Community Foundation of the Florida Keys

INVESTMENT POLICY STATEMENT

Approved in August 2008 by Board of Governors

Amended February, 2009

Amended May, 2011

Amended June, 2013

Amended March 15, 2016

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Amended December 12, 2017

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Any change to this policy should be communicated in writing on a timely basis to all interested parties

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B A C K G R O U N D a n d P U R P O S E

CFFK Positioning Statement

The Community Foundation of the Florida Keys exists to make Key West and the Florida Keys a better place to live now and in the future by encouraging philanthropy and matching these acts of caring to the community needs.

And Mission Statement:

To be a unique and vital partner to local charities by securing substantial sources of funds - not otherwise available - to strengthen the not-for-profit organizations whose services benefit the community at large

To provide a service to donors by facilitating their charitable planned giving

To identify unmet needs in the community and to work with other community organizations and individuals to meet those needs

Investment Policy Statement Overview:

This Investment Policy Statement (IPS) has been prepared by the Community Foundation of the Florida Keys ("the Foundation"), a tax-exempt Public Foundation under IRS Code 501(c)(3). The asset allocation strategy may change depending upon grants, operating expenses and future contributions. The Foundation has hired an Investment Consultant (Consultant) to assist in designing and maintaining investment policies.

The purpose of this IPS is to assist the Foundation and its Consultant in effectively supervising, monitoring and evaluating the management of the Foundation's assets. The Foundation's investment program is defined in the various sections of this IPS by:

1. Stating in a written document the Foundation's attitudes, expectations, objectives and guidelines in the management of their assets.

2. Setting forth an investment structure for managing the Foundation's assets. This structure includes various asset classes, investment management styles, asset allocation and acceptable ranges that, in total, are expected to produce an appropriate level of overall diversification and total investment return over the investment time horizon.

3. Establishing formal criteria to select, monitor, evaluate and compare the performance of money managers on a regular basis.

4. Encouraging effective communications between the Foundation, Investment Advisor/Consultant, Portfolio Managers, and other interested parties.

5. Complying with all applicable fiduciary, prudence and due diligence requirements experienced investment professionals would utilize, and with all applicable laws, rules and regulations from various local, state, federal and international political entities that may impact the Foundation's assets.

STATEMENT of OBJECTIVES

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

1. Maintain the purchasing power of the current assets and all future contributions. The objective is to maintain the level of services and programs in relation to average cost increases. This objective implies a Target Return as follows: 5yr CPI+ annually approved Grantmaking Rate + Weighted Average Administrative Fee (1.2%). The Target Return is based on a trailing five year calculation.

2. Achieve Target Return within reasonable and prudent levels of risk.

3. Maintain an appropriate asset allocation based on a total return policy to meet the foregoing criteria.

Risk Tolerances

The Foundation recognizes and acknowledges some risk must be assumed in order to achieve the long-term investment objectives of the portfolio, and there are uncertainties and complexities associated with contemporary investment markets.

In establishing the risk tolerances for this IPS, the Foundation's ability to withstand short and intermediate term variability was considered. Some interim fluctuations in market value and rates of return may be tolerated in order to achieve longer-term objectives.

Time Horizon

The investment guidelines for the portfolio are based upon an investment horizon of greater than five years; therefore interim fluctuations should be viewed with appropriate perspective. With the exception of natural disasters, short-term liquidity needs are expected to be minimal, as other funds discussed in Addendum 1 of this IPS have already been allocated. However, any unanticipated needs will be met from cash, future contributions or rebalancing activities.

ASSET CLASS GUIDELINES

The Foundation believes that long-term investment performance, in large part, is primarily a function of asset class mix. The Foundation has reviewed the long-term performance characteristics of the broad asset classes, focusing on balancing the risks and rewards.

History shows that while interest-generating investments, such as bond portfolios, have the advantage of relative stability of principal value, they provide little opportunity for real long-term capital growth due to their susceptibility to inflation. On the other hand, equity investments, such as common stocks, clearly have a significantly higher expected return but have the disadvantage of much greater year-by-year variability of return. From an investment decision-making point of view, this year-by-year variability may be worth accepting, provided the time horizon for the equity portion of the portfolio is sufficiently long (five years or greater).

Considering the Portfolio's investment objective, time horizon, risk tolerances, performance expectations, and asset class preferences, an appropriate portfolio allocation was identified, as shown in the "Asset Allocation Targets" chart in Addendum 1. The targets shown in the chart will not be changed without Committee approval.

After the allocation strategy is implemented, the Consultant is responsible for rebalancing the portfolio, applying the methodology approved by the Consultant's Investment Committee. Any change in methodology will be communicated to the Foundation in writing contemporaneously. When necessary and/or available, cash inflows/outflows will be deployed in a manner consistent with the strategic asset allocation of the Portfolio.

The following factors will also be considered, if relevant, in managing and investing the investment portfolio and including any specific institutional funds, except as a donor's gift instrument otherwise requires and consistent with the Florida adoption of the Uniform Prudent Management of Institutional Funds Act (UPMIFA):

- General economic conditions;
- The possible effect of inflation or deflation;
- The expected tax consequences, if any, of investment decisions or strategies;
- The role that each investment or course of action plays within the Foundation's overall investment portfolio;
- The expected total return from income and the appreciation of investments;
- Other resources of the Foundation;
- The needs of the Foundation and a given institutional fund to make distributions and to preserve capital; and
- An asset's special relationship or special value, if any, to the purpose of the Foundation.

DUTIES and RESPONSIBILITIES

Foundation Board of Governors

As a fiduciary, the primary responsibilities of the Foundation are:

1. Prepare and maintain an investment policy statement.
2. Prudently diversify the account assets to meet an agreed upon risk/return profile.
3. Prudently select investment options.
4. Control and account for all investment, record keeping and administrative expenses associated with the accounts.
5. Monitor and supervise all service vendors and investment options.
6. Avoid prohibited transactions and conflicts of interest.

Investment Committee

The Investment Committee is a standing committee comprised of representatives from the Board, staff, and Community. They are responsible for overseeing the management of Foundation assets. They shall act solely in the best interest of the Foundation and in concert with the mission of the Foundation. They are authorized to engage the services of investment professionals. The Investment Committee's responsibilities include:

a. Setting and revising investment policies that the Board must approve. Developing investment objectives, asset allocation strategies and performance guidelines.
b. The Investment Committee has the authority to make minor adjustments in the asset allocation policy without further Board approval, provided that the stock bond mix is not changed by more than 5 percentage points.
c. Selecting an Investment Advisor/Consultant, Investment Managers and Custodians.
d. Reviewing and evaluating investment results and approving changes as needed.
e. Providing periodic performance reports to the Board.

Investment Consultant

The Investment Consultant shall report to the Investment Committee and serve as a focal point for gathering all information from Investment Managers regarding current and historical performance as well as future plans. The Consultant shall supervise and direct the investment of the Foundations portfolio as specified in this IPS. Supervision is continuous, with limited discretion. Limited discretion means that the Consultant is responsible for assessing the appropriateness of asset allocation strategies but does not have discretion to change the strategy without the Committee's approval. The Consultant has discretion to rebalance the portfolio to maintain the asset allocation using the methodology approved by the Consultant's Investment Committee. The Consultant also has discretion to change Managers as required by the Due Diligence Policy described in this IPS. The Investment Consultant shall communicate with the Investment Committee on an on-going basis and provide written reports on a quarterly basis comparing the performance of Investment Managers with their targets and benchmarks. This Investment Policy Statement shall guide the Consultant.

Custodians

Custodians are responsible for the safekeeping of the Foundation's assets. The specific duties and responsibilities of the custodian are:

1. Value the holdings.
2. Collect all income and dividends owed to the portfolio.
3. Settle all transactions (buy sell orders).
4. Provide statements to the Foundation..

Due Diligence Policy

For an asset allocation strategy to be effective, each asset class must be represented by using a Manager (or Managers) that will best represent the class objective. Otherwise, the results will most likely be different than anticipated. This is particularly true during times of adversity or crisis.

A qualifying Manager must be a registered investment advisor under the Investment Advisors act of 1940. The Consultant will decide which Managers to use based upon their particular contribution to the Fund.

A rigorous research process, composed of both quantitative and qualitative review, is used to identify Managers for strategy implementation.

Quantitative Analysis
The quantitative analysis narrows a large universe of qualifying Managers into a small group of candidates. Managers who pass this phase of the research process have characteristics which give them a better likelihood of stronger future performance based on criteria outlined below. The goal is not to chase returns, but to select the funds with the best likelihood of success going forward. A *returns based style analysis* and a *holdings based analysis* are performed where helpful in establishing an accurate asset class fit.

Qualitative Analysis
The qualitative analysis involves an in-depth review of the management company and its history. A review of historical portfolios will be used to ascertain the true style and risk posture of the Manager over time. Personal interviews and on-site office visits are made, when appropriate. Existing and potential new Managers are continuously monitored/ researched in an attempt to identify the best Managers for strategy implementation.

The research process involves first an evaluation of fund families to identify superior families, followed by an analysis comparing the individual Managers of the approved fund families in each asset class.

Fund Family Analysis
Each of the approved fund families will be reevaluated on a periodic basis. The analysis will include ranking a broad range of fund families as well as major ETF providers based on returns relative to peer universes. This performance ranking will focus on both open and terminated funds to get a full understanding of the success of the fund family as a whole over time, not just of the fund family’s current offerings. We will compare performance ranking of each fund within each fund family amongst each particular fund's peer universe. These rankings will be averaged across

each fund family's overall individual fund lineup. Only share classes which do not assess 12b-1 fees and only specific management mandates (not broad based fund-of-funds or target date funds) will be included. Fund share classes with 12b-1 fees will be eliminated to ensure comparisons of most competitively priced funds from each fund family being evaluated. Top fund families will then be compared based on factors such as their competitive cost structure, appropriate level of analytical talent, corporate culture, focus on long-term fundamentals, percentage of terminated/merged funds, and other intangibles.

Only when deemed necessary to obtain appropriate exposure to a desired asset class will we then look outside our list of identified superior fund families. For example where funds within superior fund families do not provide the appropriate exposure targeted it may be necessary to utilize the best available fund from another fund family.

Individual Manager Analysis

Individual funds are selected from the approved fund families mainly on the basis of the style of Manager(s) which is most appropriate in terms of constructing the target model portfolio. The Manager(s) selected within each asset class should provide the appropriate level of diversification and style purity with the best likelihood of providing optimal performance after the hire date. While analysis will vary by asset class, the goal is to utilize funds from the particular superior fund families which provide strengths most relevant to the asset class being evaluated. Managers will be regularly evaluated for style drift and competitive cost structure.

Benchmarks and Reference Points

Several evaluation benchmarks are required to measure both the success of the allocation strategy as well as the Managers used to implement the allocation. To measure the success of the allocation strategy, the Committee will use both domestic and global stock/bond mixes, as well as a Growth Allocation Reference Point. These benchmarks are described below.

Domestic and Global Stock/Bond Mixes:

The domestic and global stock/bond mixes are comprised of the same ratio of equity to fixed income as that of the Fund's long term targets (77% equity and 23% fixed income). These mixes are derived from the indices described below. Monthly rebalancing is assumed. The performance of the equity/fixed income mixes is presented net of the average annual ETF and index fund expense ratio, prorated monthly.

77/23 Domestic Stock Domestic Taxable Bond Mix

- 77% Wilshire 5000 Total Market Index
- 23% Barclays Capital Aggregate Bond Index

77/23 Global Stock Global Taxable Bond Mix

- 77% S&P Global Broad Market Index
- 23% Barclays Capital Global Aggregate Index

The Wilshire 5000 Total Market Index represents all U.S. equity securities that have readily available prices.

The Barclays Capital Aggregate Bond Index represents the performance of the U.S. investment grade fixed-rate bond market, including both government and corporate bonds.

The S&P Global Broad Market Index (BMI) is a top-down, float capitalization-weighted index which measures the performance of the entire universe of institutionally investable equity securities.

The Barclays Capital Global Aggregate Bond Index provides a broad-based measure of the global investment-grade fixed income market, including government, credit and collateralized securities.

The Fund, which contains both domestic and global investments that are not intended to match the domestic and global weightings of these stock/bond mixes, may achieve returns that are greater or less than these mixes, depending upon the relative performance of the domestic and global investments performance of small versus large cap stocks among other factors.

Equity Biased Growth Reference Point

This reference point, produced by Morningstar, includes all funds contained within the Morningstar Allocation – 70%-85% Equity. Allocation – 70%-85% equity portfolios seek to provide both capital appreciation and income by investing in three major areas: stocks, bonds and cash. These portfolios typically have 70% to 85% of assets in equities and the remainder in fixed income and cash.

The Committee agrees that this is a reference point. The performance of the Fund may be greater or less, depending upon how aggressive the asset allocation strategy is relative to that of the Managers included in the reference point.

Growth Allocation Reference Point

This reference point, produced by Morningstar as “Allocation 50% to 70% Equity”, invests in both stocks and bonds and maintains a relatively higher position in stocks. These funds typically have 50%-70% of assets in equities and the remainder in fixed income and cash.

The Committee agrees that this is a reference point. The performance of the Portfolio may be greater or less, depending upon how aggressive the asset allocation strategy is relative to that of the Managers included in the reference point.

Benchmarks for Managers

To measure the success of the Managers used to implement the allocation, each Manager will be measured against its specific peer group, using a category average of mutual funds with the same asset class focus. Fund families whose performance has, in aggregate, tended to be superior when compared to relative performance of other fund families will be deemed acceptable and thus generally used.

Other Considerations

Although short term underperformance will be tolerated and closely monitored by the

Consultant, Managers are normally expected to perform at or above their peer group averages over time. Both qualitative and quantitative measures have been developed to determine when a Manager termination is appropriate.

CONTROL PROCEDURES

Performance Objectives

The Foundation acknowledges fluctuating rates of return characterize the securities markets, particularly during short-term time periods. Recognizing short-term fluctuations may cause variations in performance, the Foundation intends to evaluate Manager performance from a long-term perspective.

The Foundation is aware the ongoing review and analysis of the Investment Managers is just as important as the due diligence implemented during the manager selection process. The performance of the Investment Managers will be monitored on an ongoing basis and it is at the Foundation's discretion to take corrective action by replacing a Manager if they deem it appropriate at any time.

Monitoring of Investment Managers

The Foundation has determined it is in the best interest of the Portfolio's participants that performance objectives be established for each Investment Manager. Manager results will be periodically evaluated and compared to appropriate indices (or peer-performance benchmarks).

The risk associated with each Manager’s portfolio, as measured by the variability of quarterly returns (standard deviation), should not exceed that of the benchmark index or peer group without a corresponding increase in performance above the benchmark. It is understood that there are likely to be short-term periods during which performance deviates from market indices and Managers should not be terminated for this reason alone.

Measuring Costs

The Foundation will periodically review all costs associated with the management of the Portfolio’s investment program, including:

1. Expense ratios of each investment option against the appropriate peer group.

2. Custody fees: The holding of the assets, collection of the income and disbursement of payments.

3. Whether the Manager is demonstrating attention to “best execution” in trading securities.

The Foundation will review this IPS every five years to determine whether stated investment objectives are still relevant and the continued feasibility of achieving the same. 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.

