

## INVESTMENT DECISIONS/FINANCIAL OBJECTIVES

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### Investment Decisions

All investments are carefully guided and motivated by:

- Strict adherence to the Investment Policy.
- Quarterly performance reports and professional financial consultation provided by Capital Cities LLC.
- The Foundation Finance Committee which conducts periodic reviews.
- Local Investment Advisors which conduct periodic reviews.
- KeyBank National Association, custodian for Foundation investments.

### Financial 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 allocate total earnings from the Foundation's endowment portfolio between current spending and reinvestment for future earnings while providing a dependable growing stream of income to beneficiaries of Foundation grants. Achievement of these objectives will ensure that the Fund preserves the real purchasing power in perpetuity while providing ongoing operational support to designated charitable activities.
2. 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 4.5% of a 3 year moving average of quarterly market values. In the early stages of fund accumulation, however, the Finance Committee may recommend and the Board may adopt an interim spending policy of 4.5% of a one year moving average of quarterly market values. 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 1/4 of one percent administrative fee, on a quarterly basis, to all endowed funds. If a scholarship fund recipient is chosen by a committee of the Foundation, then an additional 1/8 of one percent will also be charged quarterly. 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 control both administrative and investment cost.
5. To maximize return within reasonable and prudent levels of risk.
6. To maintain an appropriate asset allocation based on a total return policy that is compatible with a flexible spending policy, while still having the potential to produce positive real returns.