INVESTMENT POLICY STATEMENT

For

The Community Foundation of Grant County, Indiana, Inc.

Prepared on January 6, 2003
Last Restated January 2012
Amended August 2012
Amended December 2012
Restated February, 2014
Amended November, 2017
Restated May, 2020
Restated February, 2022

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PURPOSE

The purpose of this Investment Policy Statement (“IPS”) is to assist The Community Foundation of Grant County, Indiana, Inc. (“Foundation”) Board of Directors (“Board”) in effectively supervising, monitoring and evaluating the investment of the Foundation’s Endowment Fund (“Endowment”) and Operating Cash Reserves (“Reserves”) assets, collectively, the “Funds”. The Funds’ investment program is defined in the various sections of the IPS by:

- Stating in a written document the Board's attitudes, expectations, objectives and guidelines for the investment of all Foundation assets.

- Setting forth an investment structure for managing all Funds. This structure includes various asset classes, investment management styles, asset allocation and acceptable ranges that, in total, are expected to produce a sufficient level of overall diversification and total investment return over the long-term.

- Providing guidelines for each investment portfolio that control the level of overall risk and liquidity assumed in that portfolio, so that all Foundation assets are managed in accordance with stated objectives.

- Encouraging effective communications and understanding regarding investment performance between the Board, the investment consultant (“Consultant”) and the money managers.

- Establishing formal criteria to monitor, evaluate and compare the performance results achieved by the money managers on a regular basis.

- Adhering to the “Duty of Care and Loyalty” guidelines as set forth by the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”), the Foundation shall: comply with the duty of loyalty imposed by any law; and manage or invest the Foundation assets in good faith and with the care a prudent person acting in a like position would use under similar circumstances.

This IPS has been formulated, based upon consideration by the Board of the financial implications of a wide range of policies, and describes the prudent investment process that the Board deems appropriate.

BACKGROUND

Mission Statement:

The mission of the Community Foundation of Grant County is to connect people, resources, and causes to promote sustainable impact toward the betterment of Grant County.

Key information regarding the Funds can be found in Appendix A.

Additional Information

The Endowment Fund has been established to ensure the long-term sustainability of the Community Foundation of Grant County's mission.

The Operating Cash Reserves Fund has been established to accommodate the required budgetary reserves of the Foundation.

STATEMENT OF OBJECTIVES

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

1. To design an investment program that preserves real purchasing power in perpetuity.

2. To maintain an Endowment spending policy that supports the mission of the Foundation, with details below:

   New Funds will not pay out until at least 12 months after the minimum fund balance is reached. However, donors may choose to place money in spendable to pay out prior to the 12-month date.

   To apply a smoothing rule to mitigate the effects of short-term market volatility on spending. The following smoothing rule will be applied:

   Foundation's spending policy is to spend a percentage of a five-year moving average of quarterly market values, depending on the five-year moving average of the fund based on this scale:

   4.00% → $5,000 – 99,999
   4.25% → $100,000 - 249,999
   4.50% → $250,000

   This spending policy establishes the resources available for grant spending only. Operating expenses are outlined in the following paragraph. Amounts which remain unspent at the end of the year may be carried over for disbursement in the following years.

   The Foundation will assess a 0.125% administrative fee, on a monthly basis, to all endowed funds and 0.167% will be charged monthly to all scholarship funds. This fee is used to offset expenses associated with managing and administering all endowed funds.

3. The Finance Committee, with Board approval, reserves the right to take exception to the set Spending Policy in order to meet current conditions.

4. To utilize a portion of grant-making funds, when feasible, to support social impact investing for the benefit of Grant County residents in alignment with the Foundation's mission.

5. To control both administrative and investment cost.

6. To achieve investment return of Funds' assets in light of acceptable risk levels.

Time Horizon

The investment guidelines are based upon an investment horizon of greater than five years, so that interim fluctuations in market value should be viewed with appropriate perspective. Similarly, the Funds' Strategic Asset Allocations are based on this perspective.

Short-term liquidity requirements should be anticipated and will be handled from contributions, the amount allocated to cash, and/or by the income, appreciation, or reallocation of Funds' investments.

Risk Tolerances

The Board recognizes the difficulty of achieving the Funds' investment objectives in light of the uncertainties and complexities of contemporary investment markets. Some risk must be assumed in order to support the objectives for the Funds. Accordingly, the Board's risk tolerance is reviewed periodically in order determine whether such objectives can be met given the current market environment. Based on these evaluations, the Board may make adjustments to the asset allocations and investment manager structures to maintain an acceptable level of risk for the Funds. Further details are contained within Appendix B of the IPS.

Performance Expectations

In general, it is expected that the Funds' investment strategies are structured to provide returns consistent with the Board's goals and objectives. However, it is understood that the performance of the Funds is a result of the market environment. Therefore, performance expectations will be reviewed periodically by the Board in order to determine whether the Board's objectives can be met given the current market environment. Based on these evaluations, the Board may make adjustments to the asset allocations and investment manager structures to maintain an acceptable level of risk for the Funds. Further details are contained within Appendix B and Appendix C of the IPS.

Additionally, over complete business cycles, the Funds' overall returns will be compared to customized benchmarks as indicated in Appendix C.

Asset Class Preferences

The Board has reviewed the long-term performance characteristics of various asset classes, focusing on balancing the risks and rewards of market behavior. Additionally, the Board has reviewed the continued viability of various asset classes given the current market environment. Asset class preferences are not anticipated to change dramatically through time, but may reflect the Board's beliefs about certain risks or opportunities presented by markets at any given time.

Portfolio Structure

In accordance with the "Individual Assets and Diversification" guidelines outlined by UPMIFA, the Foundation shall make management and investment decisions about an individual asset: in the context of the Foundation's portfolio of investments as a whole and not in isolation; and as part of an overall investment strategy that has risk and return objectives reasonably suited to Foundation. Except as otherwise provided in law, the Foundation may invest in any kind of property or type of investment. Within a reasonable time after receiving property, the Foundation shall: retain or dispose of the property; or otherwise rebalance the investment portfolio; to bring the institutional fund into compliance with the purposes, terms, and distribution requirements of the institution.

