

# ESF College Foundation Inc.

## Policies and Procedures

Reviewed and Revised May 2010

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**Endowment**

Funds invested for the long term, with principal remaining intact and only income becoming available for expenditure (appreciation, dividends and interest). Income from endowment funds may be earmarked for specific programs or activities or may support general institutional needs.

(Worth, Michael. Educational Fund Raising: Principles and Practice. Sponsored by Council for Advancement and Support of Education, ORYX Press, 1993.)

**Endowment Categories\*\***

- Endowed Chair - An endowed chair may be established with a gift or pledge of \$1,000,000.
- Endowed Professorship - An endowed professorship may be established with a gift or pledge of \$500,000.
- Endowed Visiting Professorship - An endowed visiting professorship may be established with a gift or pledge of \$250,000.
- Endowed Fellowship - An endowed fellowship may be established with a gift or pledge of \$75,000.
- Endowed Named Lectureship - An endowed lectureship may be established with a gift or pledge of \$25,000.
- Endowed Scholarship - An endowed unrestricted scholarship may be named and established with a gift or pledge of \$25,000. This is also the minimum donation requirement for endowed scholarships restricted to a single academic department. Endowed scholarships with multiple restrictions may be named and established with a gift or pledge of \$50,000.
- Endowed Special Purpose Fund - An endowed fund for a single restricted special purpose may be established with a gift or pledge of \$25,000.
- Anniversary Fund - There is no minimum amount for a gift to be added to the Anniversary Endowment Fund (general unrestricted endowment fund).
- Faculty Endowment Funds - There is no minimum amount for a gift to be added to general faculty endowment accounts (general unrestricted endowment fund for each ESF faculty).

\*\* Any exceptions to the above established endowment categories will be brought to the Executive Committee for discussion and approval.

**Approved:** ESF College Foundation Board of Directors, May 14, 1994

**Amended:** ESF College Foundation Board of Directors, June 5, 2004

**Amended:** ESF College Foundation Board of Directors, October 3, 2009

**Timeframe for Meeting Minimum Principal Endowment Requirement**

An endowment fund may be established even though the principal amount may not have reached the required minimum if at least one half of the corpus minimum has been irrevocably gifted and the donor agrees to complete the minimum endowment within a three-year period of the date of the gift agreement for Endowed Scholarships (\$25,000) and Endowed Special Purpose Funds (\$25,000). All other endowment categories must meet the minimum level within a five-year period.

Until an endowment fund is paid in full, the fund will not be publicly named or expenditures made. Any exceptions to this policy will be brought to the Executive Committee for discussion and approval.

If the required minimum is not reached within the three- or five-year timeframe, funds will be added to one or more of the unrestricted endowment accounts that most closely resembles the original purpose of the fund at the discretion of the Board of Directors.

**Approved:** ESF College Foundation Board of Directors, May 14, 1994

**Amended:** ESF College Foundation Board of Directors, June 5, 2004

**Expenditures**

The Foundation Executive Director will prepare an operating budget based on spending plan calculations, unrestricted spending requests from the College President and Foundation operating needs. . The Finance Committee will review the annual operating budget for presentation to and approval by the Board of Directors at their spring meeting. Reallocation of funds within budget categories may be done at the discretion of the Foundation Executive Director. Additional funding requests following budget approval must be approved by the Finance Committee.

**Approved:** ESF College Foundation Board of Directors, May 14, 1994

**Amended:** ESF College Foundation Board of Directors, May 17, 1997

**Amended:** ESF College Foundation Board of Directors, May 25, 2010

**Amount Available For Expenditure from Endowments (Spending Plan)**

In an effort to preserve current purchasing power of endowment funds in perpetuity and to enable the Foundation to make investment decisions independent of the need to fund current operations, and to allow the Foundation to plan its spending level several years in advance without regard to temporary changes in the pattern of investment earning, the following methodology for endowment expenditures will be used:

The spending plan for endowments will be calculated as 5% of the average past three years invested assets and accumulated earnings at December 31. Invested assets consist of permanently restricted cash contributions and liquidated assets that are part of the Foundation’s investment portfolio.

Endowments without invested assets in prior years will roll back the current December 31 invested assets to create representational prior year balances. Spending plan allocations will be calculated using three years of history regardless of the year the fund was established. Spending plan calculations will only be applied to endowed funds that possess invested assets at December 31.

The rate is designed to provide a sufficient amount of re-invested earnings to offset the effects of inflation. The spending rate will be reviewed annually by the Finance and Investment Committee.

**Approved:** ESF College Foundation Board of Directors, October 13, 1993

**Amended:** ESF College Foundation Board of Directors, May 20, 1995

**Reviewed:** ESF College Foundation Investment Committee, Feb. 27, 1997

**Amended:** ESF College Foundation Board of Directors, May 17, 1997

**Amended:** ESF College Foundation Board of Directors, May 31, 2003

**Amended:** ESF College Foundation Board of Directors, June 5, 2004

**Check Authorization for All Disbursements**

All checks written for disbursements of \$25,000 or under will require only one signature. The Business Manager will be responsible for signing these checks. All checks written for disbursements greater than \$25,000 will require two signatures. The President, Treasurer and the Executive Director of the Foundation, along with the College President, will be authorized and responsible signers. These four individuals will be co-signers on checks greater than \$25,000 and may sign checks of \$25,000 or less in the Business Manager's absence.

The Finance and Investment Committee will recommend policy for approval of expenditures from restricted and unrestricted accounts.

**Approved:** ESF College Foundation Board of Directors, May 14, 1994  
**Amended:** ESF College Foundation Board of Directors, Oct. 9, 1996  
**Amended:** ESF College Foundation Board of Directors, Oct. 20, 2004  
**Amended:** ESF College Foundation Board of Directors, October 3, 2009

**Investment Mix**

An Investment Policy has been developed by the Finance & Investment Committee, Executive Director, Business Manager and independent Investment Manager and reviewed annually for potential changes. .

**Approved:** ESF College Foundation Board of Directors, May 14, 1994  
**Amended:** ESF College Foundation Board of Directors, May 17, 1997  
**Amended:** ESF College Foundation Board of Directors, May 25, 2010

**Selection of Independent Investment Manager**

The Finance and Investment Committee will periodically recommend to the Executive Committee for approval any independent investment manager(s) for the Foundation's investments.

