Community Foundation of Greater Muscatine
Investment Policy

Board Adopted: 04/18/2023
Board Approved Revision: 08/18/2023
Board Approved Revision: 05/28/2024
Board Approved Amendment: 09/24/2024

POLICY PURPOSE

The purpose of this Policy is to guide the Community Foundation of Greater Muscatine (herein after referred to as the "Foundation"), its Board of Directors ("Board"), its Investment Committee ("Committee"), and its Investment Manager ("Investment Manager") in effectively and prudently managing, monitoring, and evaluating the Foundation's investment portfolios described in Appendix A (the "Portfolios").

A community foundation's governing body ensures the financial health and sustainability of the foundation by ensuring sound oversight and transparency of investment and spending policies and practices.

The Foundation's governing body has legal and fiduciary control over all contributions received, adopts appropriate gift and fund acceptance policies, and makes these policies available upon request.

Policy statements herein are intended to provide guidelines, where necessary, for ensuring that the Foundation's investment Portfolios are managed consistent with the short- and long-term financial goals of the Portfolios. At the same time, they are intended to provide for sufficient investment flexibility in the face of changes in capital market conditions and in the financial circumstances of the Foundation.

This Policy encompasses four Appendices which are key elements: (1) Appendix A – Foundation Model Investment Portfolios; (2) Appendix B – Investment Manager Operating Guidelines & Supplemental Advisory Services; (3) Appendix C – Endowment Spending Policy; and (4) Appendix D – Certification of Acceptance and Understanding by a Foundation Investment Manager.

The Foundation posts the most current version of this Policy on its website: www.givinggreater.org/about-us.

DIVISION OF POLICY RESPONSIBILITIES

Board of Directors:

The Board is ultimately accountable for the Portfolios, but has determined that they are more likely to achieve return objectives if oversight and management are delegated to a more experienced Investment Committee. As a result, the Board has delegated to the Committee full power and authority to make decisions related to investments of the Foundation, consistent with the Investment Policy approved and adopted by the Board.

Members of the Committee shall be elected by the Board. The President of the Foundation shall be an ex officio non-voting member of the Committee. The Committee will routinely receive needed information and administrative support from the Foundation President, Vice President of Operations, and Accounting Manager all of whom regularly attend Committee meetings.

Members of the Committee serve a term of 3 years and may be reappointed at the discretion of the Board for up to two subsequent terms. The Board may choose to make an exception at its discretion. The terms of all Committee members shall be staggered to the extent practicable.

The Chair of the Committee shall be elected by the Board of Directors.

Investment Committee:
The Committee shall consist of not less than five nor more than seven persons, at least one of whom shall be a Board member. Members of the Committee shall be persons knowledgeable about investments and investment practices.

Subject to approval by the Board, the Committee is charged by the Board with the responsibility for formulating the Foundation's overall investment policies. The Committee is also charged with establishing investment guidelines in furtherance of those policies; overseeing the investment assets of the Foundation; monitoring the management of the Foundation's assets for compliance with the investment policies and guidelines; and for meeting performance objectives over time.

The Committee will review this Investment Policy at least annually, making recommendations for changes to the Board as needed, and will monitor the achievement of the Policy's objectives.

The Committee is responsible for managing the relationship with the Foundation's Investment Manager and other professionals that may be engaged to assist in the Foundation's investments such as individual component fund investment managers.

The Committee will act in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances in selecting, continuing or terminating investment professionals, establishing the scope and terms of any delegation, and monitoring performance and compliance with the scope and terms of the delegation and with this Policy.

The Committee will provide relevant information to the Investment Manager concerning the Foundation's resources and any special considerations pertaining to any particular assets of the Foundation.

The Committee will meet at least quarterly. The Chair of the Committee may also call special meetings of the Committee as needed.

A majority of the Committee shall constitute a quorum for the transaction of business, and the act of a majority of the members of the Committee present at any meeting at which a quorum is present shall be the act of the Committee.

Any actual or potential conflicts of interest possessed by a member of the Committee must be disclosed and resolved pursuant to the Foundation's Conflict of Interest Policy.