The UPMIFA guidelines and the Funds' objectives, time horizons, risk tolerances, performance expectations and asset class preferences have been considered in the development of the current portfolio structures. Additionally, the Board reviewed a number of manager structure alternatives to further define investment strategies for inclusion in the Funds. Further, the risk to any one manager was evaluated regarding proper diversification among investment strategy and business risk. Upon careful evaluation and consideration, the Board arrived at the following portfolio structures as detailed within Appendix B and Appendix C of the IPS.

Impact Investing

The Foundation recognizes the potential to improve the community, and the lives of individuals and families in Grant County, through impact investing initiatives that utilize a portion of unrestricted grant-making funds. Impact Investing initiatives are further described in Appendix B.

Rebalancing of Strategic Allocation

The Board recognizes that from time to time the asset mixes will deviate from the targeted percentages due to market conditions. A range has been established for each asset class to control risk and maximize the effectiveness of the Funds' asset allocation strategies, while avoiding unnecessary turnover at the security level. Further details are contained within Appendix B of the IPS.

The percentage allocation to each asset class may vary depending upon market conditions and should be reviewed by the Board no less than quarterly. When an asset class is outside of its allowable range, the Board will evaluate the feasibility of rebalancing the Funds back to the target allocations. During periods of extreme market conditions, which may include excessive volatility or illiquidity in an asset class, or where rebalancing may unduly hinder the Funds, the Board may choose to delay rebalancing the Funds. During that period, it is expected that more frequent reviews of the Funds' allocations and market conditions will be evaluated to assess the appropriateness of rebalancing the Funds.

Where possible, cash flows to or from the Funds should be used to rebalance back to the targeted percentage as much as possible, since this avoids unnecessary turnover of securities. Where transfers between accounts are required investment managers should be notified in advance, if possible, of the amount and timing of any transfers to or from their accounts.

SECURITIES GUIDELINES

Managers selected to manage Funds' assets through a mutual fund, commingled investment trust or private offering must adhere to the guidelines set forth in their respective prospectus, trust document or offering memorandum.

Managers selected to manage Funds' assets through a separate account must adhere to the following guidelines:

The following securities and transactions are not authorized unless receiving prior Board approval:

(1) Letter stock and other unregistered securities; commodities or other commodity contracts.

(2) Securities lending; pledging or hypothecating securities;

(3) Investments in the equity securities of any company with a record of less than three years' continuous operation, including the operation of any predecessor.

(4) Investments for the purpose of exercising control of management.

<u>Domestic Equities:</u>

- Equity holdings in any one company should not exceed more than 5% of the market value of the Fund's equity portfolio. Additionally, holdings in one industry should not exceed 25%, without the prior written approval of the Board.

- Allocation to any one economic sector should not be excessive and should be consistent relative to the broad equity market and to managers following similar style disciplines.

- The manager shall emphasize quality in security selection and shall minimize risk of large loss through diversification.

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

- Holdings of individual securities shall be large enough for easy liquidation.

- Managers may be subject to more specific guidelines in their respective contracts or as noted within written exhibits or addendums.

Domestic Fixed Income:

- The average credit quality of each Manager's portfolio shall not be lower than Aa3/AA-.

- All fixed-income securities held in the portfolio should have a Moody's, Standard & Poor's and/or a Fitch's credit quality rating of no less than "BBB". U.S. Treasury and U.S. government agencies, which are unrated securities, are qualified for inclusion in the portfolio.

- No more than 20% of the market value of the fixed income portfolio shall be rated less than single "A" quality, unless the manager has specific written authorization. If the ratings are "split" between ratings agencies, the lowest of the ratings shall apply.

- In the event a holding is downgraded by all ratings agencies to less than "BBB", the manager will sell the security no later than 90 days after the downgrade.

- The exposure of the portfolio to any one issuer, other than securities of the U.S. government or agencies, shall not exceed 5% of the market value of the fixed income portfolio. Securities backed by the full faith and credit of the United States Government or any of its instrumentalities shall not be subject to exposure limitations.

- The average duration of a fixed income manager may not vary by more than 25% from the average duration of that Manager's benchmark index.

- Holdings of individual issues shall be large enough for easy liquidation.

- The manager may contract to purchase securities for a fixed price at a future date beyond customary settlement provided that cash or cash equivalents are maintained sufficient to make payment in full.

- Managers may be subject to more specific guidelines in their respective contracts or as noted within written exhibits or addendums.

Cash/Cash Equivalents:

- Cash equivalent reserves shall consist of cash instruments having a quality rating of A-2, P-2 or higher. Eurodollar Certificates of Deposits, time deposits, and repurchase agreements are also acceptable investment vehicles.

- Any idle cash not invested by the investment managers shall be invested daily through an automatic interest bearing sweep vehicle managed by the custodian.

SELECTION OF MONEY MANAGERS

The Board has the responsibility for selecting money managers. The Board's intent is to follow a process that embodies the principles of procedural due diligence. Accordingly, when selecting investment managers, the Board will:

- Retain a "prudent expert" (a bank, insurance company, or investment advisor as defined by the Registered Investment Advisors Act of 1940).

- The Board may evaluate criteria specific to the mandate being sought. Such criteria may include, but is not limited to:

  - Investment manager strategy and approach
  - Organizational structure
  - Minimum and maximum assets under management
  - Client servicing capabilities
  - Performance criteria relative to an appropriate index and peer group, where appropriate
  - Capacity in the appropriate vehicle
  - Initial lockup and redemption provisions, where appropriate
  - Fund transparency (confidentiality agreements may be necessary)
  - Fees and alignment of economic interests

- Follow a due-diligence process so as to avoid selecting investment managers on an ad-hoc basis. The due diligence process should involve analyzing investment manager candidates in terms of certain:

  - **Qualitative Characteristics,** such as key personnel, investment philosophy, investment strategy, research orientation, decision-making process, and risk controls.

  - **Quantitative Characteristics,** such as GIPS-compliant composite return data, investment performance over multiple time periods, performance volatility, risk-adjusted rates of return (e.g., Sharpe Ratios), and certain portfolio characteristics.

Further criteria for Alternatives Investments may include the following:

- *Strategy and Manager Risk*: The alternatives component of the Funds shall be diversified by strategy and managers in order to manage risk.
- *Leverage Risk*: While financial leverage is useful for enhancing returns, the fund shall use leverage in a prudent manner that, when aggregated, is consistent with leverage applied in other similar funds.
- *Liquidity Risk*: While investments in illiquid securities, or hedge funds with long lock-up periods, are often key to enhancing returns, the underlying hedge funds of the investment manager’s portfolio shall offer a level of liquidity.