**Approved:** ESF College Foundation Board of Director, May 14, 1994  
**Amended:** ESF College Foundation Executive Committee, April 23, 1996  
**Amended:** ESF College Foundation Board of Directors, May 17, 1997  
**Amended:** ESF College Foundation Board of Directors, May 25, 2010

**Real Property Gifts Acceptance**

Before the Foundation will accept a donation of real property, there will be a review of the proposal by a Development staff member, Director of Forest Properties, and the Executive Director. The Foundation's Property Committee will be responsible for reviewing the proposal and determining whether to accept or reject the donation. Recommendations for property donation acceptance shall be forwarded to the Executive Committee. The Executive Committee will pass a resolution specifically accepting or rejecting the proposed gift.

The Property Committee is responsible for the development and implementation of a management plan.

**Approved:** ESF College Foundation Board of Directors, June 25, 1993  
**Amended:** ESF College Foundation Board of Directors, May 20, 1995.  
**Amended:** ESF College Foundation Board of Directors, May 25, 2010

**To Authorize to Conduct Foundation Business (Corporate Resolution)**

The President, Executive Director, Business Manager and Treasurer of the ESF College Foundation, Inc. and the College President, or any one of them acting individually, are authorized to sign documents and execute actions in the name of the Foundation related to actions approved by the Board of Directors including all checks, drafts, bill of exchange, notes or other obligations or orders for the payment of money. In addition each of the above positions may sell, assign, transfer and/or deliver any and all stocks, bonds or other securities now or hereafter registered in the name of the ESF College Foundation, Inc.

**Approved:** ESF College Foundation Board of Directors, May 20, 1995

**Amended:** ESF College Foundation Board of Directors, May 25, 2010

**To Establish a Policy of Immediately Selling Donated Securities**

Any and all publicly traded stocks, bonds or other securities that may in the future be donated to the ESF College Foundation, Inc. shall be immediately sold. The stock is valued on the date that it is actually transferred to the Foundation. The valuation of the stocks will be determined based on the average of the high and low value on the day of receipt.

**Approved:** ESF College Foundation Board of Directors, May 20, 1995

**Amended:** ESF College Foundation Board of Directors, May 17, 1997

**To Change Alumni and Student Association Accounts to Agency Accounts**

Effective July 1, 1995, funds heretofore recorded in the ESF College Foundation's fund balance and designated as ESF Alumni Association, Ranger School Alumni Association and ESF Student Association henceforth shall be established as separate agency accounts of the Foundation. Balances in these accounts, as determined from time to time, along with investment returns accruing thereto, shall be recorded as liabilities of the Foundation.

**Approved:** ESF College Foundation Board of Directors, May 20, 1995

**Personal Property Gifts Acceptance**

In situations where a gift of personal property is useful to an academic department or administrative unit of the College, the Executive Director will work with the donor or the appropriate College representative to complete a form accurately describing the gift, its intended use and requirements for College support. This form shall be signed by a department head and accepted by the College President. The estimated value of the gift shall be booked as a donation to the Foundation, but its ownership shall be immediately transferred to the College by circulation of the information form to the College Office of Property Control.

**Approved:** ESF College Foundation Board of Directors, May 17, 1997

**Amended:** ESF College Foundation Board of Directors, May 25, 2010

**Requests for Foundation Investment Information**

The Foundation will supply a copy of its investment portfolio, which is public information, to individuals or groups requesting such information if the request is in writing, including name, address, relationship to ESF and intended purpose. Requests for unpublished investment information will be reviewed on a case-by-case basis by the Executive Director, the College President and the President of the Foundation.

**Approved:** ESF College Foundation Executive Committee, January 29, 1997

**Approved:** ESF College Foundation Board of Directors, May 17, 1997

**Issuance of Mortgages**

Due to work load issues associated with the issuance of mortgages and collection of mortgage payments it is the recommendation of the Executive Director that the Foundation no longer issue mortgages as of June 2010 when the sole existing mortgage owned by the Foundation is paid off.

**Approved:** ESF College Foundation Property Committee, May 16, 1997

**Approved:** ESF College Foundation Board of Directors, May 17, 1997

**Amended:** ESF College Foundation Board of Directors, May 25, 2010

**Conflict of Interest**

A conflict of interest is potentially present whenever a member of the Board of Directors of the ESF College Foundation, Inc. has a material, financial or personal interest in a proposed transaction. Such a transaction may include, but are not limited to: services provided to Foundation donors and potential donors; the purchase of services or tangibles by the Foundation; or access to privileged information.

New York Not-for-Profit Corporation Law provides that transactions between a not-for-profit organization, such as the ESF College Foundation, and any corporation or entity in which a board member has an interest are subject to question. Such transactions, while not prohibited, may be void or incur liability unless a good faith disclosure of interest is made to the not-for-profit organization before entry into a transaction.

In accordance with the law, the ESF College Foundation requires its Board of Directors to disclose all interests that they, or an immediate family member, have in entities where it is foreseeable that the Foundation might enter into a contract, purchase a service or tangible item, or have other business dealings.

Board members are asked to pledge independence, objectivity and confidentiality to all matters associated with the ESF college foundation, Inc.

In situations where an unforeseeable potential conflict arises, Board members are required to immediately disclose the potential conflict and recuse themselves from voting on all transactions that might result in their personal gain.

**Adopted:** ESF College Foundation Board of Directors, May 31, 2003

**Pooled Income Funds**

Due to low interest rates, a low number of participants and administrative costs, the Foundation will no longer offer a Pooled Income Fund option to new donors. The Pooled Income Fund currently operated by the Foundation will be closed following the death of the sole remaining participant.

**Approved:** ESF College Foundation Ad Hoc Committee on Planned Giving, May 13, 1994

**Amended:** ESF College Foundation Board of Directors, May 25, 2010

**Charitable Gift Annuities**

Board Authorization for Officers to Enter into Gift Annuity Agreements on Behalf of the Foundation  
Per Foundation board action (October 13, 1993), the Board resolved that the President, Vice President or Secretary of the Foundation is authorized to enter into gift annuity agreements on behalf of the Foundation.

Minimum Gift and Age Requirement

The minimum initial gift under this program shall be \$5,000. The minimum age required for a donor to enter into a gift annuity will be age 65 and the minimum age for the second annuitant will be age 60.

Types of Gifts Accepted

New York State restricts the issuance of gift annuities to transfers of cash, marketable securities and real property. Before accepting gift annuities from non-New York State residents, the Foundation will determine if there are registration requirements with that state's Department of Insurance before signing a donor agreement with the potential annuitant.

