

Tri County Community Foundation

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Statement of Investment Policy

Purpose

The purpose of this Statement of Investment Policy is to provide policies which will guide the management of the Tri County Community Foundation (TCCF) financial assets.

This Statement of Investment Policy is set forth by the Board of Directors of the Tri County Community Foundation in order to:

- Define and assign the responsibilities of all parties involved.
- Establish a clear understanding of the investment goals and objectives for Fund assets
- Offer guidance and limitations to Investment Managers regarding the investment of Fund assets.
- Establish a basis for evaluating investment results.
- Ensure the management of Fund assets according to prudent standards
- Establish the investment horizon for which the Fund assets will be managed.

Definitions

"TCCF Fund" shall mean the Tri County Community Foundation Board Designated Endowment Fund.

"Named Funds" shall mean the Tri County Community Foundation endowed funds by name.

"Board of Directors" and "Board" shall each mean the duly elected Board of Directors of the Tri County Community Foundation.

"Fiduciary" shall mean any individual or group of individuals that exercise discretionary authority or control over Fund management or any authority or control over the management, disposition or administration of Fund assets.

"Investment Manager" shall mean any individual, or group of individuals, employed to manage the investment of all or part of the Fund assets.

"Investment Management Consultant" shall mean any individual or organization employed to provide advisory services, including advice on investment objectives and/or asset allocation, manager search, and performance monitoring.

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"Securities" shall refer to marketable investment securities and any other investment assets held by the Fund.

"Investment Horizon" shall mean the time period over which the investment objectives, as set forth in this statement, are expected to be met. The investment horizon for the Fund is 10 years.

"Diversify" shall mean investment in an array of assets, which, in the aggregate, are expected to achieve the Fund's investment goals, while limiting volatility of returns to acceptable levels.

"TCCF" Tri County Community Foundation

"Reserve Fund" shall mean that portion of the Fund assets designated by the Board as the Reserve Fund.

General Principles

It is the express intention of the Board of Directors to increase the size of the Board Designated Endowment Fund (TCCF Fund) to help ensure the stability and long-term sustainability of the TCCF. Withdrawals from the TCCF Fund in excess of what is permitted by the Withdrawal Policy contained herein are only to be made in extraordinary circumstances and shall require the affirmative vote of 2/3 (two thirds) of the members of the Board of Directors.

Investments of the Funds shall be diversified.

The Funds shall be managed in accordance with the highest standards of fiduciary duty and in compliance with applicable laws and regulations

Policies for risk, asset allocation and diversification shall be determined from a strategic perspective and measured over successive market cycles.

Spending Policy

For the purpose of funding TCCF operations, the Board anticipates and authorizes quarterly withdrawals from the TCCF Fund equal to approximately 2% (annually) of the average quarterly assets of the fund over the preceding twelve quarters, ending with December 31 of the most recent fiscal year.

The Board may elect to decline such withdrawals from the TCCF Funds if it is deemed that the funds are not required. The quarterly financial reports will contain information about whether or not the draw was taken.

Administrative Fees

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The Funds may be assessed administrative management fees by the Investment Manager and/or the Corporation that is utilized in securing, raising, investing, maintaining, and administering endowment funds in accordance with policies and procedures of the Corporation in effect at the time and may include indirect and direct costs and expenses.

The administrative management fee is reviewed and evaluated by the Board periodically, and any changes made thereto by the Board shall be consistent with industry standards for reasonably similar charitable organizations that manage endowments of a similar size and value.

Delegation of Authority

The Board of Directors is a fiduciary and is responsible for directing and monitoring the investment management of Fund assets. As such, the Board is authorized to delegate certain responsibilities to the Investment Committee of the Board and to professional experts in various fields. These include, but are not limited to:

Investment Management Consultant. The consultant may assist the Board in: establishing investment policy, objectives, and guidelines; selecting investment managers; reviewing investment managers; measuring and evaluating investment performance; and other tasks as deemed appropriate.

Investment Manager. The investment manager may be given discretion to purchase, hold and sell specific securities that will be used to meet the Fund's investment objectives.

The Board of Directors does not reserve control over investment decisions, with the exception of the limitations described in this Statement of Investment Policy. Investment managers will be held responsible and accountable to achieve the objectives herein stated. While it is not believed that the limitations will hamper investment managers, each manager may request modifications that they deem appropriate.

If such experts employed are also deemed to be fiduciaries, they must acknowledge such in writing. All expenses for such experts must be customary and reasonable and will be borne by the Fund as deemed appropriate and necessary.

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Assignment of Responsibility

Investment Committee Oversight of Investment Activities

The Investment Committee of the Board of Directors and the TCCF's staff shall be responsible for hiring Investment Consultants and Investment Managers, arranging for custody of the TCCF's investment funds and monitoring their performance on a quarterly basis

Responsibility of the Investment Manager

Each Investment Manager will have full discretion to make all investment decisions for the assets placed under its management, while observing and operating within all policies, guidelines, and constraints, as outlined in this Statement of Investment Policy. Specific responsibilities of the Investment Manager(s) include:

Discretionary investment management includes decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines established in this statement.

Reporting, on a timely basis, quarterly investment performance results.

Communicating any major changes to economic outlook, investment strategy, or any other factors which affect implementation of the investment process.