- *Counterparty Risk:* In the normal course of risk management, the investment manager may elect to engage in derivatives transactions to offset, or hedge, unintended market exposures in underlying funds. In these transactions involving counterparty risk, such credit risk can be minimized through the exclusive use of listed options and futures traded on registered exchanges.

<u>UPMIFA Factors for Investment Decisions</u>

In addition to the guidelines outlined above, the Foundation will act in accordance with the "Factors for Investment Decisions" as outlined by UPMIFA. Specifically, in the investment and management of its funds, the Foundation shall consider the following factors:

- General economic conditions.
- The possible effects of inflation or deflation.
- The possible tax consequences of investment decisions or strategies.
- The role of each investment or course of action in relation to the overall investment portfolio.
- The expected total return from income and the appreciation of investments.
- Other resources of the Foundation.
- The needs of the Foundation to make distributions and to preserve capital.
- The relationship or value of an asset to the charitable purposes of the Foundation.

In addition, the Foundation shall consider the following in the investment of its funds:

- The intent of a donor expressed in a gift instrument.
- The charitable purposes of the Foundation.
- The purposes of each institutional fund.

CONTROL PROCEDURES

Duties and Responsibilities of the Finance Committee

The Finance Committee (hereinafter, "Committee") is responsible for the overall management of the Investment Program and reporting decisions made to the Board. The Committee's specific responsibilities include: establishing the Funds' asset allocations and diversifying portfolio assets; establishing and overseeing impact investing initiatives when feasible; establishing and following investment policy objectives and guidelines; hiring prudent experts to make investment decisions; controlling and accounting for expenses; and performing ongoing monitoring. The Committee is also responsible for ensuring that the Funds are managed in the best interests of the Foundation and its donors and beneficiaries. The Committee shall conduct its responsibilities as outlined in this IPS.

Duties and Responsibilities of the Board

The Board is ultimately responsible for the overall Investment Program. The Board's specific responsibilities include: establishing the Funds' asset allocations and diversifying portfolio assets; establishing and following investment policy objectives and guidelines; hiring prudent experts to make investment decisions; controlling and accounting for expenses; and performing ongoing monitoring. In addition, the Board's duties include the appointment and removal of Committee members to which the Board has delegated authority. The Board is also responsible for ensuring that the Funds are managed in the best interests of the Foundation and its donors and beneficiaries. The Board shall conduct its responsibilities as outlined in this IPS.

Duties and Responsibilities of the Money Managers

Money Managers selected to manage Funds' assets through a mutual fund, commingled investment trust or private offering must adhere to the guidelines set forth in their respective prospectus, trust document or offering memorandum.

The duties and responsibilities of each separate account money manager retained by the Board include the following:

(1) Managing the Funds' assets under its care, custody and/or control in accordance with the IPS objectives and guidelines set forth herein, and also expressed in separate written agreements when deviation is deemed prudent and desirable by the Board.

(2) Exercising investment discretion [including holding cash equivalents as an alternative] within the IPS objectives and guidelines set forth herein.

(3) Promptly informing the Board in writing regarding all significant and/or material matters and changes pertaining to the investment of Funds' assets, including, but not limited to:

   a. Investment strategy
   b. Portfolio structure
   c. Tactical approaches

d. Ownership
e. Organizational structure
f. Financial condition
g. Professional staff
h. Recommendations for guideline changes
i. All legal material, SEC and other regulatory agency proceedings affecting the firm.

(4) Promptly voting all proxies and related actions in a manner consistent with the long-term interests and objectives of the Funds set forth herein. Each manager shall keep detailed records of said voting of proxies and related actions and will comply with all regulatory obligations related thereto.

(5) 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 Funds with like aims in accordance and compliance with applicable laws, rules and regulations from local, state, and federal entities as it pertains to fiduciary duties and responsibilities.

(6) Acknowledge and agree in writing to their fiduciary responsibility to fully comply with the entire IPS set forth herein, and as modified in the future.

Duties and Responsibilities of the Custodian

The Board believes that timely and accurate completion of custodial functions is necessary for effective management and monitoring of the Funds' assets. Specifically, the duties and responsibilities of the Custodian include the following:

- Implementing in a timely and effective manner the investment actions as directed by the investment manager(s);
- Investment of any cash into the chosen sweep vehicle;
- Holding all securities in safekeeping for the Foundation;
- Collecting and receiving all income and principal;
- Maintaining accounting records and preparing reports that are required by the Consultant, Committee, and Board;
- Providing performance measurement numbers consistent with the Global Investment Performance Standards (GIPS®) of the CFA Institute as requested by the Consultant, Committee, and Board;
- Processing distributions from the Funds as requested by the Committee and Board;
- Conforming to all provisions in its contract with the Foundation.

Duties and Responsibilities of the Investment Consultant

The duties and responsibilities of the investment consultant include the following:

- Assist in the development of an overall strategy that meets the risk/reward requirements of the Foundation.

- Prepare written IPS, and assist in the documentation of all investment decisions.

- Assist in the selection of "prudent experts" (money managers) who, in turn, are charged with making investment decisions that are consistent with the IPS.

- Assist in the control of investment expenses, including helping to negotiate money manager and custodian fees, and to insure that brokerage is transacted at "best execution."

- Monitor the activities of hired money managers and service vendors.

- Educate Board members of their fiduciary responsibilities and the fundamentals of investment management.

- Assist Board avoiding conflicts of interest.

Brokerage Policy

All transactions effected for the Funds will be "subject to the best price and execution." If a manager utilizes brokerage from the Funds' assets to effect "soft dollar" transactions, detailed records will be kept and communicated to the Board.

Performance Objectives

Investment performance will be reviewed at least annually to determine the continued feasibility of achieving the investment objectives and the appropriateness of the IPS for achieving those objectives.

It is not expected that the IPS will change frequently. In particular, short-term changes in the financial markets should not require adjustments to the IPS.

Costs

In accordance with UPMIFA, the Foundation may only incur costs that are appropriate and reasonable in relation to: the assets of; the purposes of; and the skills available to the Foundation.