Appointment of a Trustee

The Foundation will hire a professional financial management company to serve as Trustee of the Charitable Gift Annuity Program. The Trustee will oversee and manage all payments to annuitants, IRS and New York State Reporting requirements. The Insurance Law Annual Report shall be filed by the Trustee. The Trustee will adhere to the Limitations on Investments of Segregated Annuity Funds (January 13, 1976) which outlines the basic provision of the NYS Insurance Law Section 45, subdivision 2, which requires that the admitted assets shall be at least equal to the larger of (a) 110% of the reserves on its outstanding annuity agreements, or (b) \$100,000. Investment restrictions for segregated reserve account are clearly defined by the NYS Department of Insurance. Investment decisions for those funds in excess of the reserve requirements will be reviewed by the Finance Committee from time to time.

**Approved:** ESF College Foundation Ad Hoc Committee on Planned Giving, May 13, 1994

**Amended:** ESF College Foundation Board of Directors, May 25, 2010

**Records Retention**

I. Purpose

In accordance with the Sarbanes-Oxley Act, which makes it a crime to alter, cover up, falsify, or destroy any document with the intent of impeding or obstructing any official proceeding, this policy provides for the systematic review, retention and destruction of documents received or created by The ESF College Foundation, Inc. in connection with the transaction of organization business. This policy covers all records and documents, regardless of physical form, contains guidelines for how long certain documents should be kept and how records should be destroyed. The policy is designed to ensure compliance with federal and state laws and regulations, to eliminate accidental or innocent destruction of records and to facilitate The ESF College Foundation, Inc.’s operations by promoting efficiency and freeing up valuable storage space.

II. Document Retention

The ESF College Foundation, Inc. follows the document retention procedures outlined below. Documents that are not listed, but are substantially similar to those listed in the schedule will be retained for the appropriate length of time.

III. Corporate Records

|   |           |
|---|-----------|
| Annual Reports to Secretary of State/Attorney General ..... | Permanent |
| Articles of Incorporation .....                             | Permanent |
| Board Meeting and Board Committee Minutes .....             | Permanent |
| Board Policies/Resolutions .....                            | Permanent |
| By-laws .....   | Permanent |
| Construction Documents .....                                | Permanent |
| Fixed Asset Records .....                                   | Permanent |
| IRS Application for Tax-Exempt Status (Form 1023) .....     | Permanent |
| IRS Determination Letter .....                              | Permanent |
| State Sales Tax Exemption Letter .....                      | Permanent |
| Contracts (after expiration) .....                          | 7 years   |
| Correspondence (general) .....                              | 7 years   |

Accounting and Corporate Tax Records

|  |           |
|--|-----------|
| Annual Audits and Financial Statements ..... | Permanent |
| Depreciation Schedules .....                 | Permanent |
| General Ledgers .....                        | Permanent |
| IRS 990 Tax Returns .....                    | Permanent |
| Business Expense Records .....               | 7 years   |
| IRS 1099s .....                              | 7 years   |
| Journal Entries.....                         | 7 years   |
| Gift Receipts and transmittals .....         | 7 years   |
| Credit Card Receipts .....                   | 7 years   |
| Cash Receipts Journals.....                  | 7 years   |

Bank Records

|  |         |
|--|---------|
| Cancelled Checks .....                   | 7 years |
| Bank Deposit Slips .....                 | 7 years |
| Bank Statements and Reconciliation ..... | 7 years |
| Electronic Fund Transfer Documents.....  | 7 years |



Payroll and Employment Tax Records

|   |                          |
|---|--------------------------|
| Documentation and invoices related to payments to The Research Foundation of SUNY for employees of the Research Foundation who are funded by the ESF College Foundation, Inc..... | 7 years                  |
| Donor Records and Acknowledgement Letters .....   | 7 years                  |
| Grant Applications and Contracts completion.....  | 7 years after            |
| Legal, Insurance and Safety Records Appraisals .....  | Permanent                |
| Copyright Registrations .....   | Permanent                |
| Environmental Studies .....   | Permanent                |
| Insurance Policies .....  | Permanent                |
| Real Estate Documents .....   | Permanent                |
| Stock and Bond Records .....  | Permanent                |
| Trademark Registrations .....   | Permanent                |
| Leases .....  | 7 years after expiration |
| OSHA Documents.....   | 7 years                  |
| General Contracts termination .....   | 7 years after            |

IV. Electronic Documents and Records

Electronic documents will be retained as if they were paper documents. Therefore, any electronic files, including records of donations made online, that fall into one of the document types on the above schedule will be maintained for the appropriate amount of time. If a user has sufficient reason to keep an email message, the message should be printed in hard copy and kept in the appropriate file or moved to an “archive” computer file folder. Backup and recovery methods will be tested on a regular basis.

V. Emergency Planning

The ESF College Foundation, Inc.’s records will be stored in a safe, secure and accessible manner. Documents and financial files that are essential to keeping The ESF College Foundation, Inc. operating in an emergency will be duplicated or backed up in the same manner as the College’s electronic records.

VI. Document Destruction

The ESF College Foundation, Inc.’s chief financial officer is responsible for the ongoing process of identifying its records, which have met the required retention period and overseeing their destruction. Destruction of financial and personnel-related documents will be accomplished by shredding.

Document destruction will be suspended immediately, upon any indication of an official investigation or when a lawsuit is filed or appears imminent. Destruction will be reinstated upon conclusion of the investigation.

VII. Compliance

Failure on the part of employees to follow this policy can result in possible civil and criminal sanctions against The ESF College Foundation, Inc. and its employees and possible disciplinary action against responsible individuals. The chief financial officer and finance committee chair will periodically review these procedures with legal counsel or the organization’s certified public accountant to ensure that they are in compliance with new or revised regulations.

**Adopted: ESF College Foundation Board of Directors, October 3, 2009**

**Whistleblower**

*General* - ESF College Foundation, Inc. (the Foundation) requires directors, officers and employees to observe high standards of business and personal ethics in the conduct of their duties and responsibilities. As employees and representatives of the Foundation, we must practice honesty and integrity in fulfilling our responsibilities and comply with all applicable laws and regulations.

*Reporting Responsibility* - It is the responsibility of all directors, officers and employees to report ethics violations or suspected violations in accordance with this Whistleblower Policy.