In order to ensure that the Board and the Committee are able to fulfill their respective duties, each is dependent on the other to keep one another properly informed regarding any events or actions that the other needs to know. By having at least one Board member serve on the Committee along with the administrative support and compliance oversight by Foundation staff, it is expected that both Board and Committee business of interest or concern to the other party will be properly and promptly communicated. A Committee report and Portfolio performance data shall be reviewed by the Board on a quarterly basis. The Chair of the Committee will also be available to meet with the Board upon request.

INDIVIDUALLY MANAGED ACCOUNTS
At the Board's discretion, and with its advance approval, the assets of a particular component fund of the Foundation may be managed by an investment manager recommended by the fund's donor or advisor provided the value of the fund meets minimum criteria established by the Foundation and the investment manager satisfies the Foundation's criteria. Any such investment manager must be willing to invest the assets of the component fund

to mirror one of the Foundation's Portfolios and acknowledge and agree to comply with this Investment Policy by signing the appropriate form in Appendix D to this Policy. Investment manager performance will be reviewed on the same basis as the Foundation's other investment managers.

Committee approval of a donor's recommended investment manager is contingent on the execution of a written agreement that meets the Standards for Investment Managers as described in this Policy. Upon the death of the fund's original donor, the agreement between the Foundation and the investment manager may continue for a period of up to three years if the donor has so requested in writing. Additional extensions of the agreement must be approved by the Committee.

Donors and fund advisors may not act as investment managers and the Committee will not approve any investment manager who is a member of the donor's family or any investment firm controlled by the donor or investment advisor either individually or together with members of the person's family.

Should the Foundation accept an individually managed account, the Committee is responsible to immediately communicate this development to its Investment Manager and have an administrative process defined to routinely capture and report relevant fund information to the Investment Manager so the fund information can be included in routine fund performance reporting to the Committee and Board. The Investment Manager will have no fiduciary responsibility for this individually-managed account nor will it charge an advisory fee for its assets.

EXCESS BUSINESS HOLDINGS

The Pension Protection Act of 2006 amended section 4943 of the Internal Revenue Code to limit ownership of closely-held business interests in a donor advised fund. A fund's holdings, together with the holdings of disqualified persons (donor, advisor, members of their families and businesses they control) may not exceed any of the following:

- 20% of the voting stock of an incorporated business;
- 20% of the profits interest of a partnership, joint venture, or the beneficial interest in a trust or similar entity;
- Any interest in a sole proprietorship.

These limitations do not apply if the donor-advised fund holds an interest that does not exceed two percent of the voting stock and two percent of the value of the business.

Donor-advised funds receiving gifts of interests in a business enterprise have five years from the receipt of the interest 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. To prevent a violation of these rules, it is the Foundation's policy to divest itself of such holdings within five years from the date the Foundation acquired the asset. If that is not possible, the asset will be transferred to a new or existing fund that is not an advised fund.

Because they are not "business enterprises," the rule will not apply to most gifts of real property, although undeveloped land may become a business enterprise under some circumstances. Interests in investment partnerships and LLCs—including family partnerships, hedge funds, REITs, and so forth—are excluded from the definition of business enterprise as long as 95 percent or more of the entity's income is from passive sources. Examples of other property gifts that are excluded because they are not business enterprises include: oil and gas interests (non-working); life insurance; tangible personal property (as long as it is not inventory); and remainder interests in personal residences and farms.

LOCAL IMPACT INVESTMENTS

Program related investments (PRI) related to Muscatine and Louisa Counties may be considered. PRIs are generally structured for high local social and/or economic return and a potential of below-market financial returns, with variations of the ratio of return between these two results. Done well, impact investing combines stewardship and impact in ways that can responsibly and concurrently create financial, economic, and social returns. By supplementing traditional grantmaking with impact investing, community foundations are able to:

1. Deploy a greater proportion of their resources in support of mission and goals;
2. Attract additional public and private resources to foundation-backed initiatives and projects;
3. Increase the amount of capital available to address community needs; and
4. Sustain and grow assets for future use.

Having the flexibility to go beyond traditional grantmaking can create opportunities for community foundations to play a larger role in collaborative efforts addressing large scale community challenges, such as job creation or affordable housing preservation.

Impact investments can be made in a variety of ways and applied to a broad range of causes, e.g., loans, loan guarantees, cash deposits, bonds, or equity investments that support a wide variety of projects such as housing development and enhancement, community health centers, education and schools, access to the arts, and other causes in such a way to:

1. Support projects and initiatives that are too large for grants alone.
2. Collaborate with other public and private funders.
3. Build community capacity.