Reviewed and accepted by:

Jennifer McComb
President/CEO

Susanne Woods
Chairman of the Board

John DeWald
Investment Committee Chair

ADDENDUM 1
ASSET ALLOCATION TARGETS

Recommended Asset Allocation	Managed Account	After Interest Rates Rise Projected Change	After Interest Rates Rise Managed Account
Safety			
Cash	1.00%		1.00%
Total Safety	1.00%		1.00%
Income Assets			
Short Term Bond	4.00%		4.00%
Intermediate Term Bond	4.25%	4.25%	8.50%
Long Term Bond	0.00%		0.00%
Inflation Protected Bond	4.00%		4.00%
International Bond	5.50%		5.50%
Total Income Assets	17.75%	4.25%	22.00%
Growth Assets			
Large-Cap Value	21.25%	-4.25%	17.00%
Large-Cap Growth	11.00%		11.00%
International Large Cap Value	7.00%		7.00%
International Large Cap Growth	5.00%		5.00%
Real Estate	7.00%		7.00%
Total Growth Assets	51.25%	-4.25%	47.00%
Aggressive Assets			
Small-Cap Value	11.00%		11.00%
Small-Cap Growth	5.00%		5.00%
International Small Cap	6.00%		6.00%
Energy/Natural Resources/Commodities	8.00%		8.00%
Total Aggressive Assets	30.00%		30.00%
Total Portfolio	100.00%		100.00%

We understand that if interest rates rise to Mason's predetermined threshold amount, Mason is authorized to reduce large cap value by 4.25% and increase intermediate term bonds by 4.25%.

Mason will require client's signature if a new asset class is added or an existing asset class is adjusted by more than 5%.

Mason will require client's signature if we modify the combined Safety and Income* category or the combined Growth and Aggressive** category.***

Maria McComb, CEO — 04/21/20

Community Foundation of the Florida Keys — Date

Note: it is normal for the portfolios to deviate to some degree from target percentages.

*The Safety and Income category includes bonds and short term reserves.

**The Growth and Aggressive category includes equities and investments of similar risk.

***In other words Mason will not require client's signature to make changes among the growth and aggressive categories (generally from one equity category to another equity category) unless the change impacts an individual category by 5% or more. Similarly Mason will not require a client's signature to make changes between safety and income categories (generally from one bond or safety category to another bond or safety category) unless the change impacts an individual category by 5% or more. However, any modification which reduces or increases the combined broad growth or aggressive categories (generally equity targets) will generally not be made without prior client approval.

ADDENDUM 2
TREATMENT OF EXCESS BUSINESS HOLDINGS

Under the Pension Protection Act of 2006 (PPA), the private foundation excess business holdings rules now apply to donor advised funds as if they were private foundations[1]. That is, the holdings of a donor advised fund in a business enterprise, **together with the holdings of persons who are disqualified persons with respect to that fund**, may not exceed any of the following:

- Twenty percent[2] of the voting stock[3] of an incorporated business
- Twenty percent of the profits interest of a partnership or joint venture or the beneficial interest of a trust or similar entity

Ownership of unincorporated businesses that are not substantially related to the fund's purposes is also prohibited.

Donor advised funds receiving gifts of interests in a business enterprise after the date of the PPA's enactment (August 17, 2006) will have five years to divest holdings that are above the permitted amount, with the possibility of an additional five years if approved by the Secretary of the Treasury. Funds that currently hold such assets will have a much longer period to divest under the same complicated transition relief given to private foundations in 1969[4].

What is a business enterprise?
A "business enterprise" is the active conduct of a trade or business, including any activity which is regularly carried on for the production of income from the sale of goods or the performance of services. Specifically excluded from the definition are:

- Holdings that take the form of bonds or other debt instruments unless they are a disguised form of equity
- Income from dividends, interest, royalties and from the sale of capital assets
- Income from leases unless the income would be taxed as unrelated business income
- "Functionally-related" businesses and program-related investments
- Businesses that derive at least 95 percent of their income from passive sources (dividends, interest, rent, royalties, capital gains). This will have the effect of excluding gifts of interests in most family limited partnerships, and other types of holding company arrangements.

What is a disqualified person?
Donors and persons appointed or designated by donors are disqualified persons if they have--or reasonably expect to have--advisory privileges with respect to the donor-advised fund by virtue of their status as donors. Members of donors' and advisors' families are also disqualified, but the section does not define "family" and does not cross-reference either section 4958 or 4946 for the definition. Finally, the term includes 35-percent-controlled entities as defined in section 4958(f)(3).

Foundation Policy with regard to assets categorized under the PPA as "excess business holdings"
The Foundation will identify and monitor any new gift to a donor advised fund of any interest qualifying as an "excess business holding" under the PPA. The Foundation will exercise its best effort to dispose of the contributed interest at the best possible price within five years of the date of the gift, as required under the PPA. In any event, the Foundation will dispose of any excess business holding prior to the five year time limit, except in the event that the Treasury Department grants an additional five year holding period. The Foundation will notify potential donors of such interests of the requirement prior to the contribution of such interest.

[1] The language is clear that it is only the donor advised fund-not the sponsoring charity-that is to be treated as a private foundation. Accordingly, it appears that this section does not apply to assets held by the sponsoring charity's investment pools, or assets held by funds that are not donor advised.

[2] Thirty-five percent if it can be shown that persons who are not disqualified persons have effective control of the business.

[3] Additionally, the donor advised fund will be barred from holding non-voting stock of an incorporated business unless the disqualified persons collectively own less than 20 percent of the voting stock. Under the *de minimis* rule, the donor-advised fund could continue to hold an interest that did not exceed two percent of the voting stock and two percent of the value. Additional rules apply to cover situations such as mergers, redemptions and acquisitions.

[4] Excess holdings acquired by purchase must be disposed of immediately. If purchases by disqualified persons cause the donor advised fund to have excess holdings, the donor advised fund will have 90 days to dispose of the excess.

ADDENDUM 3:
Short Term High Liquidity Investment Fund

From time to time the Foundation may maintain cash balances in reserve for future needs and contingencies. To balance credit risk, liquidity and return, instruments used for cash management will be limited to the following:

1. Money Market Mutual Funds
2. Government issues (known as “Treasuries”)
3. Government-Sponsored Enterprise Securities (known as “Agencies”), such as Farm Credit System, Federal Home Loan Bank System, Federal National Mortgage Association, some of which are not explicitly backed by the full faith and credit of the U.S. Government.
4. FDIC insured Certificates of Deposit, to be bought in increments up to the maximum insured limit per bank to assure insurance coverage.
5. Mutual Funds/ETF’s which are comprised solely of securities enumerated in points 2-4 above

This short-term high liquidity fund will be managed internally by CFFK to minimize investment management fees and maximize flexibility to meet cash distribution requirements. Individual transactions will be prepared by CFFK staff and approved by the CFFK Investment Committee head or designated Investment Committee member. Actions taken will be reviewed at the next subsequent Investment Committee meeting.

ADDENDUM 4
Changes in the Portfolio's Spending Rate

Prior to April, 2013: 4.50%
Effective as of January 2013: 4.25%

The Portfolio's Spending Rate is to be reviewed annually by the Investment Committee and any revisions or reaffirmations of the current spending rate are to be approved by the Foundation's Board of Governors. This spending rate is intended to represent a rate that is sustainable given the Foundation's long term investment outlook, objectives, desired allocation and administrative fee percentage. Potential future revisions could occur because of any changes in any of these objectives, but the Spending Rate is not expected to vary by more than ¼% per year.

At December 17, 2019 the Board of Governors adopted a policy that retains the 4.25% Spending Rate.

ADDENDUM 5
Donor Recommended Investment Managers

Introduction

The Foundation recognizes that the pooling of invested assets reduces administrative and investment-related expenses and thereby allows more money to go toward the charitable good. For this reason, the Foundation has established certain limitations and guidelines for situations when a donor wishes to recommend a specific Investment Manager to hold his or her fund.

Policy

Upon request by a donor at the time of a gift and establishment of a fund, and subject to the approval of the Foundation's Investment Committee, the Foundation may enter into a contract with an individual Investment Manager or management firm ("Recommended Manager") to manage assets given to the Foundation by said donor, provided:

Minimum Requirements:

- The donor is making a gift of the agreed upon minimum of $100,000 to the Foundation for the purposes of establishing a new fund;

- The donor requests in writing, as a condition of the gift, that the gifted assets be held by the Recommended Manager;

- The Recommended Manager, at a minimum, must be a registered investment advisor under the Investment Advisors Act of 1940;

- The donor does not have a family relationship with the Recommended Manager or with the employees or owners of the Recommended Manager's firm;

- The assets must be managed in a separate account belonging to the Foundation and the donor may exercise no control over that account.

Fees:

- The donor acknowledges that the fees and expenses charged by the Recommended Manager will be deducted solely from the total return on the funds held by the Recommended Manager. The Foundation will discuss these fees and expenses with the Recommended Manager to reach an agreement establishing fees and expenses that are commensurate with the services the Recommended Manager will provide.

- The donor agrees that an annualized Investment Consultant's fee will be deducted from the total return on the funds.

Investment Management:

- The donor acknowledges and the Recommended Manager agrees that the Recommended Manager will communicate regularly with the Foundation and/or its consultant, will provide monthly investment performance reports to the Foundation, and inquiry only access to account data, where possible, to the Foundation's investment consultant.

- The donor acknowledges and the Recommended Manager agrees that the Recommended Manager will adhere to this Investment Policy, specifically the investment objective and asset allocation strategy of the chosen Pool, as well as all investment instructions, advice and guidance provided by the Foundation and/or its consultant, and will be evaluated according to the same criteria and benchmark requirements as apply to the other investment Managers holding funds for the Foundation.

- The Recommended Manager will play a primary role in applying due diligence standards to the Managers held in their respective accounts, including monitoring. The investment consultant will accept or reject each recommended Manager recommendation in order to coordinate the overall Manager selections and the implementation of the allocations across all recommended Managers for and to assure that adequate due diligence procedures have been applied

- The Recommended Managers will provide the investment consultant with their best investment vehicles for the approved asset classes of the Foundation's asset allocations. The investment consultant, in collaboration with the Recommended Managers, will determine the best mix of Managers available within each asset class to ensure an accurate implementation of the approved asset allocations. The Recommended Managers will be responsible for continuous monitoring of the Managers that they hold and will bring to the attention of the investment consultant any changes required or new investment recommendations based on their ongoing research and monitoring.

- In the event that a fund has investment accounts with more than one Manager, grants paid from the fund will be disbursed from the accounts on a prorata basis.

Revocation or Termination:

- The donor and the Recommended Manager acknowledge that the Board of Directors of the Foundation may, at any time, revoke the privilege of the donor recommendation. The donor acknowledges that I.R.S. regulations require that the Foundation Board retain the sole discretion to terminate the Foundation's relationship with the Recommended Manager, and to transfer the funds held by the Recommended Manager to other investment Managers under any facts or circumstances that the Board in good faith believes warrant such termination and transfer. Such facts and circumstances will include but not be limited to a determination made in the sole discretion of the Board that the Recommended Manager has failed to meet benchmark requirements; has failed to perform comparably to other Managers; has charged fees that are incommensurate with services provided; or has otherwise failed to perform as requested by the Foundation.

- In the case of an agency donor, the board of the agency must pass a resolution directing the agency to request that the Foundation enter into a contract with a specifically named Manager. The agency donor must supply that resolution to the Foundation at the time of making its request.

- Any funds managed on a standalone basis by a Recommended Manager will increase or decrease as a result of its standalone investment performance. For Recommended Managers managing funds folded into a Pool, investment earnings on the Pool will be allocated proportionately to the endowed fund established by the donor in the same manner that said earnings are allocated to all of the Foundation's other endowed funds.

- Each instance of the requests contemplated by this Investment Policy will be evaluated individually. As always, the Board reserves the right to refuse any gift deemed to be against the best interests of the Foundation.