*No Retaliation* - No director, officer or employee who in good faith reports an ethics violation shall suffer harassment, retaliation or adverse employment consequence. An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment. This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns within the Foundation prior to seeking resolution outside the Foundation.

*Reporting Violations* - The Foundation has an open door policy and suggests that employees share their questions, concerns, suggestions or complaints with someone who can address them properly. In most cases, an employee's supervisor is in the best position to address an area of concern. However, if you are not comfortable speaking with your supervisor or you are not satisfied with your supervisor's response, you are encouraged to speak with someone in the Human Resources Department or anyone in management whom you are comfortable in approaching. Supervisors and managers are required to report suspected ethics violations to the Foundation's Compliance Officer, who has specific and exclusive responsibility to investigate all reported violations. For suspected fraud, or when you are not satisfied or uncomfortable with following the Foundation's open door policy, individuals should contact the Foundation's Compliance Officer directly.

*Compliance Officer* - The Foundation's Compliance Officer is responsible for investigating and resolving all reported complaints and allegations concerning violations and, at his/her discretion, shall advise the Executive Director and/or the audit committee. The Compliance Officer has direct access to the audit committee of the board of directors. The Foundation's Compliance Officer is the chair of the finance committee.

*Accounting and Auditing Matters* - The audit committee of the board of directors shall address all reported concerns or complaints regarding corporate accounting practices, internal controls or auditing. The Compliance Officer shall immediately notify the audit committee of any such complaint and work with the committee until the matter is resolved.

*Acting in Good Faith* - Anyone filing a complaint concerning a violation or suspected violation must be acting in good faith and have reasonable grounds for believing the information disclosed indicates a violation. Any allegations that prove not to be substantiated and which prove to have been made maliciously or knowingly to be false will be viewed as a serious disciplinary offense.

*Confidentiality* - Violations or suspected violations may be submitted on a confidential basis by the complainant or may be submitted anonymously. Reports of violations or suspected violations will be kept confidential to the extent possible, consistent with the need to conduct an adequate investigation.

*Handling of Reported Violations* - The Compliance Officer will notify the sender and acknowledge receipt of the reported violation or suspected violation within five business days. All reports will be promptly investigated and appropriate corrective action will be taken if warranted by the investigation.

*ESF College Foundation Compliance Officer:*

William McAvoy  
Hancock & Estabrook  
1500 Tower 1, PO Box 4979  
Syracuse, NY 13221-4976

*ESF College Foundation, Inc. Management Staff*

Brenda Greenfield, Executive Director

**Adopted:** ESF College Foundation Board of Directors, October 3, 2009

**Cash Disbursements**

Assistant Director of Business Affairs receives all invoices/requests for payment from various authorized individuals on the main campus and from the regional campuses.

Assistant Director of Business Affairs reviews the payment requests and codes them with the appropriate fund/GL expenditure/and internal financial statement program code. If they are okay for payment, Assistant Director of Business Affairs forwards them to Business Office Clerk.

Business Office Clerk then inputs the invoices/payments into the separate Financial Edge accounts payable module (not directly into the G/L), when input, Business Office Clerk stamps supporting purchase requisitions and invoices "PAID". About once per week Business Office Clerk prints double stub laser checks from the Accounts Payable module. Checks are printed for all payments entered during the week unless there is an exception and a payment is asked to be held by Assistant Director of Business Affairs or Executive Director. A cash disbursements journal is printed for each batch of checks run. At times of heavy volume (scholarship payments, scheduled quarterly payments, etc.), bank balances are checked and verified by Assistant Director of Business Affairs to ascertain adequate funds are available for payment.

Business Office Clerk attaches the checks to the supporting documentation and gives them to Director of Business Affairs for review and signature. Checks greater than \$25,000 are forwarded to Executive Director for a 2<sup>nd</sup> signature. In addition to Director of Business Affairs and Executive Director, the College President, Foundation President, and Foundation Treasurer are authorized to sign checks. Upon signing, signatories initial the check stubs and supporting documentation to indicate their review.

The signed checks and supporting documentation are returned to Business Office Clerk who writes the date the payment was mailed or picked up on the stub and then files it by check number /date. Checks that will be picked up are held in the Business Office safe.

At the end of each month Assistant Director of Business Affairs runs a verification report of all payments entered/processed and ties it out to the weekly cash disbursements journals. Once reconciled, Assistant Director of Business Affairs posts all disbursements that have been processed that month from the Financial Edge accounts payable module to the general ledger. A monthly posting report is generated and attached to the weekly disbursements journals.

Monthly bank statements are received, reviewed and signed by Executive Director before being sent to the Business Office for reconciliation. Bank reconciliations are prepared by Business Office Clerk and are reviewed/approved/dated and initialed by Assistant Director of Business Affairs.

**Revised: 1/10/97**

**Revised: 10/20/04**

**Revised: 6/30/07**

## Cash Receipts

All gifts, pledge payments, etc. are directed to be sent to the ESF Development Office. Development Office Secretary opens all mail and restrictively endorses the checks. Any envelopes waiting to be opened or checks waiting to be deposited are held in the Development Office safe. Secretary runs a tape of all checks and cash (if any) received and initials the tape. The payments are then put in order of appeal or category, and then given to Development Office Clerk.

Development Office Clerk enters all gifts/pledge payments into the *Raisers' Edge* (R.E.) gift reporting system. Development Office Clerk then generates a transmittal which she consecutively numbers and records the R.E. batch number that the software has assigned. All non-pledge/contribution type receipts (e.g. mortgage payments, gas lease/timber sale payments, etc.) are not recorded in R.E. since they are not gifts and are recorded on a separate transmittal. A breakdown of totals for cash, checks and credit cards is summarized on each transmittal, which Development Office Clerk signs and dates.

Development Office Clerk then compares the total cash/checks on the transmittals with Development Office Secretary's tape. Once any differences are reconciled, the R.E. batch number and transmittal number are noted on the final tape and it is attached to one copy of the day's transmittal(s).

Development Office Clerk then prepares a bank deposit slip and tape of the checks (only) to submit to the bank.

Development Office Clerk prepares the funds for deposit by putting them into a disposable, secure, sealed and sequentially numbered bank bag for HSBC bank with the deposit slip and the tape of the checks. On the front of the bank bag, Development Office Clerk records the bank branch name & address and Foundation name & address along with the amount of cash and checks to be deposited. Development Office Clerk then brings two copies of the transmittals along with the bank bag to the College Cashier's Office for deposit.

