

SUMNER COMMUNITY FOUNDATION

INVESTMENT POLICY STATEMENT

It shall be the Investment Mission of the Sumner Community Foundation:

1. To "grow and maximize" its assets to exceed the performance of the S&P 500, and achieve, or outperform, other target returns according to asset class and diversification.

To meet these objectives the Board will:

1. Work with an outsourced financial consultant and/or organization who is required to put the fiduciary duty of the Foundation first, (Rather than a suitability standard, which often rewards the advisor, or the investment firm, instead of doing what is best for the Foundation.)
2. Require a more passive portfolio management style to manage risk and achieve value, and
3. Maximize growth and income, over time, using a buy and hold investment strategy, in a well diversified asset mix of primarily index based allocations. These may include, but not be limited to, mutual funds (including sector funds), exchange traded funds, real estate investment trusts, as well as individual stocks and bonds, when appropriate.

RISK TOLERANCE

The Board understands no investment strategy or portfolio will achieve its performance goal every quarter or year, and that the value of the portfolio will fluctuate with changing markets.

The outsourced financial consultant will incorporate risk-management strategies to reduce the likelihood of major loses - more than 20%. The Board is discouraged from acting on emotion in times of market distress.

Given the responsibility, to "grow and maximize" the endowment, as stated in the SES - Sumner Township agreement, the Board's risk tolerance is characterized as "growth", with a 8 to 10 year time horizon. (Very conservative, conservative, moderate conservative, moderate, moderate growth, growth, or maximum growth)

REBALANCING

Rebalancing the portfolio will be based upon the advice of the financial consultant rather than a specific time period. Frequent changes in response to subtle changes in the financial markets are not expected.

CONTRIBUTIONS

The Board believes as long as SES makes an annual contribution to the Sumner Community Foundation, even during times of market uncertainty, no less than 80% of each year's contribution will be invested in the Foundation's endowment portfolio. After the endowment's balance reaches \$2 million, no more than 5% of the previous year's capital gains and dividends, plus up to 20% of that year's February SES contribution, can be used for Foundation operations and awards. (IRS requires private foundations to pay out 5% of the fair market value each year.)

LIQUIDITY

Once the approximate annual costs of Foundation operations are known, a Liquidity Policy, (cash requirements) will be written and established, with possible input from the financial consultant.

DISTRIBUTIONS

Should a prior year's portfolio balance from capital gains and dividends be less than 5%, the amount of those funds available should be reduced by the same percentage, to as little as 0%. If the Foundation's prior year (January - December) portfolio balance would experience a loss of 6% or more, no additional funds for awards that year would be available, other than up to 20% of the yearly SES February contribution.

BOARD MEMBER RESPONSIBILITIES

The ultimate fiduciary responsibility for the Foundation's investment portfolio rests with the Board. Members are expected to exercise prudent and appropriate care in meeting the mission of the Foundation by:

- A. Securing trusted financial advice, through an outsourced consultant, and to see to it that the strategy for which the investment consultant was retained is implemented,
- B. Establishing communication expectations with the consultant, and seeing to it that such contact actually occurs (face-to-face meetings, or telephone conference calls with performance reports).
- C. Monitoring and discussing with the investment consultant, the quarterly or semi-annual performance of the investment strategy, in comparison to the performance of the S&P 500, and previously agreed to benchmarks indexes for other assets over the same period, and
- D. Evaluating the performance of the financial consultant based upon criteria established prior to the initial agreement and any transfer of funds. The continuing relationship with the financial consultant will be affirmed or revised as part of the agenda of the February Annual Meeting.

INVESTMENT CONSULTANT RESPONSIBILITIES

The Board shall delegate to the investment consultant the responsibility to advise the Board in all aspects of managing, implementing and overseeing the portfolio. At a minimum, the consultant should:

- A. Provide asset allocation advice,
- B. Implement the Boards approved investment strategy,
- C. Establish performance goals and criteria as a means of measuring the results of all asset classes in the portfolio,
- D. Review the overall health of the portfolio with the Board, and
- E. Assist the Board in professional development and continuing education.

AMENDMENTS

This Statement may be amended or repealed at a regular or special Board meeting. Notice of a proposed motion to amend, or replace the IPS shall be stated in the agenda for the meeting at which the proposed change (s) will be considered. Amendments must be approved by three of the five Board members.

ACKNOWLEDGMENT

We the Board of the Sumner Community Foundation, recognize the importance of adhering to the mission and strategies detailed in this policy and agree to work to fulfill the objectives, stated herein, to the best of our ability.

Jason Allen

Jim Crotteau

Joe Grilley

Dave Mansfield

Joe Sadowski

Signed _____