Informing the Investment Committee regarding any qualitative change to the investment management organization. Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.

Voting proxies on behalf of the Fund, and communicating such voting records on a timely basis, if requested by the Investment Committee.

General Investment Principles

Investments shall be made solely in the interest of meeting the investment goals and objectives of the Funds.

The Fund shall be invested such that a prudent investor acting in like capacity and familiar with such matters would use in the investment of a fund of like character and with like aims.

The Investment Committee may employ investment managers of varying styles and philosophies in order to attain the Fund's investment objectives.

Cash is to be employed productively whenever possible by investment in short term cash equivalents to provide safety, liquidity, and return.

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Investment Objectives

The Fund will be invested to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income.

Specifically, the primary objectives for the management of Fund assets are:

Long-Term Growth of Capital-To emphasize long-term growth of principal while avoiding excessive risk. Short-term volatility will be acceptable insofar as it is consistent with the volatility of a comparable market index.

Rate of Return - A real rate of return that exceeds the rate of inflation, as measured by the Consumer Price Index, plus the withdrawal rate (currently x.x%).

Liquidity - To strengthen the ability to meet all expected and unexpected cash flow needs, the funds will only be invested in securities which can be sold readily and efficiently.

The Investment Committee understands that in order to achieve its objectives for Fund assets, the Fund will experience volatility of returns and fluctuations in market value. The Investment Committee expects assets of the Fund to be managed such that a decline in market value in any single year does not significantly exceed the general market decline, and that the total return over the Investment Horizon meets or exceeds the 3% REAL return objective of the Fund.

Marketability of Assets

(See "Liquidity" above, under Investment Objectives)

Asset Allocation Guidelines

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

Aggregate Fund Asset Allocation Guidelines (at market value)

Asset Class	Minimum	Target	Maximum
Equity	65%	70%	75%
Fixed Income	25%	30%	35%

The asset allocation presented above is a result of current market conditions. It is recognized by the Investment Committee that the Statement of Investment Policy requires annual review by the Committee and changes require Board approval. The asset allocation presented above may be modified at any time or as part of the annual review process.

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Diversification for Investment Managers

Guidelines for Equity Investments

In order to achieve a prudent level of portfolio diversification, the securities of any one company should not exceed 10% of the total equity fund, and no more than 30% of the equity fund should be invested in any one industry.

Guidelines for Fixed Income Investments and Cash Equivalents

Fixed income maturity restrictions are as follows: Weighted duration of the portfolio may not exceed the duration of the Bloomberg Aggregate index.

At least 90% of Fixed Income investments will have a credit rating of investment grade or higher by Standard & Poor's and/or Moody's.

Money Market Funds selected shall only contain securities with a credit rating of investment grade or higher by Standard and Poor's, and Moody's.

Guidelines for Preferred Stock Investments

Preferred stocks selected will have a credit rating of investment grade by Standard and Poor's and/or Moody's.

Investment Manager Performance Review and Evaluation

Performance reports shall be compiled and communicated to the Board of Directors for review at least quarterly. The investment performance of total portfolios, as well as asset-class components, will be measured against performance benchmarks agreed upon with the managers. The Board of Directors intends to evaluate the portfolio(s) over at least a three-year period, but reserves the right to terminate a manager for any reason including the following

Investment performance that is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.

Failure to adhere to any aspect of this Statement of Investment Policy, including communication and reporting requirements.

Significant qualitative changes to the investment management organization.

Encroachment of the Endowment Fund

Encroachment up to One Hundred Thousand Dollars

The Board designates One hundred thousand dollars (\$100,000.00) of the TCCF Endowment Fund shall be referred to as the Reserve Portion of the TCCF Endowment Fund and can be used to protect the organization in the event of a sudden and

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unexpected reduction in income, or to cover the cost of a major and important expense. Use of any portion of the Reserve Portion of the TCCF Endowment Fund requires approval by a super-majority, or two-thirds vote of the then sitting members of the Board. The Reserve Portion of the TCCF Endowment Fund is to be replenished as soon as practicable.

The Reserve Portion of the TCCF Endowment Fund will be used for fiscal emergencies such as:

- short-term cash flow problems for which use of the line of credit is not adequate or desirable.
- unanticipated reductions in funding on a scale that exceeds the organization's ability to continue operations throughout the year.
- unanticipated losses and/or deterioration of physical assets precipitated by a natural disaster such as fire or hurricane, or vandalism or other criminal activity.
- financing for advantageous capital purchase.
- an unanticipated but desirable programmatic expansion that cannot be covered by current funding or expanded fundraising for that purpose.

Encroachment in Excess of One Hundred Thousand Dollars

It is the intent of the Board of Directors to raise the Board Designated Endowment account as much as feasible. As a result, encroachment into the TCCF Endowment account in excess of One Hundred Thousand Dollars is only permitted for the immediate continuance of TCCF operations when no other funding options are available. This is considered a dire circumstance and would require an eighty percent (80%) vote of approval by the Board of Directors.

Investment Policy Review

To assure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this Statement of Investment Policy, the Investment Committee will review the Statement of Investment Policy at least annually.

This revised Statement of Investment Policy was approved by the Board of Directors.

Signed

Date

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