The College Cashier in the Business Office signs Development Office Clerk's transmittal indicating her receipt of it (not the amount). College Cashier makes a deposit about 2 or 3 times/week. During the interim periods, the bank bags to be deposited are stored in the Business Office safe. Once the deposit is made, the validated deposit ticket is filed in the Business Office by date in a file box within a file drawer.

At the end of each month, Business Office Clerk reviews all transmittals and runs a pre-post report from *Raisers' Edge* and compares totals. A reconciliation is performed to be sure that what is scheduled to post from *Raiser's Edge* agrees with the transmittals and any exceptions are reviewed. Once this process is completed and reviewed by Asst. Director Business Affairs, activity is posted from *Raiser's Edge* into the general ledger module in *Financial Edge* creating a new *Financial Edge* batch. Once the *Financial Edge* batch is created, non-batch transmittals for the month are posted into the newly created *Financial Edge* batch by Asst. Director Business Affairs.

The Development Office Clerk prepares acknowledgment letters for Annual Fund gifts for the Annual Fund Coordinator's signature and the Business Office Clerk prepares acknowledgment letters for other gifts to the donor on behalf of the Foundation signed by either the Executive Director or the College President.

**Revised:** 1/10/97

**Revised:** 1/31/02

**Revised:** 6/30/07

**New Fund**

Development Office Secretary receives check for initiating a new fund and alerts Development contact and Director of Development. The Development contact completes ESF Fund Report form and forwards to Development Office Clerk. The Development Office Clerk sets up a Raiser's Edge record and forwards Fund Report to Assistant Director for Business Affairs to open account and assign fund number. Assistant Director for Business Affairs returns Fund Report to Development Office Secretary who obtains signature from Executive Director, makes copies of Fund Report form and sends to appropriate departments. Development Office Secretary creates a fund file, places the original Fund Report on the left side of the fund file and maintains a list of new funds for Scholarship Luncheon program.

Development contact works with Director of Development and donor to complete Fund Agreement. Development Office Secretary receives both copies of fund agreement from development contact with Donor signature and obtains signature from ESF College Foundation President then mails one original with letter from Executive Director or Development contact to donor and places 2<sup>nd</sup> original on left side of fund file.

**Adopted:** 6/30/07

**Cash deposit and transfer for Ranger School bank account:**

The following procedures are followed for all gifts of cash and checks received directly at the Ranger School intended for deposit to the ESF College Foundation.

- Job title #1 at Ranger School receives checks or opens mail at the Ranger School should immediately endorse checks. The endorsement should read, "for deposit only into account # **0074007092**," which is the ESF College Foundation bank account established at Community Bank, N.A.
- All cash and checks are listed on the *Ranger School Deposits Transmittal* (excel spreadsheet). The transmittal should indicate the date the gift was received, the donor's name, amount, check number (if any) or cash, and fund or any other comments. Each transmittal is dated and numbered sequentially.
- Two copies of the transmittal are created and copies of all checks received are made.
- A deposit slip (triplicate) for Community Bank is filled out. Copy 1 accompanies deposit to bank, copy 2 is retained at the Ranger School, copy 3 is sent to Development Office (see #5). Deposits are taken to the bank by Job Title #2 at Ranger School at least twice a week. Until deposited, cash and checks should be kept in a safe, locked area.
- The *Ranger School Deposits Transmittal* is sent to the ESF Development Office on a weekly basis via campus mail. Along with this transmittal, deposit slip, copies of the checks, original pledge cards or letter with gift instructions, and original envelopes reflecting postmarks should be sent to the Development Office. (The auditors require the Development Office to maintain originally signed pledge cards and other directives on file, and the postmarks on envelopes determine gift date, which is critical at the end of the tax year.
- The Executive Director will write a check from the Community Bank account for deposit into College Foundation's checking account on a regular basis.
- Monthly bank statements are sent to the ESF College Foundation and reviewed by the Executive Director. Account reconciliation is prepared by the Accounting Clerk and reviewed by the Assistant Director of Business Affairs.

**Adopted:** November 12, 2004

**Revised:** February 2010

**Investment Policy Statement**

Type of Organization:..... ESF College Foundation

Planning Time Horizon: ..... Indefinite

Expected Return: ..... 9%

Tolerance for Risk: ..... Moderate

***Strategic Asset Allocation***

| <b>Asset Class</b>              | <b>Lower Limit</b> | <b>Strategic Allocation</b> | <b>Upper Limit</b> |
|---------------------------------|--------------------|-----------------------------|--------------------|
| <b>Total Stocks</b>             |                    |                             |                    |
| Large U.S. Stocks               | 30                 | 36                          | 41                 |
| Mid/Small Capitalization Stocks | 11                 | 16                          | 21                 |
| International Stocks            | 8                  | 13                          | 16                 |
| <b>Total Bonds</b>              |                    |                             |                    |
| Taxable Bonds                   | 30                 | 35                          | 50                 |
| <b>*Total Reserves</b>          |                    |                             |                    |
| Reserves                        | 0                  | 0                           | 0                  |

**\*Total Reserves:** The Foundation will keep between \$20,000 and \$30,000 in a local checking account. When a balance of \$30,000 is reached, all cash above \$20,000 will be sent to Vanguard for inclusion in the investment portfolio.

**Evaluation Benchmark:** Over a rolling five-year period, total return is expected to be consistent with the performance of a policy index based on strategic asset allocation of the Fund to various broad asset classes and to exceed the performance of the peer group. Specifically, the policy index will be a weighted index comprised of:

| <i>Index</i>                     | <i>Peer Group</i>                               | <i>Weight</i> |
|----------------------------------|---|---------------|
| Spliced Total Stock Market Index | Lipper General Equity Index                     | 52%           |
| Total International Composite    | Lipper International Fund Group Index           | 13%           |
| Lehman Aggregate Bond Index      | Lipper Intermediate Term Investment Grade Index | 35%           |
| Citigroup 3 mo T-Bill Index      | Lipper Money Market                             | 0%            |

**Purpose**

The purpose of this investment policy statement (IPS) is to assist ESF College Foundation in effectively supervising, monitoring, and evaluating the investment of ESF College Foundation’s assets (the “Fund”). This statement of investment policy is set forth to:

- Provide a mechanism to establish and review the Fund’s objectives;
- Identify those individuals/functions within the ESF College Foundation with responsibility for selecting and reviewing the Fund’s investments;

- Set forth an investment structure for managing all Fund assets. This structure includes various asset classes, investment management styles, asset allocations, and acceptable and total investment return over the long run;
- Provide guidelines that manage ranges that, in total, are expected to produce a sufficient level of overall diversification for the level of overall risk and liquidity assumed in the investment portfolio, so that all assets are managed in accordance with the long-term objectives;
- Encourage effective communications between the Board and the investment manager;
- Outline procedures and criteria to monitor, evaluate and compare the performance results achieved by the investment manager(s) on a regular basis;
- Ensure compliance with all fiduciary, prudence and due diligence requirements that experienced professionals would utilize and with all applicable laws, rules, and regulations from various local, state, federal and international political entities that may impact the Fund.

