and staff members are committed to efficiently and responsibly procuring goods and service necessary to carry out the operations of the IMLC; paying bills and expenses; and monitoring all expenditures for compliance with applicable laws, regulations and policies. In order to assure timely, effective business operations, it may be advantageous to delegate limited spending authority to certain groups or individuals.~~

~~II. PURPOSE~~

~~The purpose of this policy is to establish:~~

- ~~• A formal mechanism to empower the Executive Committee spending authority for goods and services up to \$5,000 without IMLC Commission approval.~~
- ~~• A formal process for the Executive Committee to delegate signature authority to appropriate parties for purchasing goods or services pursuant to this policy.~~

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- ~~• A definition of qualified expenditures under this policy.~~
- ~~• A process for reporting expenditures authorized by the Executive Committee or its designees(s) to the IMLC Commission.~~

~~III. DEFINITIONS~~

~~**Qualified expenditure**— Any type of goods or services totaling up to \$5,000 necessary to carry out the day-to-day operations of the IMLC.~~

~~**Signature authority**— Delegation to a designated individual or individuals to sign contracts or other documents authorizing expenditures made pursuant to this policy.~~

~~IV. REQUIREMENTS~~

- ~~**1. Documentation of expenditures.** All expenditures made in accordance with this policy shall be immediately documented in a format established and approved by the IMLC Commission and maintained by the Executive Committee.~~
- ~~**2. Report.** The Executive Committee shall prepare a report of all expenditures made under this policy to be presented to the IMLC Commission annually, or more frequently if requested by the IMLC Commission.~~
- ~~**3. Annual review of this policy.** The IMLC Commission Bylaws and Rules Committee shall review this policy each year and make recommendations to the IMLC Commission for continuation or modification of this policy.~~
- ~~**4. Administration of this policy.** The Executive Committee shall be responsible for administering this policy and ensuring that this policy is current, compliant with all statutory requirements and case law, and consistent with other applicable standards. The Executive Committee may delegate administration and maintenance of this policy to the IMLC executive director.~~

#4 – Policy on Annual Report

ADOPTED: March 20, 2018

EFFECTIVE: March 20, 2018

POLICY REVIEWED: February 16, 2021

AMENDMENT HISTORY (LIST WHEN AMENDED AND CITE SECTION NUMBER):

- None

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VII. Policy Statement

The Interstate Medical Licensure Compact (IMLC) Statute Section 12, paragraph “q” states that the Interstate Commission shall report annually to the legislatures and governors of the member states concerning the activities of the Interstate Commission during the preceding year.

VIII. PURPOSE

The purpose of this policy is to:

- A. Assign to the Communications Committee the responsibility for creation, production, and distribution of the annual report.
- B. Establish the date the annual report shall be released.
- C. Identify the mandatory content of the annual report.

IX. DEFINITIONS

Year – The annual report shall cover the activities of the Interstate Commission during the established fiscal year which is the period of time between July 1 of a given year to June 30 of the following year.

X. DEVELOPMENT

Proposed policy actions shall be presented in a format that includes:

- A. The Communications Committee shall be responsible for the creation, production and distribution of the annual report. The committee may delegate responsibilities to the executive director.
- B. The annual report shall be release not later than 120 days after the end of the fiscal year. The 2017 Annual Report will be considered a transition report as the reporting cycle moves from a calendar year reporting cycle to a fiscal year cycle. The result is that the 2017 Annual Report will reflect the activities of the Interstate Commission from January 1, 2017 to June 30, 2017.
- C. Content of the annual report shall be determined by the Communications Committee, which will include as a minimum:
 - 1. Reports of financial audits and any recommendations that may have been adopted by the Interstate Commission;

- 323 2. A report of the budget;
324
325 3. A summary of policies, amendments to the bylaws, amendments to the
326 rules, and advisory opinions that were issued or renewed by the Interstate
327 Commission;
328
329 4. Information on licenses issued, including renewals, through the Compact;
330
331 5. Information on compliance actions through the Compact;
332
333 6. A Roster of Compact member boards and their appointed commissioners;
334
335 7. A summary of committee activities; and
336
337 8. A report from the executive director.
338

339 **XI. RESPONSIBILITY**

340
341 The executive committee shall be responsible for administering this policy and
342 ensuring that this policy is current, compliant with all statutory requirements and
343 case law, and consistent with other applicable standards. The executive committee
344 may approve the publication of the annual report as presented by the
345 Communications Committee. The executive committee may delegate administration
346 and maintenance of this policy to the executive director.
347

348 **#5 – Policy on IMLCC Reserve Funds**

349
350 ADOPTED: May 18, 2018

351
352 EFFECTIVE: July 1, 2018

353
354 POLICY REVIEWED: February 16, 2021

355
356 AMENDMENT HISTORY (LIST WHEN AMENDED AND CITE SECTION NUMBER):

- 357 • None

358 359 **I. Policy Statement**

360
361 The Interstate Medical Licensure Compact (IMLC) Statute Section 13 establishes the
362 Interstate Commission with financial powers, including the establishment of an annual
363 budget. IMLC Bylaws, Article VIII, establishes the fiscal years and covers matters of
364 IMLCC finance. The IMLCC budget intends to establish reserve funds to provide for
365 contingency funding and large item purchase funding. These reserve funds are
366 necessary to ensure that financial resources are sufficient and available to prevent the
367 creation of debt obligations.
368

369 **II. PURPOSE**

370

371 The purpose of this policy is to:

372

373 A. Define the types of reserve funds to be developed and maintained.

374

375 B. Define how the reserve fund amount(s) are to be determined.

376

377 C. Define the authorization required to use the cash fund.

378

379 D. Define how unexpended reserve funds are to be handled.

380

381

382 **III. DEFINITIONS**

383

384 **Cash** – Money that is held in an account, including certificates of deposit and other
385 secured financial instruments, owned and controlled by the IMLCC at a Federal
386 Deposit Insurance Corporation (FDIC) member bank.

387

388 **Reserve Fund** – An amount of cash set aside to meet future liability.

389

390 **IV. DEVELOPMENT**

391

392 The IMLCC can create multiple reserve funds. The creation of a reserve fund is
393 initiated as a motion from the Budget Committee, reviewed by the Executive Committee,
394 and requires the approval of a majority of IMLC commissioners present during a
395 regularly scheduled IMLCC meeting. The reserve funds may be built during a single
396 fiscal year or may be built over multiple fiscal years. These funds include:

397

398 A. General Reserve Fund – A specific amount of cash held in anticipation to meet
399 unforeseen financial obligations or budget shortfalls. Expenditures from this
400 fund require a motion from an IMLCC committee and requires the approval of a
401 2/3rd majority of the IMLC commissioners present during a regularly scheduled
402 meeting.

403

404 B. IT Reserve Fund – An amount of cash to be established as part of the budget
405 development process of the Budget Committee. A specific IT project must be
406 identified, such as to reserve funds to pay for the replacement or upgrade the
407 current Data Management System, and the funds are only available to pay for
408 that identified project. There can be more than one IT Reserve Fund created
409 and maintained. Expenditures from this fund require the approval of the
410 Executive Committee. Funds that are not used shall revert to the IMLCC
411 General Reserve Fund.

412

413 C. Capital Project Reserve Fund – An amount of cash to be established as part of
414 the budget development process of the Budget Committee. A specific project

415 must be identified, and funds are only available to pay for that identified project.
416 There can be more than one Capital Project Reserve Fund created and
417 maintained. Expenditures from this fund require the approval of the Executive
418 Committee. Funds that are not used shall revert to the IMLCC General
419 Reserve Fund.

420
421 D. Special Project Reserve Fund – An amount of cash to be established as part of
422 the budget development process of the Budget Committee. A specific project
423 must be identified, and funds are only available to pay for that identified project.
424 There can be more than one Special Project Reserve Fund created and
425 maintained. Expenditures from this fund require the approval of the Executive
426 Committee. Funds that are not used shall revert to the IMLCC General
427 Reserve Fund.

428
429 **V. RESPONSIBILITY**

430
431 The executive committee shall be responsible for administering this policy and ensuring
432 that this policy is current, compliant with all statutory requirements and case law, and
433 consistent with other applicable standards. The executive committee may delegate
434 administration and maintenance of this policy to the executive director.

435
436 **#6 – Policy on Records and Information Requests**

437
438 ADOPTED: September 18, 2018

439
440 EFFECTIVE: September 18, 2018

441
442 POLICY REVIEWED: February 16, 2021

443
444 AMENDMENT HISTORY (LIST WHEN AMENDED AND CITE SECTION NUMBER):
445 • None

446
447 **I. POLICY STATEMENT**

448
449 The Interstate Medical Licensure Compact Commission is a public body made up of
450 representatives from the various states that have joined the IMLC.

451
452 Because the IMLCC is not a federal, state, municipal or other government agency, or an
453 incorporated private entity, it is not subject to the federal Freedom of Information Act or
454 to any public records law of a particular state. The IMLCC is subject only to the
455 language of the Compact and its own rules and policies.

456
457 **II. AUTHORITY**

458

459 Interstate Medical Licensure Compact Statute, Section 12 – Powers and Duties of the
460 Interstate Commission, includes the following provisions, specifically in subparagraphs:

461

462 (a) oversee and maintain the administration of the compact;

463

464 (k) establish personnel policies and programs relating to conflicts of interest,
465 rates of compensation, and qualifications of personnel;

466

467 (s) maintain records in accordance with the bylaws;

468

469 (u) perform such functions as may be necessary or appropriate to achieve the
470 purposes of the compact.

471

472 This policy also in compliance with Chapter 2 (Information Practices) of the IMLCC's
473 administrative rules and with IMLCC Policy #1 (Policy on Policies.)

474

475 Further Interstate Medical Licensure Compact Statute, Section 11 – Interstate Medical
476 Licensure Compact Commission, subparagraph (j) states that “The interstate
477 commission shall make its information and official records, to the extent not otherwise
478 designated in the compact or by its rules, available to the public for inspection.”

479

480 **III. PURPOSE**

481

482 The IMLCC recognizes that individuals or entities may make requests for information
483 from the IMLCC. This policy outlines what is considered IMLCC information and what is
484 information held by the member states and, therefore, subject to the individual laws of
485 those states. This policy also outlines the procedures that IMLCC personnel will follow
486 after receiving requests for information from the IMLCC.

487

488 **IV. DEFINITIONS**

489

490 “Board” means a state medical or osteopathic board from a state that is a
491 member of the Compact.

492

493 “IMLCC information” includes the following:

494

a) Lists of member states.

495

b) Lists of appointed commissioners to the IMLCC.

496

c) Lists of IMLCC employees and/or contractors.

497

d) Meeting agendas and minutes.

498

e) Meeting materials (excluding those considered confidential under terms
499 of the Compact, IMLCC rules, or IMLCC policies.)

499

500

f) Financial reports of IMLCC revenues and expenses.

- 501 g) Reports regarding grants, gifts, loans or non-monetary contributions to
502 the IMLCC.
503 h) Total numbers of physician applications to the IMLCC for Letters of
504 Qualification.
505 i) Total numbers of physicians granted a Letter of Qualification.
506 j) Total numbers of physicians denied a Letter of Qualification.
507 k) Total numbers of state licenses requested by physicians with Letters of
508 Qualification.
509 l) Total numbers of state physician licenses granted via the Compact.
510 m) Total numbers of state physician licenses renewed via the Compact.
511 n) Total numbers of revoked Letters of Qualification.

512
513 “Requestor” means any individual, organization or entity that contacts the IMLCC
514 with a request for information.

515
516 “State” means a state which has joined the Compact through legislation.

517
518 “State-held information” includes the following:

- 519 a) Total numbers of requests to a state for a Letter of Qualification.
520 b) Total numbers of physicians granted a Letter of Qualification by a state.
521 c) Total numbers of physicians denied a Letter of Qualification by a state.
522 d) Total numbers of physician licenses granted by a state to applicants
523 using the Compact.
524 e) Total numbers of state physician licenses renewed by a state to
525 physicians licensed via the Compact.
526 f) Total numbers of reported disciplinary actions by a state against
527 physicians licensed via the Compact.
528 g) Total numbers of Letters of Qualification revoked by a state.
529 h) Total numbers of licenses granted via the Compact that have been
530 revoked, suspended or otherwise sanctioned by a state as the result of a
531 disciplinary adjudication.
532 i) Individual information about a physician who has been approved,
533 denied, licensed or disciplined by a state under terms of the Compact
534 that is considered public record under the laws of an individual state.

535
536 “Working days” means Monday, Tuesday, Wednesday, Thursday and Friday,
537 excluding federal or state holidays.

538 539 **V. PROCEDURES**

- 540
541 A. All requestors of IMLCC information shall submit a request in writing to the
542 IMLCC executive director. The written request, which also includes via email,
543 shall include the name, address and other contact information of the

544 requestor, as well as a detailed description of the information sought. If the
545 IMLCC approves a form for this purpose, it shall be available on the IMLCC
546 website.

- 547
- 548 B. The IMLCC executive director shall make a record of each request as it is
549 received.
- 550
- 551 C. The IMLCC executive director shall determine whether the request is for
552 IMLCC information or state/board information.
- 553
- 554 D. When the requestor seeks state/board information, the IMLCC executive
555 director shall refer the requestor to the state(s)/board(s) where that
556 information is located.
- 557
- 558 E. When a requestor seeks IMLCC information and has submitted the request in
559 writing, the IMLCC executive director shall notify the requestor that the
560 request has been received. If the information is available on the IMLCC
561 website, the executive director shall refer the requestor to the website. If the
562 information is not available on the website, the executive director shall notify
563 the requestor that further communication will be forthcoming.
- 564
- 565 F. For those requests that involve information not on the IMLCC website, the
566 IMLCC executive director shall assess the nature of the request and the
567 resources required to fulfill it.
- 568
- 569 G. The IMLCC executive director shall fulfill a request for IMLCC information as
570 soon as possible after sending the notification of receipt.
- 571
- 572 H. The IMLCC executive director shall charge a fee of \$50.00/hour for
573 information searches, with the first hour free of charge.
- 574
- 575 I. For requests that the IMLCC executive director determines will require
576 extensive time, money or other resources to fulfill, the executive director may
577 bring the request to the IMLCC Executive Committee for consultation.
- 578
- 579 J. For requests that require extensive time, money or other resources to fulfill,
580 the IMLCC executive director shall work cooperatively with the requestor
581 regarding when the request shall be fulfilled.
- 582
- 583 K. The preferred method of providing information to requestors shall be e-mail,
584 including attachments if needed. The IMLCC executive director also may
585 provide information on a portable memory device supplied by the requestor or
586 via a file transfer service approved by the IMLCC Executive Committee.

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VI. RESPONSIBILITY

The executive committee shall be responsible for administering this policy and ensuring that this policy is current, compliant with all statutory requirements and case law, and consistent with other applicable standards. The executive committee may delegate administration and maintenance of this policy to the executive director.

#7 – Policy on Changes to the IMLCC webpage or public facing media

ADOPTED: November 5, 2020

EFFECTIVE: November 5, 2020

POLICY REVIEWED: March 16, 2021

AMENDMENT HISTORY (LIST WHEN AMENDED AND CITE SECTION NUMBER):

- None

I. Policy Statement

The Interstate Medical Licensure Compact Commission (IMLCC) Statute, Section 11, paragraph (c), creates the Interstate Commission as a body corporate and joint agency of the member states. The Interstate Commission is further charged in IMLCC Statute, Section 11, paragraph (j) to make its information and official records available to the public for inspection. Through this policy the Interstate Commission has determined that the process to provide information and make available the official records is an authority retained by the Interstate Commission not to be delegated to the IMLCC executive director or staff, unless outlined in this policy.

II. PURPOSE

The purpose of this policy is to:

- A. Establish the process and guidelines to be used to authorize changes to the IMLCC's webpage and other public facing media; and
- B. Delineate the delegated authorization to IMLCC staff.

III. DEFINITIONS

Communications Committee – A standing committee established by the Interstate Medical Licensure Compact Commission pursuant to IMLCC Bylaws, Article VII, Section 2.

633 **IMLCC Website** – The public website hosted and maintained by the Interstate
634 Medical Licensure Compact Commission to provide information to the public,
635 applicants, commissioners, and member board staff. The website is also used to
636 access the application process.

637
638 **Public facing media** – Any publication, print or electronic, where information is
639 distributed to the general public to provide information about the IMLC/IMLCC or its
640 activities.

641
642 **IV. PROCESS**

643
644 A. All substantive information provided on the IMLCC website or other public facing
645 media must be approved by the Communications Committee in advance.

646
647 B. The Communications Committee delegates to the executive director, or staff
648 authorized by the Executive Director, the authority to make non-substantive
649 updates or changes to the IMLCC website or other public facing media which are
650 administrative or technical in nature, as deemed necessary to conduct business.
651 Examples include, but are not limited to:

- 652
- 653 a. Posting minutes of Interstate Commission and its committees approved
654 during the normal course of business;
 - 655 b. Posting notices of meeting dates and times as approved by the Interstate
656 Commission and its committees during the normal course of business;
 - 657 c. Posting of public documents as approved by the Interstate Commission or
658 its committees;
 - 659 d. Posting of press and information releases approved by the Interstate
660 Commission and its committees during the normal course of business;
 - 661 e. Posting of reports and audit results approved by the Interstate
662 Commission and its committees during the normal course of business;
 - 663 f. Posting of updates to the information regarding the level of participation by
664 member board and legislation introduced by states or territories to join the
665 IMLCC;
 - 666 g. Posting of support contact and fee information provided by a member
667 boards;
 - 668 h. Posting of contact information about the IMLCC;
 - 669 i. Posting of rulemaking information as approved by the IMLCC Rules and
670 Administrative Procedures Committee;
 - 671 j. Technical updates as they relate specifically to the IMLCC application
672 processes; and
 - 673 k. Specific actions authorized by the Communications Committee as it
674 deems necessary.

675
676
677 **V. RESPONSIBILITY**

678

679 The executive committee shall be responsible for administering this policy and
680 ensuring that this policy is current, compliant with all statutory requirements and
681 case law, and consistent with other applicable standards. The executive committee
682 may delegate administration and maintenance of this policy to the executive director.
683

684 **#8 – Policy on Capital Assets**

685
686 ADOPTED: November 17, 2020

687
688 EFFECTIVE: November 17, 2020

689
690 POLICY REVIEWED: March 16, 2021

691
692 AMENDMENT HISTORY (LIST WHEN AMENDED AND CITE SECTION NUMBER):

- 693 • None

694

695 **I. Policy Statement**

696

697 The Interstate Medical Licensure Compact (IMLC) Statute Section 12, paragraph (m),
698 states that the Interstate Commission may purchase property and other fixed assets.
699 This policy established how the IMLCC will account for the costs related to obtaining
700 and maintaining the fixed assets, including the process to dispose of the fixed assets.

701

702 **II. PURPOSE**

703

704 The purpose of this policy is to:

- 705 • Ensure a uniform understanding of the IMLCC's capitalization of fixed assets.
- 706 • Establish a methodology of depreciation for fixed assets.

707

708 **III. DEFINITIONS**

709

710 ***Building*** -- Purchase or construction – 50-year life. All direct costs of construction
711 should be included in calculating the capitalized cost of the asset. Direct costs
712 include architect/engineering/legal fees, permits, interest incurred as a result of the
713 building project, as well as actual construction costs. Included with this category
714 are all permanently attached fixtures, machinery, and other components that
715 cannot be removed without damage resulting to the building. If a component can
716 be removed without damage, then it should be considered equipment and not
717 included in the cost of the building. The cost of a building should not be adjusted
718 for repairs, maintenance, or replacement of component parts that do not extend
719 the building's original useful life or significantly enhance its net value. For example,
720 work to maintain buildings in their existing condition, such as painting, repairs, or
721 roof repairs should be expensed in the period in which the work is completed.

722 **Building Improvements** -- Capitalized if \$15,000 or more – 20-year life. Building
723 improvements are significant alterations, renovations, or structural changes that
724 meets or exceeds \$15,000 and that increase the usefulness of the asset, enhance
725 its efficiency, or prolong its useful life. For example, the complete replacement of a
726 roof would be capitalized if the cost exceeds the capitalization threshold
727 (\$15,000). Building improvements may include interior or exterior construction of a
728 building or building systems, such as communication wiring, electrical or plumbing
729 systems. They may also include the completion of interior or exterior appointments
730 or finishes, so long as they are done as part of a significant alteration or
731 renovation. Material remodeling or renovation that exceeds \$15,000 in cost should
732 be capitalized as a building improvement. Maintenance, renovations and costs
733 below the threshold should be expensed. It is important to distinguish between an
734 expenditure that is a repair versus an expenditure that is an improvement to extend
735 the useful life of the asset.

736 **Capital Leasehold Improvements - \$5,000 or greater** – Depreciate for the
737 remaining life of the lease. Construction of new buildings or improvements made
738 to the existing structure by the lessee, who has the right to use these leasehold
739 improvements over the term of the lease. These improvements will revert to the
740 lessor at the expiration of the lease. Moveable equipment or office furniture that is
741 not attached to the leased property is not considered a leasehold improvement.

742 **Computer Equipment - \$5,000 or greater per unit** – IT equipment that is
743 purchased with a unit price greater than \$5,000 including but not limited to servers,
744 telecommunications equipment, copiers, printers and multi-functional machines are
745 capitalized.

746 A group of assets that in total cost \$5,000 or more (e.g., 10 computer \$800 each)
747 is not capitalized unless the criteria in the “Exceptions to Per Item Thresholds” are
748 met.

749 **Equipment & Furnishings - \$5,000 or greater** – 8-year life. Capital
750 equipment/furnishings are a movable or fixed unit of furniture or furnishings,
751 instrument, machine, apparatus or set of articles which generally meets all of the
752 following conditions:

- 753 • It retains its original shape and appearance with use.
- 754 • It is nonexpendable; that is if the article is damaged or some of its parts
755 are lost or worn out, it is usually more feasible to repair it than to replace it
756 within an entirely new unit.
- 757 • It represents a substantial investment of money.
- 758 • It does not lose its identity through incorporation into a different or more
759 complex unit or substance.
- 760 • It must be non-expendable, tangible personal property having an
761 economic useful life of more than one year.

762 **Exceptions to Per Item Thresholds** – For new construction, renovations or
763 remodeling projects where the total cost of the furnishing and/or equipment
764 exceeds \$25,000, the \$5,000 threshold is waived for the purchase of moveable
765 equipment and furnishings provided they meet the following requirements:

- 766 • During the normal course of business, these items would be expensed
767 solely because they did not meet the IMLCC's \$5,000 capitalization
768 threshold. This exception allows for the capitalization of an original
769 complement of low-cost equipment, furnishings, computer and IT
770 equipment, media and network equipment as part of the outfitting of a
771 tangible capital asset or operational unit, or an expansion, renovation, or
772 remodeling.
- 773 • Acquisitions eligible for this exception should be budgeted and expensed
774 using the appropriate accounting code (ACCT) for the capitalization
775 category (i.e. equipment, furnishing, computers, etc.) greater than \$5,000.
776 Expenditures for items that do not meet these requirements should be
777 expensed using the account code for non-capital (less than \$5k).

778 A record of the individual items must be compiled and submitted for tracking.

779 If any of the furniture or equipment being replaced is not fully depreciated, the net
780 value would be written off.

781 **Fixed assets** – Any item purchased, rented, leased by the IMLCC intended for use
782 by the IMLCC staff, contractors, or commissioners to be used for the benefit of the
783 IMLCC.

784
785 **Fixed Asset Disposal** – IMLCC equipment cannot be thrown away or discarded.
786 To dispose of an asset, the Executive Director must complete the appropriate
787 forms to record this action. This form must be completed whenever the custody of
788 the fixed asset changes due to the item returned to vendor, traded, junked,
789 missing, stolen or determined to be surplus.

790 **Internal Use Software** -- Software having the following characteristics:

- 791 • The software is acquired, internally developed, or modified solely to meet
792 the entity's internal needs.
- 793 • During the software's development or modification, no substantive plan
794 exists or is being developed to market the software externally. A
795 substantive plan to market software externally could include the selection of
796 a marketing channel with identified promotional, delivery, billing and support
797 activities.

798 **Land improvements** – Capitalized if cost is \$20,000 or more– 15-year life. Land
799 improvements and infrastructure includes assets such as parking lots, fencing,
800 gates, utility distribution systems, cabling and networking between buildings,

801 sidewalks, roads, drainage and sewer systems. All direct costs of construction or
802 alteration should be included in calculating the cost of the land improvement.

803 Work to maintain land improvements in their existing condition, for example,
804 resurfacing a parking lot or repairing a fence should be expensed.

805 **Leases** – Accounting standards classify leases as either an operating or capital
806 lease. Capital leases are treated as the acquisition of assets and the incurrence of
807 obligations by the lessee. Operating leases are treated as current operating
808 expenses. All lease agreements must be reviewed and approved by the Executive
809 Director - IMLCC who will determine the classification of the arrangement.

810 **Media - \$5,000 or greater per unit and/or system** – This includes stand-alone
811 units or a combination of equipment for a system. This includes
812 conference/meeting room media installations where the total cost of the
813 components that make up the media “system” are \$5000 or greater.

814 **Missing or Stolen Assets** – If an item is identified as stolen or missing the
815 Executive Director must submit a completed Equipment Disposal Form. If the item
816 has been stolen the IMLCC should notify law enforcement and a copy of their
817 report pertaining to a theft should be attached to the form.

818 Complete the appropriate forms to note this action if IMLCC-owned capital assets
819 are sold, transferred or disposed of. This form does not grant approval to dispose
820 of equipment it only serves to update the capital asset inventory. Upon completion
821 of this form, please forward to the Executive Director.

822 **Pooled Assets** – A pooled asset is defined as a group of assets (furniture,
823 furnishings, equipment, and fixtures) that individually do not meet the capitalization
824 threshold but are purchased in a large quantity for a specific space that will
825 transform or upgrade the space. The pooled asset method provides for small
826 dollar/large quantity assets to be appropriately reflected on the financial statements
827 without imposing the unnecessary tracking of each asset individually as a practical
828 expedient. All purchases handled under the pooled asset method are to be
829 capitalized into a pool that is given a unique name for tracking purposes. The cost
830 should include full acquisition cost, including, where applicable, such items as
831 design costs, outside installation costs, furniture assembly, freight charges,
832 warehousing, and insurance. The total cost of the pooled assets must be greater
833 than \$25,000.

834 **Remodeling** - Changing of existing facilities by rearrangement of spaces and their
835 use.

836 **Renovation** - Rejuvenating or upgrading existing facilities by installation or
837 replacement of materials and equipment and includes, but is not limited to, interior
838 or exterior reconditioning of facilities and spaces, air conditioning, heating, or
839 ventilating equipment.

840 **Returned/Exchanged Assets** – If the IMLCC returns to a vendor an asset which
841 has been capitalized for either credit or a replacement asset, the IMLCC staff
842 should complete an Equipment Disposal Form and attach a copy of the credit
843 memo, check received from the vendor, or a copy of the documentation and submit
844 to the Executive Director.

845 **Software Capitalization** – Capitalization of costs should begin when both of the
846 following occur:

- 847 • Preliminary project stage is completed.
- 848 • Management, with the relevant authority, implicitly or explicitly authorizes
849 and commits to funding a computer software project and it is probable that
850 the project will be completed and the software will be used to perform the
851 function intended.

852 Capitalizable Software costs include:

- 853 • External direct costs of materials and services consumed in developing or
854 obtaining internal-use computer software.
- 855 • Payroll and payroll-related costs for employees who are directly associated
856 with and who devote time to the internal-use computer software project, to
857 the extent of the time spent directly on the project.
- 858 • Interest costs incurred while developing internal-use software. (Interest
859 should be capitalized in accordance with the provision of FASB Statement
860 No. 34, Capitalization of Interest Cost.)
- 861 • Upgrades and Enhancements: In order for upgrades and enhancements to
862 be capitalized it must be probable that those expenditures will result in
863 additional functionality.
- 864 • General and administrative costs and overhead costs should not be
865 capitalized as costs of internal-use software. These costs include data
866 conversion and migration, as well as training.
- 867 • Capitalization should cease no later than the point at which a computer
868 software project is substantially complete and ready for its intended
869 use. Computer software is ready for its intended use after all substantial
870 testing is completed.

871 **Surplus and Junked Assets** – When the IMLCC determines that an asset is
872 considered to have no remaining useful value, the Executive Director - IMLCC
873 should determine if the asset can be repurposed or disposed of. If the decision is
874 made that there is no repurpose value, the asset can be disposed of in accordance
875 with IMLCC policy. However, the Executive Director must submit a completed
876 Equipment Disposal Form.

877
878 **IV. Stages of Computer Software Development**

879

880 There are three stages of computer software development:

- 881 • Preliminary Project Stage,
- 882 • Application Development Stage, and
- 883 • Post-Implementation/Operation Stage.

884 **Preliminary Project Stage**

885 During this stage, strategic decisions are made to allocate resources to a new
886 project, performance requirements and system requirements are proposed,
887 vendors are explored and selected. Internal and external costs incurred during this
888 stage are expensed. Examples of costs related to this stage are:

- 889 • Conceptual formulation of alternatives
- 890 • Evaluation of alternatives
- 891 • Determination of existence of needed technology
- 892 • Final selection of alternatives

893 **Application Development Stage**

894 Internal and external costs incurred to develop internal-use computer software
895 during this stage should be capitalized. Costs to develop or obtain software for
896 data conversion should also be capitalized. The process of data conversion from
897 old to new systems may include purging or cleansing of existing data,
898 reconciliation or balancing of the old data and the data in the new system, creation
899 of new/additional data, and conversion of old data to the new system should be
900 expensed as incurred. Examples of costs related to this stage are:

- 901 • Design of chosen path, including software configuration and software
902 interfaces
- 903 • Coding
- 904 • Installation to hardware
- 905 • Testing, including parallel processing phases

906 **Post-Implementation/Operation Stage**

907 Internal and external training costs and maintenance costs should be expensed as
908 incurred. Examples of costs related to this stage are:

- 909 • Training
- 910 • Data Conversion
- 911 • Application maintenance

912

913 **V. Capitalization Thresholds and Useful Life**

914

ASSET CATEGORY	THRESHOLD	USEFUL LIFE
Building Improvements	\$15,000	20 yrs.
Land Improvements & Infrastructure	\$20,000	15 yrs.
Building Purchase or Construction	\$25,000	50 yrs.
Construction in Progress		Once completed
Capital Leasehold Improvements	\$5,000	Life of Lease
Equipment/Furnishing	\$5,000	8 yrs.
Pooled Asset - Equipment/Furnishing	\$25,000	8 yrs.
Computers & IT	\$5,000	4 yrs.
Media & Network Equipment	\$5,000	5 yrs.
Internal Use Software		
Minor	\$5,000 – \$50,000	5 yrs.
Major	Over \$50,000	10 yrs.

916 **VI. RESPONSIBILITY**

917

918 The Treasurer shall be responsible for administering this policy and ensuring that this
919 policy is current, compliant with all statutory requirements and case law, and consistent
920 with other applicable standards. The Treasurer may delegate administration and
921 maintenance of this policy to the Executive Director.

922

923 **#9 – Policy on Investment Strategies**

924

925 ADOPTED: June 8, 2021

926

927 EFFECTIVE: June 8, 2021

928

929 REVIEWED: N/A

930

931 AMENDMENT HISTORY (LIST WHEN AMENDED AND CITE SECTION NUMBER):

- 932 • None

933

934 **I. Policy Statement**

935

936 The Interstate Medical Licensure Compact (IMLC) Statute Section 12, paragraph (u),
937 states that the Interstate Medical Licensure Compact Commission (IMLCC) may
938 perform such functions as may be necessary or appropriate to achieve the purpose of
939 the Compact.

940

941 This policy establishes the fiduciary process for investing its cash assets in order to
942 maximize the return on investment while minimizing risk and expense. All transactions
943 will be for the sole benefit of the IMLCC.

944

945 **II. PURPOSE**

946

947 The purpose of this policy is to promote the stability of the IMLCC as it moves forward
948 toward the goal of self-sustainment through the moderation of its revenue and efficiency
949 of its financial management. Pursuant to that purpose is the development and growth of
950 five key reserve funds to be managed collectively and set aside for the support and
951 unfettered use by the IMLCC for its growth and sustainability, namely the Restricted
952 Capital Reserve Fund, the Restricted Special Project Reserve Fund, the Restricted IT
953 Reserve Fund, the Restricted Reserve Fund and the Unrestricted General Fund.

954 Paramount to this purpose are these overriding objectives:

- 955 • Ensure a uniform understanding of the IMLCC's cash assets.
956 • Establish a methodology for investing the cash assets.
957 • Define responsibilities.
958 • Authorize the IMLCC Treasurer and Executive Director to take the actions
959 necessary to implement this policy and manage the investment portfolio.

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- 964
- Create a process to identify target asset allocations, permissible investments and diversification requirements.
 - Facilitate the Professional Fund Manager’s understanding of liquidity needs related to the IMLCC’s growth assumptions for the next ten years, namely consistent growth leading to full state acceptance and ultimate sustainability.

965

966 **III. DEFINITIONS**

967

968 **Cash Assets** – Assets consisting of cash and items readily convertible to cash,
969 such as funds held in saving and checking accounts.

970 **Investment Strategy** – A prudent methodology for investing cash in investment
971 vehicles, such as stocks and bonds, and other financial investments.

972 **Investment Risk Factor** – The risk of investments declining in value because of
973 economic developments or other events that affect the entire market. The
974 applicable types of market risk are equity risk, sector risk, liquidity risk, interest rate
975 risk, and currency risk.

976 **Professional Fund Manager** – An organization or individual responsible for the
977 day-to-day management of an investment portfolio.

978 **Expense Ratio** – The yearly cost of a fund investment, whether it makes or loses
979 money. It covers investment management, marketing and administrative costs.

980 **Fund Return** – The amount a fund earned during a specified time period (1, 3, 5,
981 10 years), minus the management fees and other costs. Often stated as a
982 percentage of the money invested. For future return estimate purposes, investors
983 may consider how the fund has done over various time periods in the past.

984 **Asset mix** – The percentage distribution of assets in a portfolio among the three
985 major asset classes: cash and cash equivalents, fixed income (bonds) and equities
986 (shares)

987

988 **IV. General Provisions**

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1. All transactions shall be for the sole benefit of the IMLCC.
 2. The Budget Committee will conduct an annual review of the IMLCC’s investment assets to verify the existence and marketability of the underlying assets or satisfy themselves that such a review has been conducted in connection with an independent audit (if one should exist) of the IMLCC’s financial statements.

998 3. Any investment that is not expressly permitted under this Policy must be
999 placed on the agenda and approved by the full commission at a regularly
1000 scheduled meeting.
1001

1002 4. The Treasurer and Executive Director will endeavor to operate the IMLCC's
1003 investment program in compliance with all applicable state, federal and local
1004 laws and regulations concerning management of investment assets
1005 [including IRC §4944 if the IMLCC is classified as a private foundation for
1006 federal tax purposes.]

1007 5. Investments will be diversified with a view to minimize risk.

1008

1009 **V. AUTHORITY TO ACT AND DELEGATION OF RESPONSIBILITY**

1010

1011 1. The Commissioners of the Interstate Medical Licensure Compact
1012 Commission have the ultimate responsibility for the investment and
1013 management of the IMLCC's investment assets.
1014

1015 2. This responsibility is exercised by the Commissioners through the IMLCC
1016 Budget Committee.
1017

1018 3. The Budget Committee may authorize the Treasurer and the Executive
1019 Director to act on its behalf in the execution of this policy and the Budget
1020 Committee's directives; including but not limited to retaining a Professional
1021 Fund Manager and implementing the investment of cash assets.
1022

1023 4. The Budget Committee shall establish a regular reporting process for:
1024

1025 a. Monitoring compliance with this policy;
1026

1027 b. Reviewing the performance of the investment strategy; and
1028

1029 c. Considering changes to the policy or investment strategy.
1030

1031 5. The Budget Committee may authorize the Treasurer and the Executive
1032 Director to hire or retain the services of outside experts such as investment
1033 consultants or investment managers.
1034

1035 **VI. RESPONSIBILITIES OF THE TREASURER AND EXECUTIVE DIRECTOR**

1036

1037 The Treasurer and Executive Director are charged with the responsibility of managing
1038 the investment assets of the IMLCC. The specific responsibilities, as applicable,
1039 include:
1040

- 1041 1. Communicating the IMLCC's financial and liquidity needs to the Professional
1042 Fund Manager on a timely basis;
1043
1044 2. Determining the IMLCC's risk tolerance and investment horizon;
1045
1046 3. Establishing reasonable and consistent investment objectives, policy guidelines
1047 and allocations which will direct the investment of the assets, to be reviewed by
1048 the Commissioners on an annual basis and communicated to the Professional
1049 Fund Manager;
1050
1051 4. Prudently and diligently selecting one or more qualified investment
1052 professionals, including investment managers(s), investment advisor(s), and
1053 custodian(s), collectively referred to as "Professional Fund Manager";
1054
1055 5. Routinely evaluating the performance of the Professional Fund Manager to
1056 assure adherence to policy guidelines and to monitor investment objective
1057 progress; and
1058
1059 6. Developing and enacting proper control procedures; e.g., replacing investment
1060 manager(s) due to a fundamental change in the investment management
1061 process, or for failure to comply with established guidelines.
1062
1063

1064 **VII. RESPONSIBILITY OF PROFESSIONAL FUND MANAGER**
1065

- 1066 1. The Professional Fund Manager will invest assets placed in their care in
1067 accordance with this policy;
1068
1069 2. The Professional Fund Manager must acknowledge in writing, acceptance of
1070 responsibility as a fiduciary;
1071
1072 3. The Professional Fund Manager will have full discretion in making all investment
1073 decisions for the assets placed, while operating within all policies, guidelines,
1074 constraints, and philosophies outlined in this Investment Policy.
1075
1076 4. The specific responsibilities include:
1077
1078 i. Discretionary investment management, including decisions to buy, sell, or
1079 hold individual securities, and to alter allocation within the guidelines
1080 established in this statement;
1081
1082 ii. Reporting, on a timely basis, monthly investment performance results;
1083

- 1084 iii. Communicating any major changes in the economic outlook, investment
1085 strategy, or any other factors that may affect implementation of
1086 investment process or performance of invested assets;
1087
1088 iv. Informing the Commissioners, or if authority is delegated, the Treasurer
1089 and Executive Director, regarding any changes in portfolio management
1090 personnel, ownership structure, investment philosophy, etc.;;
1091
1092 v. Voting proxies, if requested by the Commissioners, or if authority is
1093 delegated, the Treasurer and Executive Director, on behalf of the IMLCC;
1094
1095 vi. Administering the IMLCC's investments at reasonable cost, balanced with
1096 avoiding a compromise of quality. These costs include, but are not limited
1097 to, management and custodial fees, consulting fees, transaction costs
1098 and other administrative costs chargeable to the IMLCC;
1099
1100 vii. Providing contact information (name, address, email, and phone number)
1101 and availability to the Treasurer and Executive Director that allows for
1102 ease of administration and service; and
1103
1104 viii. Annually reviewing this Policy and any modifications, and implementing
1105 such changes into investment management decisions.
1106

1107 **VIII. GENERAL INVESTMENT GUIDELINES**
1108

- 1109 1. A copy of this policy shall be provided to the Professional Fund Manager.
1110
1111 2. The IMLCC is a tax-exempt organization as described in section 501(c)(6) of the
1112 Internal Revenue Code. This tax-exempt status should be taken into
1113 consideration when making IMLCC investments.
1114
1115 3. The IMLCC is expected to operate into perpetuity; therefore, a minimum of a 5-
1116 year investment horizon must be employed. Interim fluctuations should be
1117 viewed with the appropriate perspective.
1118
1119 4. A cash account will be maintained with a zero to very low risk tolerance in order
1120 to keep cash available for payments to state boards, tax obligations and other
1121 anticipated expenses.
1122
1123 5. Transactions will be executed at a reasonable cost, taking into consideration
1124 prevailing market conditions, services and research provided by the executing
1125 broker.
1126
1127 6. Permitted investments include:
1128

- 1129 i. Investment portfolios with a risk factor asset mix risk scale higher than a
1130 low- to moderate-range of an equivalent measurement.
1131
- 1132 ii. Investment portfolios with an asset mix of no greater than 60%
1133 equity/40% fixed income.
1134
- 1135 iii. Investment portfolios with a greater than 0.20% Expense ratio.
1136
- 1137 iv. Investment portfolios with a positive average 5-year rate of return.
1138
- 1139 7. No individual fixed income security shall have an equivalent credit quality below
1140 investment grade at the time of purchase, defined as:
1141
- 1142 i. BBB by Standard & Poors for straight bonds and convertibles.
1143
- 1144 ii. Baa3 by Moody's Investor Service for straight bonds and convertibles.
1145
- 1146 iii. A1 by Standard & Poors for short term securities.
1147
- 1148 iv. P1 by Moody's Investor Service for short-term securities.
1149
- 1150 8. The following transactions are prohibited:
1151
- 1152 i. Purchase of non-negotiable securities;
1153
- 1154 ii. Derivatives;
1155
- 1156 iii. Individual high risk or junk bonds;
1157
- 1158 iv. Private placements;
1159
- 1160 v. Precious metals;
1161
- 1162 vi. Individual commodities or commodity future contracts;
1163
- 1164 vii. Short sales;
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- 1166 viii. Any margin transactions;
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- 1168 ix. Straddles;
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- 1170 x. Warrants;
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- 1172 xi. Options;
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- 1174 xii. Leverage or letter stock.

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IX. DIVERSIFICATION

1. The IMLCC shall maintain a reasonable diversification of investment assets between asset classes and investment categories at all times.
2. Investments in equity securities of any one company shall not exceed 5% of the portfolio nor shall the total securities position (fixed income and equity) in any one company exceed 10% of the portfolio.
3. Reasonable sector allocations and diversification shall be maintained. No more than 25% of the entire portfolio may be invested in the securities of any one sector.
4. Investments within the investment portfolio should be readily marketable.
5. The investment portfolio may not be a blind pool; each investment must be available for review.

X. ASSET ALLOCATION

1. The asset allocation policy will be predicated on the following factors:
 - i. Historical performance of capital markets adjusted for the perception of the future short- and long-term capital market performance;
 - ii. The correlation of returns among the relevant asset classes;
 - iii. The perception of future economic conditions, including inflation and interest rate assumptions;
 - iv. Liquidity requirements for the projected grants and other charitable expenditures; and
 - v. The relationship between the current and projected assets of the IMLCC and projected liabilities.
2. Rebalancing will be done on an annual basis or more frequently if appropriate and directed by the Budget Committee based on the recommendations from the Treasurer and Executive Director.
3. Allocation Range:

Asset Allocation Range	Target	Range Limits
Cash & Equivalents	15%	10 – 25%
Fixed Income	45%	20 – 60 %

Equities: Domestic Large Cap	20%	15 – 50%
Equities: Domestic Small/Mid Cap	15%	0 – 20%
Equities: International	5%	0 – 15%

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XI. PERFORMANCE

Performance objectives are to be met on a net of fees basis. The investment performance of each asset allocation class will be measured on two levels: First, against inflation objectives for the IMLCC and Second, against index objectives for individual portfolio components. Investment performance shall be measured no less than quarterly on a net of fees basis. Performance shall be evaluated on a three-to-five-year basis to allow for market fluctuations and volatility

XII. RESPONSIBILITY

The Treasurer shall be responsible for administering this policy and ensuring that this policy is current, compliant with all statutory requirements and case law, and consistent with other applicable standards. The Treasurer may delegate administration and maintenance of this policy to the Executive Director. This policy shall be reviewed by the IMLCC Budget Committee and must be renewed prior to the start of each fiscal year.