Gift Acceptance Policy

Gifts of cash, marketable securities, publicly traded stocks and bonds may be accepted by the Foundation staff without prior approval of the Community Foundation's Board of Directors. Personal or real property, proposed as gifts, must first be reviewed by the Compliance Committee with recommendation to the Board of Directors on acceptance. Such acceptance shall not expose the Community Foundation to any significant financial or monetary obligation, or to any legal or ethic problems. All gifts are to be liquidated and monies placed in appropriate investment account to main asset allocation.

Notwithstanding any other provision hereof, the Community Foundation shall not accept any gift of an interest in a business enterprise for a donor advised fund that would subject the Community Foundation to tax under section 4943 of the Internal Revenue Code, concerning "excess business holdings." Any proposed gift that would result in the donor advised fund holding:

(a) a 20% or greater interest in a business or in an entity, or
(b) any interest in an entity in which any interest is owned by a donor or advisor to the donor advised fund, by a family member or by an entity in which any of the foregoing persons has an interest,

shall be referred to the Community Foundation's counsel for an opinion on the possible application of Code section 4943.

MONITORING OF MONEY MANAGERS

The Finance Committee and Board are aware that the ongoing review and analysis of money managers is just as important as the due diligence implemented during the money manager selection process. Monitoring these managers is a three step process, outlined below:

Step 1 – On-Going Monitoring

The Consultant, Finance Committee and Board will perform a constant and on-going analysis of all Funds' money managers. In addition to reviewing quarterly investment performance, the Consultant, Finance Committee and Board will continually evaluate:

- Money manager's adherence to the IPS guidelines
- Material changes in the money manager's organization, investment philosophy and/or personnel
- The volatility of the investment rates of return of the money manager compared to the volatility of an appropriate market index and peer group (as listed in Appendix C)
- Comparisons of the money manager's results to appropriate indices and peer groups (as listed in Appendix C).

If appropriate market indices and/or peer groups are not available, the Consultant, Finance Committee and Board will evaluate factors such as the money manager's adherence to stated risk and return objectives and the money manager's portfolio exposures in relation to the market environment and stated philosophy and process.

Step 2 – Formal Watchlist

If the Consultant, Finance Committee and Board determine that any of the above factors, or any other development regarding the money manager's performance or organization, warrants a more thorough examination, the Finance Committee and Board will place the money manager fund on a formal "watchlist". Factors examined during the watchlist period include, but are not limited to, the following:

- Extraordinary Events (Organizational Issues)

  Extraordinary events that may lead to a money manager termination include such things as:

  - Change in ownership (e.g., key people "cash out")
  - Change in professionals
  - Changes to a money manager's philosophy or the process it uses to implement the agreed upon strategy
  - Money manager is involved in material litigation or fraud
  - Client-servicing problems
  - Significant account losses or significant account growth
  - Change in cost
  - Change in financial condition

- Extreme performance volatility

- Long-Term Performance in Relation to Appropriate Market Index, Market Environment or Stated Goals and Objectives

  Long-term performance standards measure a money manager's performance over rolling five-year returns or since inception in relation to the appropriate market index.

- Shorter-Term Performance in Relation to Appropriate "Style Group", Market Environment or Stated Goals and Objectives

  Shorter-term performance standards incorporate a time period of at least three years. Each money manager is expected to consistently perform in the top 50th percentile versus an appropriate peer group of money managers with similar investment styles. Additionally, each money manager is expected to demonstrate favorable cumulative and rolling three-year risk-adjusted performance compared to its peer group. If appropriate peer groups are not available, the money manager’s adherence to stated risk and return objectives and the money manager’s portfolio exposures in relation to the market environment and stated philosophy and process will be evaluated. Risk-adjusted performance measures will vary, but may include: Sharpe Ratio, Downside Risk, Information Ratio, and/or Relative Standard Deviation.

Step 3 – Replace or Retain

The watchlist period will generally be four quarters, but the time period can be shorter or longer depending on the factors causing the watchlist.

As a result of the watchlisting examination of the money manager, a recommendation to either **replace** or **retain** the money manager will be made.

It is at the Finance Committee’s and Board's discretion to take corrective action by replacing a money manager, if it deems it appropriate, at any time. The watchlist is not the only route for removing an existing money manager. The aforementioned events, or any other events of concern identified by the Finance Committee and Board, may prompt the immediate removal of a manager without it being watchlisted.

SIGNATURES

Prepared:
Capital Cities, L.L.C.

Date: 5/3/2022

Joe Bill Wiley

Joe Bill Wiley, Consultant

Approved by:
The Community Foundation of Grant County, Indiana, Inc.

Date: 2/24/2022

Dan Carey

Dan Carey, Board Chair

APPENDIX A

Key Information:

Name of Foundation:............................ The Community Foundation of Grant County, Indiana, Inc.

Type of Fund:....................................... Community Foundation

Current Assets:..................................... $30,298,541 (as of June 30, 2021) Endowment
.... $250,000 (as of November 2021) Operating Cash Reserves

Planning Time Horizon: .... Greater than 5 years

Board of Directors:

Dan Carey, Board Chair
Dr. Kyle Speakman, Board Vice Chair
Marty Harker, Board Treasurer
Cory Powell, Board Secretary
Valerie McHarry, Past Board Chair

Dru McCoy
Chris Kennedy
Jennifer Lee
Eric Marshall
Mark Atkinson
Carol Brown
Heath Crouch
Andre Payne
Cory Powell
John Gould
Jeanette Hoeksema
Keith Puffer

Finance Committee:
Voting, Board Members:
Mylon Logan, Chair
Heath Crouch
Valerie McHarry
Cory Powell

Non-Board Member Volunteers:
Bob Logan

Executive Committee:
Dan Carey, Board Chair
Dr. Kyle Speakman, Board Vice Chair
Marty Harker, Board Treasurer
Cory Powell, Board Secretary
Eric Marshall, Innovation Committee Chair
Jennifer Lee, Distribution Committee Chair
Mylon Logan, Finance Committee Chair
Valerie McHarry, Past Board Chair

President/CEO:..................................... Dawn Brown, MSM, CFRM (765) 662-0065

Custodian: .... Charles Schwab (888) 754-2802

Investment Consultant:........................ Capital Cities, L.L.C. (317) 475-4500