The IPS has been formulated based on consideration by the ESF College Foundation Board of Directors (Board) of the financial implications of a wide range of policies, and describes the prudent investment process that the Board deems appropriate. The Board believes that a moderate approach to portfolio management is required to reduce volatility and prudently maximize total return for the long-term (at least a 3-5 year time horizon). Total return is defined to be the result of capital gains, realized and unrealized, plus income derived from dividends and interest. It is recognized that economic and security market conditions are not constant, but ever changing and, as a result, periodic portfolio rebalancing will be required to maintain asset productivity.

The Finance and Investment Committee of the ESF College Foundation Board of Directors (Finance and Investment Committee) will review this IPS at least annually to ensure that it continues to reflect the ESF College Foundation's objectives. If modifications are made, they will be communicated in writing on a timely basis to ESF College Foundation's fiduciaries and any other interested parties. This IPS will be used as the basis for future investment performance measurement and evaluation of the investment manager(s).

### **Background**

ESF College Foundation is a Foundation under section 501(c)(3) of the Internal Revenue Code and is directed to fund/support etc. The Board will discharge its responsibilities under the bylaws solely in the long-term interests of the ESF College Foundation.

The Fund asset size is currently \$14 Million and additions to the Fund are currently anticipated. Expected annual fiscal year distributions from the Fund will be defined by our Spending Policy (separate document).

### **Statement of Objectives**

The objectives of the Fund have been established in conjunction with a comprehensive review of the current and projected financial requirements. The objectives are:

- Objective #1: To provide operating income when necessary
- Objective #2: To provide funds to support ESF programs
- Objective #3: To obtain the highest level of return for the Board's desired level of risk
- Objective #4: To limit risk exposure through prudent diversification
- Objective #5: To establish policies based on total return rather than current income. This provides the greatest investment flexibility and therefore greatest opportunity for growth of assets.
- Objective #8: To control the costs of administering and managing the Fund.



**Guidelines and Investment Policy**

**Risk Tolerances**

The Board recognizes two dimensions of risk. Downside *market risk* or short-term losses in the value of the Fund due to market fluctuations, and *financial risk*, the potential of not meeting future obligations.

The management of market risk is the primary objective of the investment manager(s). The rate of return obtained in an investment portfolio is a derivative of the level of market risk assumed – or avoided- in the portfolio. The consistency with which that risk level is maintained through market cycles and the skill with which specific stock risk is eliminated or minimized through diversification are well rewarded when deliberately taken.

To establish the risk tolerances of the IPS, the ability to withstand short-term variability and the ability to maintain the level of services, the following factors were considered.

1. Historical cash flow requirements were reviewed and indicated the Foundation is not dependent on consistent annual increases in its investment pool.
2. The Foundation’s Finance and Investment Committees concluded that the potential for real long-term growth in its investments outweighed the risk of short-term losses.

In summary, the ESF College Foundation prospects for the future, current financial condition and the factors outlined above, suggest collectively that the Fund can tolerate moderate interim fluctuations in market value and rates of return in order to achieve long-term objectives.

**Asset Allocation Constraints**

The strategic asset allocation decision has historically been the primary determinant of investment performance. The individual funds or securities the Board chooses to invest in are not nearly as critical as maintaining the appropriate allocation among stocks, bonds and reserves. The Fund’s risk and liquidity posture is, in large part, a function of asset class mix. The Board has reviewed the long-term performance characteristics of various asset classes, focusing on balancing the risks and rewards of market behavior. The following asset classes were selected:

- Domestic large capitalization stocks
- Domestic mid/small capitalization stocks
- International stocks
- Domestic fixed income
- Reserves

Based on the Fund’s time horizon, risk tolerances, performance expectations, and asset class preferences, an optimal portfolio was identified. The strategic asset allocation of the Fund assets is as follows:

| <b><i>Strategic Asset Allocation</i></b> |                    |                             |                    |
|--|--------------------|-----------------------------|--------------------|
| <b>Asset Class</b>                       | <b>Lower Limit</b> | <b>Strategic Allocation</b> | <b>Upper Limit</b> |
| Total Stocks                             |                    |                             |                    |
| Large U.S. Stocks                        | 30                 | 36                          | 41                 |
| Mid/Small Capitalization Stocks          | 11                 | 16                          | 21                 |
| International Stocks                     | 8                  | 13                          | 16                 |
|  | 16                 |                             |                    |

|                |    |    |    |
|----------------|----|----|----|
| Total Bonds    |    |    |    |
| Taxable Bonds  | 30 | 35 | 50 |
| Total Reserves |    |    |    |
| Reserves       | 0  | 0  | 0  |

The asset allocation framework seeks to diversify risks that are not expected to help meet the investment goals. Once an allocation among these broad investment classes is established, the portfolio can be constructed from investments such that the overall investment portfolio does not contain unintended risks.

Investments containing risks not expected to help meet the investment objectives may be included only to the extent that these risks can be diversified by complementary investments. While individual investments may perform differently under various economic circumstances, the overall portfolio should be managed to deliver relatively predictable returns by asset class, with value added from security selection by actively managed investments.

**Rebalancing of Strategic Allocation**

Rebalancing should be adopted as a risk-management strategy. Once an asset allocation is implemented that matches the Fund’s risk tolerance, rebalancing approximately semi-annually should allow the maintenance of risk exposure at an appropriate level. Studies show that rebalancing between stocks and bonds reduces portfolio volatility and typically enhances long-term return in the majority of market environments.