Examples of impact investments by community foundations include:

- Credit guarantees for projects or funds
- Deposits in community banks or credit unions
- Loans to community development financial Institutions for lending to community projects
- Angel investments or equity investments in funds that target start-up or high impact entrepreneurs
- Real asset investments in real estate or environmental conservation projects that have specified social benefits.

The following are PRIs guidelines:

1. All PRI's must receive prior Board approval, with detail on expectation of social, economic and financial return expectations.
2. Returns will be reported on at least a quarterly basis to the Committee, Board, and Community, with a footnote of anticipated social and /or economic returns.
3. For Investment Manager's performance assessment, financial results of PRIs will be excluded in Investment Managers investment results when comparing to target and benchmarks.

STANDARDS FOR PRUDENT INVESTING

The Foundation will enter into a written investment agreement with any investment manager it retains, including investment managers recommended by donors.

In investing and managing the Portfolios, the Committee will consider both the purposes of the Foundation and the purpose of any specific institutional fund or portfolio.

The Committee will consider both the short- and long-term nature of the Portfolios and their respective cash flow needs. In addition, the Committee will consider the risk and return characteristics of the various asset classes, sub-asset classes, and investment categories available to institutional investors.

Management and investment decisions about an individual asset will be made not in isolation, but rather in the context of the portfolio as a whole and as part of an overall investment strategy having risk and return objectives reasonably suited to the Foundation.

The Committee will incur only those costs that are appropriate and reasonable in relation to managing the Portfolios, any specific institutional fund, or the purposes of the Foundation, and the skills available to it and will use reasonable efforts to verify facts relevant to the management and investment of the Portfolios or any specific institutional fund.

Except as a donor's gift instrument otherwise requires, and consistent with the Uniform Prudent Management of Institutional Funds Act, the following factors will be considered, if relevant, in managing and investing the Portfolios, including the requirements for any specific institutional funds:

- general economic conditions;
- the possible effect of inflation or deflation;
- 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.

PORTFOLIO(S) ASSET ALLOCATION

The Investment Committee recognizes that the strategic allocation of Portfolio assets across broadly defined financial asset and sub-asset categories with varying degrees of risk, return, and risk correlation will be the most significant determinant of long-range investment returns and Portfolio asset value stability.

The Committee expects that actual returns and return volatility may vary from expectations and return objectives across short periods of time. While the Committee wishes to retain flexibility with respect to making or approving periodic changes to Portfolio asset allocations, it expects to do so only in the event of material changes to the Portfolios, to the assumptions underlying Portfolio spending policies, and/or to the capital markets and asset classes in which the Portfolios invest.

Fund assets will be managed as a balanced Portfolio composed of two major components: an equity portion and a fixed income portion. The expected role of equity investments will be to maximize the long-term real growth of Portfolio assets, while the role of fixed income investments will be to generate current income, provide for more stable periodic returns, and provide some protection against prolonged decline in the market value of equity investments. The composition of all current Foundation Portfolios, including specific securities, may be requested from the Foundation office or viewed at the Foundation web site: www.givinggreater.org/about-us.

Outlined in Appendix A, are the short- and long-term model Portfolios approved by the Committee to be the most appropriate, given the Portfolio's long-term objectives and short-term constraints. Portfolio long-term assets will, under normal circumstances, be allocated across broad asset and sub-asset classes and investment categories.

Outlined in Appendix B, are the operating guidelines explicitly applicable to the Foundation's Investment Manager and those applicable to investment managers of individually managed accounts and the supplemental advisory services available upon request from the Investment Manager.

PORTFOLIO(S) LIQUIDITY

Under normal circumstances, each Portfolio is expected to have sufficient fixed income assets that can be easily and quickly liquidated to cover the Portfolio's normal outflow of funds. Periodic cash flow, either into or out of the Portfolios, will also be used to better align the Portfolios to their target allocations. In addition, the Portfolio(s) are mostly invested in 1940 Act mutual funds which have daily liquidity.