Chief Financial Officer: .... Sherri Rush, MBA (765) 662-0065

Historical Record

Date	Change	Comments
Feb. 2022	The IPS was amended to formalize the investment program for the Operating Cash Reserves.	The Board approved the IPS.
August 2021	The Investment Policy was reviewed.	Capital Cities updated the information in the Appendix. The Campus LLC Real Estate Site impact investing innative was removed from the Appendix as the Foundation will no longer be pursuing the investment.
May 2021	Capital Cities recommended a restructuring of the Fixed Income styles and manager allocation.	The Committee voted to restructure Fixed Income, adding an allocation to the Core/Core Plus style while reducing allocation to Diversifying and Defensive styles. Loomis Strategic Alpha was replaced by the addition of 1290 Brandywine Core Plus and Johnson Core Bond.
May 2021	Capital Cities prepared a Portfolio Construction & Spending Analysis presentaion to assist the Foundation in reviewing the Portfolio's construction and spending policy.	The Committee confirmed the asset allocation.
Feb. 2021	An annual market review was provided.	None.
Nov. 2020	The Investment Policy was reviewed.	Capital Cities updated the information in the Appendix.
August 2020	Fee Analysis was conducted.	The Wasatch Small Cap Growth Fund share class was exchanged for a new, cheaper version. The Vanguard International Mutual Fund was replaced with the cheaper ETF version.
August/Sept. 2020	The funding rationale for Impact Investing was discussed.	The Afena and Campus projects will be incorporated into the Defensive Fixed Income portion of the Asset Allocation given similar risk/return characteristics.
May 2020	Capital Cities recommended a restructuring of the Diversifying Equity manager allocation.	The Committee voted to restructure the Diversifying Equity allocation replacing of EPOCH Global Shareholder Yield, FPA Crescent, Fidelity Low-Priced

		Stock, and William Blair Global Leaders. The allocation was replaced with AQR Large Cap Defensive Style, GMO Quality, Prospector Opportunity, Wasatch Ultra Growth, and GQG International Opportunities.
May 2020	Capital Cities prepared a Portfolio Construction & Spending Analysis presentation to assist the Foundation in reviewing the Portfolio's construction and spending policy.	The Committee confirmed the asset allocation.
May 2020	Capital Cities collaborated with the Foundation to update the Investment Policy Statements to incorporate the Impact Investing Initiative for the Committee's review.	None.
Feb. 2020	An annual market review was provided.	None.
Nov, 2019	The IPS was updated.	The appendix-related sections of the IPS were updated.
August 2019	An Asset Allocation and Spending Policy review was conducted.	The asset allocation was confirmed.
May 2019	Capital Cities recommended termination of Westwood Income Opportunities due to personnel changes.	The Committee voted to replace Westwood Income Opportunities given the personnel changes. The allocation was replaced with Lazard Global Listed Infrastructure and PIMCO All Asset. The transition occurred May 16th.
May 2019	A Fee Analysis was conducted.	None.
Feb. 2019	An annual market review was provided.	None.
Nov, 2018	A Responsible Investing overview was presented.	None.
Nov, 2018	An Investment Manager Structure analysis was presented.	None.
Nov, 2018	The IPS was updated.	The appendix-related sections of the IPS were updated.
Aug, 2018	An Asset Allocation and Spending Policy review was conducted.	The Board elected to add the PIMCO Dynamic Bond Fund as 1/3 of the Diversifying Fixed Income allocation.
May, 2018	A Fee Analysis was conducted.	None.
Feb, 2018	An annual market review was provided.	None.
Nov, 2017	IPS was amended.	The IPS was amended given the change to the spending policy, Changes to the Board of Directors, new Alternatives funds and updated benchmark names.
Nov, 2017	A Portfolio Construction Follow-Up was presented.	The Foundation elected to make a change to the Liquid Alternatives structure and terminate the Litman Gregory Master Alternatives and Absolute Strategies funds. The proceeds will be reinvested evenly in the Gabelli ABC, Western Macro Opportunities, and Westwood Income Opportunity funds. The Portfolio's peer group and benchmark for the Liquid Alternatives allocation was changed to the Wilshire Liquid Alternatives Index and Callan Absolute Return Mutual Funds peer group.
Nov, 2017	A Passive Equity and Money Market Analysis was presented.	The Foundation elected to make a change to the Total Domestic Equity allocation from the Vanguard Total Stock Market Index to the Schwab Total Stock Market Index. The benchmark was updated from the CRSP US Total Market Index to the Dow Jones US Total Stock Market Index. The Foundation elected to change the Money Market vehicle from the Schwab Sweep Money Market Fund to the Schwab Government Money Fund.

Aug, 2017	An Asset Allocation and Spending Policy was conducted.	Asset allocation, spending policy, and risk tolerance were confirmed.
May, 2017	A Fee Analysis was conducted.	None.
Nov, 2016	IPS was updated.	The appendix-related sections of the IPS were updated.
Aug, 2016	An Asset Allocation and Spending Policy was conducted..	Asset allocation, spending policy and risk tolerance were confirmed.
May, 2016	A Fee Analysis was conducted.	None.
Feb, 2016	An annual market review was provided.	None.
Nov, 2015	IPS was updated.	The appendix-related sections of the IPS were updated.
Aug, 2015	Asset Allocation Study was conducted.	The Portfolio's benchmark was updated to appropriately reflect the nature of the equities, fixed income, and alternatives allocations.
May, 2015	A Fee Analysis was conducted.	None.
Feb, 2015	An annual market review was provided.	None.
Nov, 2014	Asset Allocation and Spending Policy Study was conducted.	Asset allocation and risk tolerance were confirmed.
May, 2014	A Fee Analysis was conducted.	None.
Feb, 2014	IPS was amended.	The IPS was restated to include UPMIFA standards.
May, 2013	An Investment Structure Review was conducted.	As a result of the analysis, the allocation to TIPS was eliminated in favor of unconstrained fixed income. The unconstrained fixed income exposure was split evenly between the existing PIMCO Unconstrained Bond and new Loomis Strategic Alpha.
Feb, 2013	A Fee Analysis was conducted.	None.
Dec, 2012	IPS was amended.	The IPS was amended given change to scholarship funds.
Aug, 2012	IPS was amended.	The IPS was amended given the change to the spending policy.
Aug, 2012	Asset Allocation and Spending Policy Study was conducted.	As a result, the Foundation elected to move from a three year moving average of quarterly market values to a five year moving average. Asset allocation and risk tolerance was also confirmed.
May, 2012	Asset Allocation Study was conducted.	Asset allocation and risk tolerance was confirmed.
May, 2012	Alternatives Investments search conducted.	The Foundation chose the Absolute Strategies Fund and the PA Stable Value Fund, Ltd.
Feb, 2012	Custodian evaluation conducted.	As a result of the evaluation, the Foundation terminated Key Bank as the custodian and transferred the assets to Schwab in order to reduce fees.
Feb, 2012	An Equity Manager Structure Analysis was conducted.	As a result, the Vanguard 500 Index, American Beacon Large Cap Value, Allianz Large Cap Growth, Eagle Asset Management and American Funds EuroPacific Growth Funds were liquidated. Proceeds were used to purchase Vanguard Total Stock Index, Ivy Asset Strategy, Putnam Capital Spectrum, Global Equity Shareholder Yield and Vanguard Total International Stock Index.
Feb, 2012	A Fee Analysis was conducted.	None.
Jan, 2012	IPS was restated.	IPS is reviewed and updated regularly.
Dec, 2011	Alternatives Investments search conducted.	None.
Nov, 2011	Fixed Income Manager Structure Analysis was completed.	As a result of the Analysis, Scout Core Plus (formerly Frontegra Columbus Core Plus), American Funds Bond Fund of America and PIMCO Total Return were liquidated. Proceeds were used to purchase

		PIMCO Unconstrained, Vanguard Inflation Protected Securities and Vanguard Short-Term Federal.
Aug, 2011	A Manager Structure Analysis was conducted.	None.
June, 2011	Alternatives Analysis was conducted.	None.
Feb, 2011	A Fee Analysis was conducted.	None.
Nov, 2010	A Fixed Income Search was conducted. Frontegra Columbus Core Plus was selected to replace Morgan Asset Mgmt due to performance and fees.	Morgan was liquidated during January 2011 and the proceeds were used to purchase Frontegra Columbus Core Plus.
Aug, 2010	IPS was reviewed.	IPS is reviewed and updated regularly.
May, 2010	An Asset Allocation Study was conducted.	58% Equities/42% Fixed Income allocation was confirmed.
Feb, 2010	A Fee Analysis was conducted.	None.
Nov, 2009	An Investment Manager Review Analysis was conducted.	None.
Aug, 2009	Amended IPS.	IPS is reviewed and updated regularly.
May, 2009	Foundation conducted a custodian search. As a result of the findings of the search, Capital Cities negotiated favorable trade fees with KeyBank.	Effective July 1, 2009, the transaction charge was reduced to $5/trade. Previously, a fee of $12 was charged for each transaction within the Eagle Account and a fee of $15 was charged for all other transactions.
May, 2009	An Asset Allocation Study was conducted.	58% Equities/42% Fixed Income allocation was confirmed.
July, 2008	Amended IPS.	IPS is reviewed and updated regularly.
Feb, 2008	Restated IPS.	IPS is reviewed and updated regularly.
Dec, 2007	As a result of a fixed income structure review and subsequent fixed income manager searches, the Committee elected to split 2/3 of the fixed income allocation between two Core Plus managers, with Morgan retaining 1/3 of the fixed income assets.	American Funds Bond Fund of America and PIMCO Total Return Funds were chosen to represent the Core Plus Fixed Income exposure of the Portfolio. The JP Morgan Core Bond Fund was eliminated in the Portfolio due to co-portfolio manager change and asset loss. $1,500,000 of Morgan Asset Management was also liquidated to meet the new fixed income structure.
Dec, 2007	After conducting a manager search, American Beacon Large Cap Value replaced Bear Stearns in the Portfolio.	Bear Stearns was terminated effective December 14, 2007 after the manager had experienced organizational changes and underperformance. The Bear Stearns' Portfolio was liquidated and the proceeds were used to purchase the American Beacon Large Cap Value Fund.
June, 2005	Restated IPS.	IPS is reviewed and updated regularly.
June, 2005	After conducting a manager search, Bear Stearns Large Cap Value replaced Goelzer Asset Management in the Portfolio.	Goelzer was terminated due to performance and trading costs.
March, 2004	Amended IPS.	IPS is reviewed and updated regularly.
Feb, 2003	Manager searches were conducted based on the manager structure analysis completed in December 2002.	Selected Managers- Passive Core Equity: Vanguard 500 Index, Large Cap Value: Goelzer Asset Mgmt, Large Cap Growth: PIMCO RCM Large Cap Growth, Small Cap Broad: Eagle Asset Mgmt, International Equity: Amer Funds EuroPacific Growth, Core Fixed Income: One Group Bond and Union Planters. Funds implemented during second quarter, 2003.
Jan, 2003	Custodian search was conducted and KeyBank was chosen.	Assets transferred to KeyBank during the second quarter, 2003.

Jan, 2003	Prepared and executed Investment Policy Statement.	None.
Dec, 2002	A Manager Structure analysis was conducted.	None.
Nov, 2002	An Asset Allocation Study and Spending Policy Analysis was conducted.	A 58% Equity/42%Fixed Income allocation was selected.

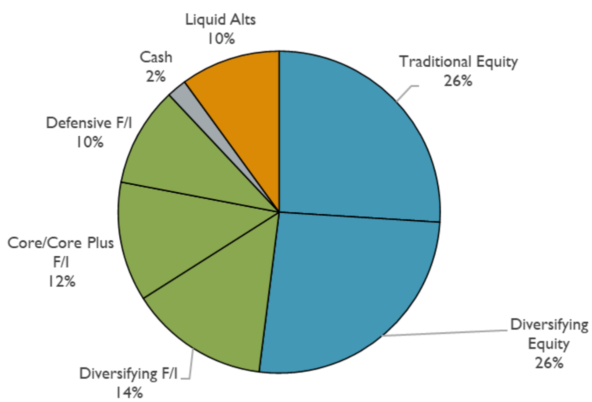
Appendix B:

<u>Asset Allocation Study/Spending Study</u>
Endowment

Periodically, the Committee reviews the portfolio's strategic asset allocation. These discussions center on the long-term objectives and risk tolerance of the Endowment, in light of the current market environment. In general, the Committee displays a conservatively moderate risk tolerance for these assets. Given the long-term perspective, the Committee is willing to experience shorter-term periods of underperformance and volatility, with the goal that longer-term periods will offer returns to accommodate growth and spending. In addition, the Committee recognizes the need for diversification; therefore, the Committee has elected to utilize a mix of Equity, Fixed Income and Liquid Alternatives investments. During the most recent review and discussion, the Committee confirmed the asset allocation below:

Portfolio Construction Summary

52% Equity / 38% Fixed Income and Cash / 10% Liquid Alternatives



- Equity is 52%
  - The overall Equity allocation is 75% US and 25% Non-US, displaying a home country bias
  - The overall Equity allocation is 50% Active (Diversifying) vs. 50% Passive (Traditional)
- Fixed Income & Cash is 38%
  - All fixed income is actively managed
  - Different styles are utilized given the need for fixed income to fulfill different roles
    - Diversifying Fixed Income provides absolute return potential over market cycles
    - Core/Core Plus provides diversification and total return potential
    - Defensive Fixed Income provides downside protection, with slightly higher return expectations than Cash
    - Cash provides liquidity
- Liquid Alternatives is 10%
  - Various funds are utilized, spanning diverse styles
  - The allocation is meant to introduce real return potential and diversification relative to traditional equity and fixed income

The expected return of the portfolio is 4.9%, with an expected standard deviation of 10.0%.

Capital Cities

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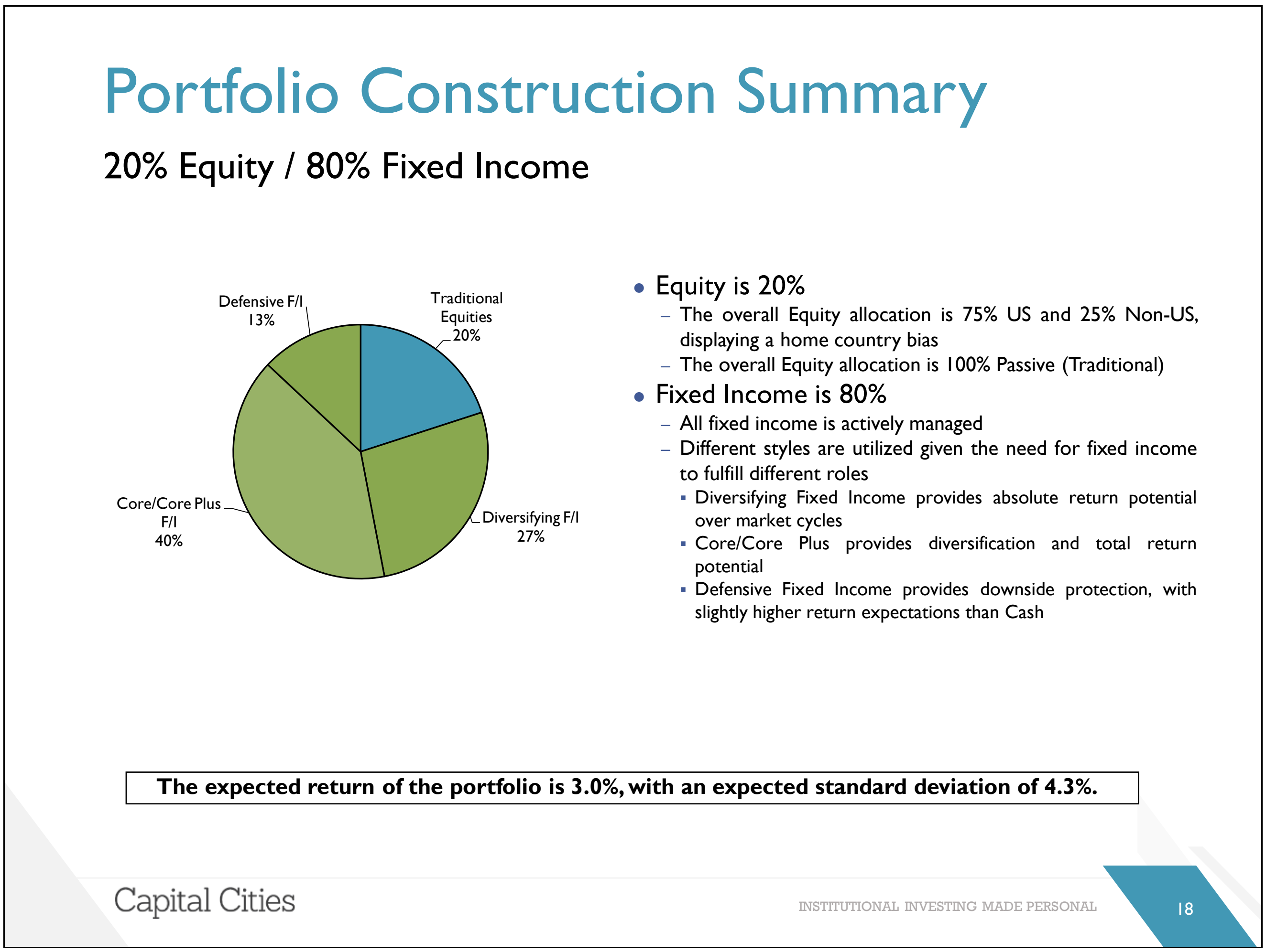
Asset Allocation Study/Spending Study

Operating Cash Reserves

During the February, 2022 Finance Committee meeting, Capital Cities presented an asset allocation study on the Foundation's Operating Cash Reserves. The Foundation's internal policies require a percent of the annual operating budget be held in cash reserves. The reserves are not expected to be utilized for any near-term liquidity and therefore the Foundation has explored investing the assets to improve their return profile. In general, the Committee displays a conservative risk tolerance for these assets. Given the long-term perspective, the Committee is willing to experience shorter-term periods of underperformance and volatility, with the goal that longer-term periods will offer returns to accommodate growth and spending. In addition, the Committee recognizes the need for diversification; therefore, the Committee has elected to utilize a mix of Equity and Fixed Income investments. During the review and discussion, the Committee confirmed the asset allocation below:



Impact Investing Initiative: Afena Safety and Stability Loans Summary

Updated August 2020

More detailed information specifically guiding the program can be found within the Saftey and Stability Loan Partnership Program Proposal.

Description:

The Foundation has partnered with Afena Federal Credit Union ("Afena") to provide secure loans to families with critical and urgent needs in Grant County. The Foundation's committed assets will serve as financial backing, allowing Afena to facilitate a custom loan program. These small-dollar "Safety and Stability Loans" are designed to provide affordable financing to assist impoverished families, particularly given the COVID-19 pandemic, while also helping low-income families to build emergency savings and improve credit.

Roles and Responsibilities:

Afena: As a certified Community Development Financial Institution (CDFI), Afena will develop the loan terms and underwriting criteria. They will also designate a loan officer or program ambassador who will be responsible for face-to-face customer interaction, including financial counseling and account maintenance. Afena will also manage collection practices. Afena will provide quarterly reporting to the Foundation.

Foundation: The Foundation, through its partnership with Afena, will oversee the loan program. More specifically, the Finance Committee and Staff will oversee the day-to-day efforts, including determining the target demographic, ensuring Afena is fulfilling its roles and responsibilities, and reporting on the iniative to the Board.

Consultant: The Consultant will incorporate detail for the impact investments, as provided by the Foundation, into quarterly reporting.

Asset Allocation:

Given the projected risk/return profile, this investment will fall into the "Defensive Fixed Income" asset category for purposes of overall portfolio risk/return modeling and rebalancing. The program does not have a target allocation (%), but rather a specific dollar amount.

Investment Size:

The size of the program is $1 million, funded from unrestricted Foundation assets.

Duration of Program and Review:

The Foundation has committed to placing funds on deposit with Afena for at least five years. The overall program will be formally reviewed annually by the Foundation.

Manager Structure and Rebalancing Guidelines: Endowment

Permissible Style Parameters	Target Percentage	Rebalancing vs. Target Asset Class
Equities:		+/- 5%
Traditional Equities 0-57%	26%	
Unconstrained Equities 0-31%	26%	
Fixed Income:		+/- 5%
Unconstrained Fixed Income 0-25%	14%	
Core/Core Plus Fixed Income 0-41%	12%	
Real Return 0-15%	0%	
Defensive Fixed Income 0-41%	10%	
Cash Equivalents 0-5%	2%	-2%/+3%
Alternatives:		
Hedge Fund of Funds 0-20%	10%	-10%/+5%

Manager Structure and Rebalancing Guidelines: Operating Cash Reserves

Permissible Style Parameters	Target Percentage	Rebalancing vs. Target Asset Class
Equities:		
Traditional Equities 15-25%	20%	+/- 5%
Fixed Income:		+/- 5%
Unconstrained Fixed Income 22-32%	27%	
Core/Core Plus Fixed Income 35-45%	40%	
Defensive Fixed Income 8-18%	13%	

APPENDIX C:

Descriptions of Selected Styles:

Total Domestic Equity Index: Total Domestic Equity Index Style managers hold portfolios with characteristics similar to those of the broader market as represented by the Dow Jones US Total Stock Market Index or similar index.

Diversifying Equity: Diversifying equity managers have the ability to capitalize on their views of the stock market as they relate to capitalization, style and sector/industry without the constraints of a benchmark, thus allowing for added diversification and return, though with a focus on downside protection and/or alpha generation.

Total International Equity Index: Total International Equity Index Style managers hold portfolios with characteristics similar to those of the broader market as represented by the FTSE Global All Cap ex-US Index or similar index.

Core/Core Plus Fixed Income: Core/Core Plus Bond managers construct portfolios that may deviate from the Bloomberg Barclays Capital Aggregate Bond Index. The objective is to add value by tactically allocating portions of the portfolio among non-benchmark sectors while maintaining majority exposure similar to the broad market.

Diversifying Fixed Income: Diversifying fixed income managers do not construct portfolios based on a given benchmark, thus have the ultimate flexibility to adjust the exposures of the funds (duration/yield curve, quality, country and currency positioning, sector allocations) to reflect their views on the market's opportunities and risks. Additionally, these portfolios will often have the ability to be both long and short, but typically maintain net long positions.

Defensive: Defensive managers' objective is to minimize interest rate risk by investing predominantly in short to intermediate term securities. The average portfolio duration and risk/return profile is similar to that of the Bloomberg Barclays 1-3 year Government/Credit Index.

Alternatives: Alternative investments seek to provide diversification of returns relative to traditional asset classes (Equity and Fixed Income), while contributing consistent positive real returns within prudent levels of risk through a well-diversified portfolio.

Money Market: This style consists of open-end mutual funds that invest in low-risk, highly liquid, short-term financial instruments and whose net asset value is kept stable. The average portfolio maturity is 30 to 60 days.

Impact Investing: Impact Investing aims to generate specific social and/or environmental benefits, in addition to financial gains.

Selected Managers and Indexes (Endowment):

Asset Category	***Index***
Equity	
Schwab Total Stock Market Index	Dow Jones US Total Stock Market Index
Vang Total Intl Stock Index	FTSE Global All Cap ex-US Index
AQR Large Cap Defensive	Russell 1000
GMO Quality	Russell 1000
Prospector Opportunity	Russell 2500 Value
Wasatch Ultra Growth	Russell 2000 Growth
GQG International Opportunities	MSCI ACWI ex-USA IMI
Fixed Income	
Carillon Reams Unconstrained Bond	3 Mo. LIBOR Index & Bloomberg Aggregate Index
PIMCO Dynamic Bond Fund	3 Mo. LIBOR Index & Bloomberg Aggregate Index
1290 Brandywine Core Plus	BB BC Aggregate
Johnson Core Bond	BB BC Aggregate
Vanguard Short-Term Federal	Bloomberg BC 1-5 Yr Gov Index
Alternatives	
Gabelli ABC Fund	
Western Macro Opportunities Fund	Wilshire Liquid Alternatives Index
PIMCO All Asset	
Lazard Global Listed Infrastructure	
Cash	
Schwab Government Money Fund	90 Day T-Bills

Evaluation Benchmark:

Total Return to be compared to the performance of a weighted index of:

39% Dow Jones US Total Stock Market
13% FTSE Global All Cap ex-US
10% Bloomberg BC 1-3yr Gov/Credit
26% Bloomberg BC Aggregate
10% Wilshire Liquid Alternatives Index
2% 90 Day T-Bills

Selected Managers and Indexes (Operating Cash Reserves):

Evaluation Benchmark: Total Return to be compared to the performance of a weighted index of:

15% Dow Jones US Total Stock Market
5% FTSE Global All Cap ex-US
13% Bloomberg BC 1-3yr Gov/Credit
67% Bloomberg BC Aggregate