To the extent possible the investment portfolio should be rebalanced on an on-going basis using cash flows. In many cases, the cash flows may not be sufficient to keep the investment portfolio at the strategic asset allocation. Rebalancing limits of ±5% should keep the parameters tight enough to maintain the risk/return profile of the strategic allocation, yet require rebalancing on average only twice a year. Rebalancing should generally be a function of a percentage change and not be based on a specific time period. Because rebalancing involves selling the assets that recently had the highest return, it will generally work well in volatile markets, and under perform a buy-and-hold strategy in one-way trending markets. Rebalancing should be expected to be profitable over the long run.

**Time Horizon**

The Fund is designed to provide financial support by supplementing income and operations. Therefore, the time horizon is essentially long –term.

Since short-term market fluctuations are inevitable and should be viewed with the appropriate perspective, the investment guidelines are based on an investment horizon of greater than ten years. Similarly, the Fund’s strategic asset allocation is based on this long-term perspective.

The Fund must maintain sufficient reserves to provide for support of students and academic programs. Analysis of the cash flow projections of the Fund indicates that expenditures will not exceed contributions for at least several years. The Board will notify the investment manager(s) in advance of withdrawals to ensure sufficient liquidity.

**Performance Expectations**

The desired investment objective is a long-term rate of return on assets that is at least 9%, which is 4.5% greater than the anticipated rate of inflation as measured, over the period 1960-1999, by the Consumer Price Index (CPI). The target rate of return for the Fund has been based on the assumption that future real returns will approximate the long-term rates of return experienced for each asset class in the IPS.

The Board realizes that market performance varies and that a 9% rate of return may not be realized during some periods. Accordingly, relative performance benchmarks for the managers are set forth in the "Control Procedures" section.

Over a complete economic cycle, the Fund's overall annualized total return, after deducting for advisory, money management, and custodial fees, as well as total transaction costs, should perform above the median of a representative universe of professionally managed funds and consistent with a customized index comprised of market indexes weighted by the strategic asset allocation of the Fund.

**Securities Guidelines**

The investment policies, guidelines, and restrictions presented in the IPS serve as a framework to help the Board and its investment manager(s) achieve the investment objectives at an acceptable level of risk. The Fund will be diversified by asset class and within asset classes. Within each asset class, securities will be diversified among economic sector, industry, quality and size. The purpose of diversification is to provide reasonable assurance that no single security or class of securities will have a disproportionate impact on the performance of the total asset base. As a result, the risk level associated with the portfolio investment is reduced.

Within the equity asset class, managers with different styles will be employed. Diversification by investment style is also an important step in reducing the overall risk of the Fund.

Every money manager selected to manage the Fund must adhere to these guidelines. The following securities and transactions are prohibited unless receiving prior Board approval:

**Samples**

1. Letter stock and other unregistered securities, commodities or other commodity contracts, and short sales or margin transactions, except where such transactions occur as part of the regular activities of common trust funds.
2. All assets must have a readily ascertainable market value and be easily marketable.
3. Assets must be adequately diversified to reduce risk.

**Domestic Equities**

The purpose of equity investments in the Fund is to provide capital appreciation and growth of income, with the recognition that this asset class carries with it the assumption of greater market volatility and increased risk of short-term loss.

Equity holdings in any one company should not exceed more than 5% of the market value of the Fund's equity portfolio.

Not less than 1% of the overall allocation is to be invested in a socially conscious equity position.

Not more than 1.5x the weighting found in a broad market index of the market value of the equity portfolio should be invested in any one economic sector.

The investment manager(s) shall emphasize diversification to minimize the risk of large loss.

The investment manager(s) shall have the discretion to invest a portion of the assets in cash reserves when they deem appropriate. However, the investment manager(s) will be evaluated against their peers on the performance of the total funds under their direct management.

Within the above guidelines and restrictions, the investment manager(s) has complete discretion over the timing and selection of equity securities or funds.

### **International Equities**

International equity markets do not move in perfect correlation with domestic markets. Therefore, adding international equities to a domestic stock portfolio further reduces risk.

**International equity investments shall be targeted at 20% of the equity allocation or 13% of the entire portfolio.**

Equity holdings in any one company shall not exceed more than 5% of the international equity portfolio.

No more than 1.5x the weighting found in a broad market index of the international allocation shall be invested in one industry category.

Allocations to any specific country shall not be excessive relative to a broadly diversified international equity manager peer group. It is expected that the non-U.S. equity portfolio will have no more than 40% in any one country.

The investment manager(s) may use foreign exchange contracts and swap agreements on currency, and purchase warrants and convertible securities provided that use of such securities is limited to hedging currency exposure existing within the investment manager's portfolio. There shall be no direct foreign currency speculation or any related investment activity. While each of the above mentioned securities can be used as leveraged investments, the investment manager(s) may not use them to leverage its net assets.

### **Domestic Fixed Income**

The purpose of fixed income investments is to provide diversification and a predictable and dependable source of current income. It is expected that fixed income investments will be flexibly allocated among maturities and durations of different lengths. Fixed income instruments should reduce the overall volatility of the Fund's assets and provide a deflation hedge.

Investments of a single issuer, with the exception of the U.S. Government and its agencies (including GNMA, FNMA and FHLMC), may not exceed 10% of the fixed income portfolio.

**The credit quality of the aggregated fixed income portfolio must be A or better.**

The fixed income portfolio may not be invested in non U.S. dollar fixed income. There is no sustainable incremental return to be gained from international fixed income diversification. Given the free flow of capital worldwide in the fixed income markets, long-term returns from high-quality instruments of similar duration should not be predictably different on a hedged basis. International bond investing may

produce negative incremental returns because of the high costs of currency hedging and investment management.

Within the above guidelines and restrictions, the investment manager(s) has complete discretion over the timing and selection of fixed income securities.

**Cash Equivalents/Reserves**

Within mutual funds, the investment manager(s) may invest in certain short-term fixed income securities for temporary defensive purposes. Such securities may be used to invest uncommitted cash balances, to maintain liquidity to meet shareholder redemptions, or to take a temporary defensive position against potential stock market declines. These securities include: obligations of the U. S. Government and its agencies or instrumentalities; commercial paper, Eurodollar certificates of deposit, bank certificates of deposit, and bankers' acceptances; and repurchase agreements collateralized by these securities.

No more than 10% of the total market value of the reserve allocation may be invested in the obligations of a single issuer, with the exception of U.S. Government and its agencies (including GNMA, FNMA and FHLMC).