PORTFOLIO(S) RETURN OBJECTIVE

The Foundation's long-term investment objective is to preserve or exceed the real value of its permanent funds. This means that the Foundation seeks a total rate of return that supports the Foundation's grantmaking, expenses, investment fees, and inflation. The Foundation will normally measure whether it has achieved that objective over a rolling five-year period.

The long-term horizon of the Foundation's Portfolio allows for a large allocation to equity-oriented strategies where the potential for long-term capital appreciation exists. Other assets, including but not limited to hedging, derivative, or diversification strategies, may also be used to reduce risk and overall Portfolio volatility.

The Portfolio(s) will be diversified across asset classes including, but not limited to, domestic equity, international equity, emerging markets, alternative equity, private equity, and fixed income securities, both domestic and international.

Permanent funds will be invested in one or more of the Foundation's Portfolios. These Portfolios are described in Appendix A.

Expendable funds generally will be invested in a portfolio of cash equivalent securities in order to preserve the fund's principal. However, the Committee will consider recommendations from its Investment Manager to invest expendable fund assets in one or more of the investment options available for such funds.

PORTFOLIO(S) REBALANCING

It is expected that each Portfolio's actual asset allocation will vary from its target asset allocation as a result of the varying periodic returns earned on its investments in different asset and sub-asset classes. The Portfolio(s) will be rebalanced to its target normal asset allocation under the following procedures:

- The Investment Manager will utilize incoming cash flow (contributions) or outgoing money movements (disbursements) to realign the current weightings closer to the target asset allocation of each Portfolio on an ongoing basis.
- The Investment Manager will review the Portfolios quarterly (March 31, June 30, September 30, and December 31) to identify any deviation(s) from target weightings and acting within a reasonable period of time to rebalance the Portfolio(s) under the following circumstances: if any asset class (equity, fixed income, alternatives or cash within the Portfolio(s) is +/-5 percentage points from its target weighting, the Portfolio(s) will be rebalanced. However, the Committee may approve exceptions to rebalancing deviation(s) from target weightings.
- Rebalancing the Portfolio(s) to within target allocations at any other time if the Investment Manager in its discretion deems it appropriate to do so.

MONITORING PORTFOLIO INVESTMENTS

The Committee will monitor Portfolio performance against the Portfolio(s) stated investment objectives at each quarterly meeting or even more frequently if deemed appropriate. The Committee will formally assess each Portfolio(s) overall performance and the performance of each underlying investment as follows:

The Portfolio's composite investment performance (net of fees) will be judged against the following standards:

- The Portfolio's absolute long-term real return objective.
- A composite benchmark consisting of the following unmanaged market indexes weighted accordingly to the expected asset allocations stipulated by the Portfolio's investment guidelines:
    1) U.S. Equity: CRSP U.S. Total Market TR USD
    2) Non-U.S. Equity: FTSE Global All Cap ex.-US Index
    3) Investment-Grade Fixed Income: Bloomberg Barclay's US Aggregate Float Adjusted TR
    4) Non-Investment-Grade Fixed Income: Bloomberg Barclay's US Corporate High Yield Index
    5) Cash: Citigroup 3-Month U.S. Treasury Bill Ind

INVESTMENT MANAGER PERFORMANCE EVALUATION

The Investment Committee will review each Investment Manager on an ongoing basis and evaluate the Investment Manager based on the criteria as listed in Appendix B.

FOUNDATION ENDOWMENT SPENDING POLICY

As part of the Foundation's total return investment objective, it utilizes the Endowment Spending Policy in Appendix C to this Policy to allocate spendable grant balances from permanent endowments. The Endowment Spending Policy applies a maximum spending rate, determined annually by the Board based on the recommendation of the Committee, on the rolling 12-quarter average market value of each endowment. In determining the applicable spending rate, the Committee considers the Foundation's history and its responsibility to preserve the purchasing power of its permanent funds over time.

INVESTMENT RISK DISCLOSURE

Finally, this risk disclosure is both prudent and necessary inasmuch as the future is simply unknowable. It reflects the fact that all investing inherently involves risk and risk comes in a variety of forms.

This risk includes the possible loss of the money being invested. Past performance is no guarantee of future results. Appreciate Portfolio risk typically increases as the equity allocation to securities increases and fixed income securities decrease. Be aware that fluctuations in the financial markets and other factors may cause declines in the value of an investment account. There is no guarantee that any particular asset allocation or mix of funds will meet its investment objectives or provide a given level of income. Diversification does not ensure a profit or protect against a loss.

Even the least risk asset investment, a Federal Money Market Fund, has risk because it is not insured or guaranteed by the Federal Deposit Insurance Corporation.

However, be assured, the Foundation and its Committee will continue to invest with conviction and transparency to fulfill its mission to improve the quality of life in all communities being served. The Foundation and Committee are grateful for their community and donor trust, confidence and partnership!

APPENDIX A

FOUNDATION MODEL INVESTMENT PORTFOLIOS

The Foundation maintains four model investment Portfolios, one short-term and three long-term, with varying risk and return characteristics:

SHORT-TERM MODEL PORTFOLIO

Model Portfolio	Recommended for	Target Asset Allocation	Perceived Risk
Liquid	Short-term projects	100% money market, CD's, cash equivalents	Nominal

LONG-TERM MODEL PORTOLIOS

Conservative Growth	Less than long-term (i.e., 3-10 yr. duration)	40% equities 60% fixed income	Risky
Active Growth	Designed for investment of long-term funds (i.e, 10+ years) and is the default endowment portfolio	70% equities 30% fixed income	High Risk
Dynamic Growth	Designed for investment of the portion of long-term assets for which there is a higher risk tolerance.	80% equities 20% fixed income	Higher Risk

The Foundation's model Portfolios have been specifically designed with differing risk/reward profiles to address the perceived range of investment needs by the Foundation and its donors so any particular donor may have invested assets in one or more of these model portfolios simultaneously.

The most important determinant of a Portfolio's return and asset value stability, especially its longer-range return, is its asset allocation. The asset allocation challenge encompasses the allocation between equities and fixed income securities, domestic and international securities, asset category, and choice of specific funds. The Committee anticipates that Foundation model Portfolios, and their respective asset allocations, will change over time as market conditions, expectations, and financial need change, but such changes are expected to be very infrequent.

In a short-term investment portfolio, preference will be given to investing in checking, money market accounts, and/or CDs held at eligible financial institutions in Muscatine County and Louisa County. While the goal is to maximize FDIC/NCUA insured coverages, funds may exceed the insured limit to meet the needs of operations, fund granting and fluid investing. Funds exceeding 150% of FDIC insurance limits at individual financial institutions will be reviewed and approved by the Investment Committee quarterly. CD maturity dates should be laddered to help manage interest rate fluctuations and cash flow and with terms up to 5 years. In special circumstances where liquid assets are abnormally high, a money market account may also be utilized.

A listing of Foundation "Model Investment Portfolios and Securities" showing all current portfolios and asset allocations, including individual securities, may be requested from the Foundation office or viewed at the Foundation's website: www.givinggreater.org/about-us.

APPENDIX B

INVESTMENT MANAGER PERFORMANCE EVALUATION, OPERATING GUIDELINES & SUPPLEMENTAL ADVISORY SERVICES

INVESTMENT MANAGER PERFORMANCE EVALUATION

The Investment Committee will review each Investment Manager on an ongoing basis and evaluate the Investment Manager based on the following criteria:

- A market-based index appropriately selected or tailored to the agreed-upon investment objectives outlined in this Policy.
- The performance of other investment managers having similar investment objectives.
- In keeping with the Portfolio(s) overall long-term financial objective, the Committee will evaluate Portfolio and Investment Manger performance over a suitably long-term investment horizon, generally across full market cycles or, at a minimum, on a rolling five-year basis.
- An RFP for investment management services may be performed every five years or more frequently, if deemed necessary.
- The Investment Manager will participate in an Outsourced Chief Investment Officer (OCIO) performance benchmark arranged by AlphaNasdaq. This directly compares Foundation Portfolio(s) performance results verses other Community Foundations in other OCIO relationships.

The Foundation may at times retain both a primary Investment Manager as well as investment managers for individually-managed accounts.

INVESTMENT MANAGER OPERATING GUIDELINES

The Foundation’s primary Investment Manager will comply with the following operating guidelines:

A. Manage the Portfolio(s) which encompasses recommending any and all Portfolio changes that are believed to be beneficial and in the best interest of the Foundation;
B. Must agree to distribute to the Foundation such sums as the Foundation may request from time to time to create immediate liquidity;
C. To ensure that each overall Portfolio is diversified;
D. The Committee will have control over approving all Portfolio(s) investments and changes thereto recommended by the Investment Manager before being implemented including character of individual portfolios, asset, sub-asset, category, funds and individual fund percentage allocations;
E. Investment Manager will follow the Policy with respect to Portfolio(s) rebalancing.
F. Is expected to evaluate each individual security on a quarterly basis and share the evaluation and evaluation methodology with the Committee;
G. With the exception of fixed income investments issued or explicitly guaranteed by the U.S. Government, no single (i.e., non-pooled) investment security will represent more than 5% of total Portfolio assets, unless Committee and Board approved (i.e., real estate holdings). But, this limitation will not apply to investments in shares/interest in mutual funds and other pooled investment vehicles;
H. With respect to fixed income investments, the minimum average credit quality of these investments will be investment grade at time of purchase (Standard & Poor’s BBB or Moddy’s Baa or higher);

I. Cash investments will, under normal circumstances, only be considered as temporary Portfolio holdings, but may be used to satisfy Portfolio liquidity needs to facilitate a planned program of dollar-cost averaging into an investment in either or both of the equity and fixed income classes;
J. The Committee expects its passively-managed securities to closely match the performance of its respective benchmark index and for actively-managed securities to outperform its passively- and actively-managed peer group, thus the Committee requests the Investment Manager to, at least, annually compare the performance of individual actively-managed securities to "the best" performing passively – and actively-managed securities in its respective peer group;
K. Define the applicable peer benchmark(s) for each security when the security is approved for investment.
L. All Foundation Portfolios are all non-taxable so the Investment Manager should manage them without consideration for tax issues;
M. Routinely capture needed investment data from a Foundation component fund investment manager required to properly include this data in consolidated performance reporting to the Committee and Board;
N. Not lend any Foundation securities without Board approval;
O. Not purposely use derivative securities. This term includes items commonly regarded as such by securities industry standards and includes, but is not limited to, structured notes (other than conservative structured notes that are principal guaranteed, unlevered, and of short-to-immediate maturity); lower class (as defined by FFIEC) tranches of collateralized mortgage obligations; collateralized debt obligations; principal only or interest only strips; inverse floating rate securities; futures options; short sales; and margin trading;
P. Unless expressly authorized in writing by the Foundation, will not engage in the following activities directly or on behalf of the Portfolio(s);
    1) Purchasing securities on margin, or executing short sales,
    2) Pledging or hypothecating securities for speculation or leverage,
    3) Purchasing or selling derivative securities for speculation or leverage,
    4) Engaging in investment strategies that have the potential to amplify or distort the risk of loss beyond a level that is reasonably expected given the objectives of the Portfolios;
Q. Will provide monthly and quarterly investment performance statements, as requested, to the Committee or its designee, which shall include the current market value of the assets; the cost basis and date of acquisition; income received; distributions made; fees paid; securities transactions; and fund and portfolio performance data. The statement shall also include gains and losses, both realized and unrealized. The Committee or its designee may request additional information from time to time as it deems necessary to measure Portfolio performance;
R. The Foundation will not pay any investment professional or any other party for referring a donor to the Foundation and no existing funds of the Foundation will be transferred to such a person as compensation for a referral;
S. Will advise the Foundation promptly of any event that is likely to adversely affect the management, professionalism, integrity or financial position of the Investment Manager's firm or its progress toward the goals and objectives of this Policy; and
T. Shall not invest any part of the Foundation's assets through transactions that involve self-dealing or an actual or perceived conflict of interest.

The following operating guidelines apply to both the Foundation's Investment Manager as well as to any individually-managed account investment manager:

U. The Foundation is the sole owner of assets held in the fund;
V. All such assets are and must remain under the Foundation's sole control;
W. For component funds, all such assets must be invested to mirror one of the existing Foundation Portfolios and abide by all other applicable guidelines listed above for the Investment Manager;
X. Investment manager actions and performance will be overseen by the Committee;
Y. Investment managers will adhere to the Foundation's asset allocations, risk tolerance, and rebalancing requirements;

Z. The applicable investment management agreement may be terminated at any time with proper notice and assets will be transferred to the Foundation immediately upon termination; and

AA. Funds will be invested in accordance with applicable Iowa state law regarding prudent investing.

SUPPLEMENTAL ADVISORY SERVICES AVAILABLE FROM FOUNDATION'S INVESTMENT MANAGER

In addition to the normal customary range of financial/investment management services provided by investment manager(s), the Foundation may choose to access any of the following supplemental advisory services from its Investment Manager on a "as requested" basis, generally at no additional cost:

a. Investment policy development/refinement/oversight
b. Portfolio design and modeling for performance and risk management
c. Strategic asset allocation, modeling, allocation ranges and targets
d. Custom benchmark development & peer comparison
e. Portfolio cash flow analysis and guidance
f. Monthly/quarterly market commentary and portfolio performance reporting
g. Periodic investment-related materials tailored to Foundation donors
h. Investment securities/portfolio rebalancing guidance
i. Community foundation best practices
j. Foundation spending policy guidance
k. Special service requests from the Committee

In addition, such value-added supplementary investment advisory services as:

l. Tailored outreach, audit, and meeting support
m. Engagement with stakeholders, including support for donor-gifted securities
n. Staff, committee, and board investment/fiduciary education
o. Nonprofit thought leadership, insights, and regional symposiums
p. Longer-range views on asset classes and strategies
q. Access to global economic and investment research

APPENDIX C

ENDOWMENT SPENDING POLICY

As part of its total return investment objective, the Community Foundation of Greater Muscatine ("Foundation") utilizes a spending policy to allocate spendable grant balances from permanent endowments. To effectively administer the spending policy, the Foundation has adopted the definition of income, which not only includes interest and dividends, but also gains/losses on value. The spending policy makes available on an annual basis up to *5% of* the rolling 12-quarter average market value of each endowment.

Calculations The Actual Market Value at the end of each quarter is determined for each endowment and shown on the Balance Sheet. This includes all investment income and realized/unrealized gains and losses as well as fund management fees. These balances are compiled, totaled, divided by the number of quarters included in the totaled amount (up to 12-quarters), multiplied by 5%*, and rounded down to the nearest hundred to determine the maximum grant available for spending. An example is shown below.

Q-1	Q-2	Q-3	Q-4	Q-5	Q-6	Q-7	Q-8	Q-9	Q-10	Q-11	Q-12	12-Q	5%
30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	30-Sep	31-Dec	31-Mar	30-Jun	Average	
$175,397	$181,525	$196,314	$212,214	$227,159	$236,385	$252,932	$270,637	$284,169	$298,377	$319,263	$335,226	$249,133	$12,456.65
Spendable Balance Rounded Down to the Nearest Hundred													$12,400.00

***Maximum Spending Rate:** The maximum spending rate is determined by the Investment Committee annually and approved by the Foundation's governing Board of Directors. The maximum spending rate is 5% in accordance with Endow Iowa Program requirements. All, or a portion of, the available grant may be distributed per the endowment fund's written agreement. The available grant, or any unused portion, may remain in the endowment to help it grow.

Minimum Endowment Balance: The minimum required balance for endowments is $10,000**.** A grant may not be distributed from an endowment if it will bring the balance below the minimum required balance.

Establishment of Endowment for Spending Policy: Endowments shall be in place for two quarters prior to distributing a grant and the spendable grant balance shall be calculated based on the average market value of quarters the fund has been opened up to 12-quarters.

Exceptions: Endowment fund spendable grant balances are calculated once per year and are not adjusted unless large gifts (as measured in proportion to the fund's beginning principal balance) are received in a specific quarter. Upon receipt, all gifts are invested in the endowment fund's principal balance. When a proportionately large gift is received, the spendable grant balance may be recalculated in the quarter following the quarter in which the large gift was received.

APPENDIX D

CERTIFICATION OF ACCEPTANCE and UNDERSTANDING

INVESTMENT MANAGER

I acknowledge that I have received, read, and understand the Community Foundation of Greater Muscatine's Investment Policy dated __________________. I will abide by the Policy with respect to the assets for which I am the investment manager, investment consultant, custodian, or other investment professional.

Name: ____

___________________	_______________________________
Date	Signature
	_______________________________
	Print Name
	_______________________________
	Print Title