**Selection of Money Managers**

The Board will select appropriate money managers to manage the Fund. The evaluation and selection of investment managers included qualitative and quantitative factors. Investment managers must meet the following minimum criteria:

1. Be a bank, insurance company, investment management company, or investment adviser as defined by the Registered Investment Advisers Act of 1940.
2. Provide historical quarterly performance numbers calculated on a time-weighted basis, and reported net of fees. Performance information should include a comparison to appropriate market indexes and peer groups, taking into consideration both risk and return.
3. The investment manager should provide information on the firm by providing an ADV Part II, a prospectus, or comparable information, such as an annual report from a bank or insurance company.
4. Provide detailed information on the history of the firm, key investment personnel stability, key clients, fee schedule, and support personnel. The information should indicate that the firm is capable of handling the current level of new account growth. This information can be a copy of a recent request for proposal (RFP) completed by the manager.
5. Clearly articulate the investment strategy that will be followed and provide an assessment that each manager's characteristics are consistent with its stated investment objectives and expected risk profile.

**Responsibilities and Procedures****Duties and Responsibilities of the Board**

The general administration of the Fund and the responsibility for carrying out the provisions of the Fund is placed on the Board of Directors.

The Board is charged with:

1. Serving as fiduciary of assets of the ESF College Foundation
2. Assign a committee of directors to oversee investments and provide recommendations on investment policy and procedures to the full Board.
3. Writing and periodically updating an investment policy statement
4. Determining and periodically reviewing investment asset allocations
5. Selecting and evaluating money managers

### **Duties and Responsibilities of the Money Managers**

The duties and responsibilities of each investment manager retained by the Board include:

- Managing the Fund under its care, custody, and/or control in accordance with the Fund's objectives and guidelines;
- Exercising discretion over investments in accordance with the Fund's objectives and guidelines;
- Promptly informing the Board in writing regarding all significant and/or material matters and changes pertaining to the investment of the Fund, including, but not limited to:
  - Investment strategy
  - Portfolio structure
  - Tactical shifts
  - Ownership
  - Organizational structures
  - Professional staff
  - Recommendations for guideline changes
- Utilize the same care, skill, prudence, and due diligence under the circumstances then prevailing that experienced, investment professionals acting in a like capacity and fully familiar with such matters would use in like activities for like portfolios with like aims in accordance and compliance with all applicable laws, rules, and regulations from local, state, federal, and international political entities as they pertain to fiduciary duties and responsibilities.
- Acknowledge and agree in writing to their fiduciary responsibility to fully comply with the entire IPS and as modified in the future.

### **Communications**

*Quarterly.* The investment manager(s) is expected to prepare a performance measurement report. The Finance and Investment Committee will review the report to (1) ensure that assets are allocated according to the IPS, (2) compare performance of the overall portfolio to a weighted benchmark, and (3) compare the performance of individual managers or mutual funds to their peer group.

*Annually.* Financial reports will be reviewed to ensure that the objectives are being met. The IPS will be revised if there are any material changes to the Fund's risk tolerance, expected or desired rate of return, asset class preference, or time horizon of time to disbursements. Expenses for the management of the portfolio will also be analyzed including transaction costs, custodial costs, and fees paid to investment manager(s) and consultants.

*On an As-Needed Basis.* The Finance and Investment Committee will meet if there have been any material changes to hired investment manager(s), unexpected *and material* changes to contributions and disbursements, and/or any other event that materially impacts the Board's ability to carry out their fiduciary duties.

**Proxy Voting Policy**

The investment manager(s) shall have the sole and exclusive right to vote any and all proxies solicited in connection with the securities held by the custodian. Proxies must be voted in a manner that best serves the ESF College Foundation.

Mutual fund portfolios will be voted in accordance with established procedures in place at their mutual fund families.

**Monitoring of Money Managers**

Quarterly performance will be evaluated to test progress toward the attainment of longer-term targets. It is understood that there are likely to be short-term periods during which performance deviates from market indexes. Accordingly, the Finance and Investment Committee expects to monitor performance through absolute, relative and comparative terms over 3 to 5 year annualized periods. Absolute results will determine the rate of asset growth, while relative results will provide the Finance and Investment Committee with the view of investment performance compared to the market indexes. Comparative results will place greater emphasis on peer-performance comparisons with managers employing similar styles.

On a timely basis and prior to each regular Board meeting, the Finance and Investment Committee will meet to focus on:

- Manager's adherence to the IPS guidelines.
- Material changes in the investment manager's organization, investment philosophy, and/or personnel.
- Comparisons of the investment manager's results to appropriate indexes and peer groups, specifically:

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| <i>Asset Category</i> | <i>Index</i>                     | <i>Peer Group Universe</i>                |
|-----------------------|----------------------------------|---|
| Domestic Equity       | Spliced Total Stock Market Index | Lipper General Equity                     |
| International Equity  | Total International Composite    | Lipper International                      |
| Domestic Fixed Income | Lehman Aggregate Bond Index      | Lipper Intermediate Term Investment Grade |
| Reserves              | Citigroup 3 mo T-Bill Index      | Lipper Money Market                       |

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The risk associated with each investment manager's portfolio, as measured by the variability of quarterly returns (standard deviation), should not exceed that of the benchmark index and the peer group without a corresponding increase in performance above the benchmark and peer group.

Major changes warranting immediate review of the manager include:

- Change in professionals
- Significant account losses
- Significant growth of new business
- Change in ownership
- Illegal or unethical behavior on the part of the investment manager(s)
- Style drift
- Failure to follow the guidelines established in this IPS

The performance of the Fund's investment manager(s) will be monitored on an ongoing basis, and it is at the Board's discretion to take corrective action by replacing a manager if they deem it appropriate at any time.

**Monitoring of Objectives**

Since changes in the Fund's needs or changes in the basic nature of the capital markets will develop only gradually; decisions to change investment policy seldom will be made. In particular, short-term changes in the financial markets should not require adjustments to the IPS. The IPS will be given a careful review once a year and will be reviewed thoroughly after any major change in the needs of the Fund.

The investment manager(s) is expected to make recommendations to the Finance and Investment Committee for changes to the IPS that the investment manager(s) believes are appropriate based on then existing conditions. If, at any time, an investment manager believes that a specific guideline or restriction is impeding the ability to implement his process or meet the performance objective, he should present this fact to the Finance and Investment Committee.

**Adopted:** March 2007

Reviewed: