

Community Foundation of Greater Muscatine

Investment Policy

Board Adopted: 04/18/2023

Board Approved Amendment: 04/28/2026

POLICY PURPOSE

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

This Policy supports the Foundation’s mission by ensuring that investment assets are managed in a manner that balances current community needs with the preservation and growth of assets for future generations. The Foundation seeks to maintain the long-term purchasing power of its funds while providing a stable, sustainable, and predictable source of support for grantmaking and operations.

The Board maintains legal and fiduciary control over all contributions received and operates in accordance with established gift and fund acceptance policies. The Board is responsible for the fiduciary duties of care, loyalty, and obedience to the Foundation’s mission. In fulfilling these responsibilities, the Foundation is committed to sound governance, transparency, and adherence to applicable laws, including the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

This Policy establishes a disciplined framework to ensure that the Foundation’s investment Portfolios are managed in alignment with both short- and long-term financial objectives. At the same time, it provides sufficient flexibility to adapt to changing capital market conditions and the evolving financial needs of the Foundation.

This Policy includes four Appendices, each of which is an integral component of this Policy: (1) Appendix A – Foundation Model Investment Portfolios; (2) Appendix B – Endowment Spending Policy; and (3) Appendix C – Certification of Acceptance and Understanding by a Foundation Investment Advisor; and (4) Appendix D – Investment Manager Operating Guidelines & Supplemental Advisory Services.

The Foundation makes this Policy available to stakeholders and posts the most current version on its website: www.givinggreater.org/about-us.

INVESTMENT PHILOSOPHY

The Foundation’s investment philosophy is grounded in long-term stewardship, intergenerational equity, and disciplined decision-making, while recognizing that different funds may have varying investment horizons and objectives. The Foundation seeks to balance current community needs with the preservation and growth of assets to serve both present and future generations.

The Foundation recognizes that:

- Long-term investment success requires accepting short-term market volatility;
- Strategic asset allocation is the primary driver of long-term returns;
- Diversification across asset classes reduces risk and enhances return consistency;
- Investment decisions must align with the Foundation’s mission and values; and
- A disciplined and consistent approach to investment decision-making is essential to prudent fiduciary management.

The Foundation is committed to integrating its mission into investment decision-making where appropriate, including consideration of impact investments that align with community priorities while maintaining fiduciary responsibility.

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 the authority to make investment decisions on behalf of the Foundation, consistent with this Policy, while retaining ultimate fiduciary oversight and responsibility. In carrying out these responsibilities, the Board exercises its fiduciary duties of care, loyalty, and obedience and ensures that investment oversight aligns with the Foundation's mission, long-term objectives, and applicable laws, including the Uniform Prudent Management of Institutional Funds Act (UPMIFA).

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, Accounting Manager, and Accounting Services 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. In fulfilling its responsibilities, the Committee shall act in alignment with the Foundation's investment philosophy, supporting long-term stewardship, disciplined decision-making, and the balancing of current and future community needs.

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 follow a disciplined and consistent decision-making process, supported by defined investment guidelines, regular monitoring, and documented evaluation of performance and strategy.

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 Advisor 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 Advisor concerning the Foundation's resources and any special considerations pertaining to any particular assets of the Foundation.

The Committee will meet at least quarterly. Interim meetings may be held 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. Each member shall complete an annual conflict of interest disclosure, and shall promptly update such disclosure as any new actual or potential conflict arises.

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, including meeting minutes documenting deliberations and decisions, along with 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.

Investment Advisor:

The Investment Advisor shall be a qualified professional firm or individual with demonstrated expertise in investment management and fiduciary best practices, engaged by the Committee with approval of the Board.

The Investment Advisor is responsible for providing ongoing advice, analysis, and recommendations to the Committee regarding the management of the Foundation's investment assets. The Investment Advisor's role is non-discretionary unless otherwise specified in a written agreement approved by the Board.

Specifically, the Investment Advisor shall:

- Assist the Committee in developing and refining investment policies, objectives, and guidelines that align with the Foundation's mission, risk tolerance, liquidity needs, and long-term goals.
- Provide ongoing recommendations regarding asset allocation, manager selection, and portfolio structure consistent with the Investment Policy.
- Monitor the performance of investment managers, funds, and asset classes against appropriate benchmarks and peer groups, and provide written performance reports at least quarterly.
- Evaluate the effectiveness and cost efficiency of investment managers and products and recommend changes as warranted.
- Promptly inform the Committee of any material changes in the Investment Advisor's organization, ownership, personnel, investment philosophy, or regulatory status that may impact its ability to serve the Foundation.
- Ensure that all investment activities and recommendations comply with the Foundation's Investment Policy, applicable laws, and fiduciary standards.
- Support the Foundation in integrating mission-aligned investment strategies, including impact investments where appropriate and consistent with fiduciary responsibilities.
- Attend meetings of the Committee as requested and participate in discussions related to investment performance, strategy, and policy updates.
- Act in good faith and with the care, skill, prudence, and diligence that a prudent investment professional would exercise under similar circumstances.

The Investment Advisor serves at the discretion of the Board upon recommendation of the Committee and may be terminated by either party with appropriate notice as defined in the engagement agreement.

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.

The Foundation retains full legal and fiduciary control over all such assets and reserves the right to terminate any investment manager relationship at its discretion.

Any such investment manager must manage assets in a manner consistent with the Foundation's approved portfolio's asset allocation, risk tolerance and rebalancing requirements and acknowledge and agree to comply with this Investment Policy by signing the appropriate form in Appendix C to this Policy.

Investment manager performance will be reviewed on the same basis as the Foundation's investment advisors.

All individually managed accounts shall be subject to ongoing monitoring and oversight by the Committee in accordance with prudent investment practices and applicable law, including UPMIFA.

Committee approval of a donor's recommended investment manager is contingent on the execution of the Community Foundation of Greater Muscatine Donor Investment Manager Agreement.

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 for ensuring that the Investment Advisor is promptly informed and that an administrative process is established to routinely capture and report relevant fund information. Foundation staff will support the implementation and ongoing execution of these processes so that the fund information can be included in consolidated performance reporting to the Committee and Board.

The Investment Advisor will have no discretionary authority or direct management responsibility for any individually managed account and will not charge an advisory fee for its assets.

LOCAL IMPACT INVESTMENTS

Program related investments ("PRIs") related to Muscatine and Louisa Counties may be considered.

PRIs are intended to support the Foundation's mission while being managed in accordance with prudent investment standards and in the context of the overall Portfolio.

PRIs are generally structured for high local social and/or economic return, with the potential for below-market financial returns, and varying combinations of financial and mission-related outcomes.

Done well, impact investing can combine stewardship and mission impact in a manner that responsibly seeks to generate financial, economic, and social returns.

By supplementing traditional grantmaking with impact investing, community foundations are able to:

- Deploy a greater proportion of their resources in support of mission and goals;
- Attract additional public and private resources to foundation-backed initiatives and projects;
- Increase the amount of capital available to address community needs; and
- 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 may be structured in a variety of ways, including loans, loan guarantees, cash deposits, bonds, or equity investments, and may support a broad range of community priorities such as housing development, community health centers, education, and access to the arts.

These investments are intended to:

- Support projects and initiatives that are too large for grants alone;
- Collaborate with other public and private funders; and
- 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.

PRI guidelines include the following:

- All PRIs must receive prior Board approval, including documentation of expected social, economic, and financial outcomes and associated risks.
- PRIs will be evaluated in the context of the total Portfolio to ensure consistency with the Foundation's long-term investment objectives, liquidity needs, and risk tolerance.
- The allocation to PRIs will be monitored by the Committee and maintained at a level deemed prudent relative to the overall Portfolio.
- PRI performance, including both financial and mission-related outcomes, will be reported at least quarterly to the Committee and Board, with appropriate qualitative and/or quantitative measures of social and economic impact where available.
- For purposes of evaluating the Investment Advisor, PRI financial results may be reported separately from traditional Portfolio performance and excluded from benchmark comparisons, as appropriate.
- The Committee will ensure that appropriate due diligence is conducted for each PRI, including assessment of financial risk, expected return, alignment with mission, and exit or repayment expectations where applicable.

STANDARDS FOR PRUDENT INVESTING

The Foundation will enter into a written investment agreement with any investment advisor it retains and any investment managers recommended by donors.

In carrying out its investment responsibilities, the Board and Committee shall act in good faith and with the care, skill, prudence, and diligence that a prudent person in a like position would exercise under similar circumstances, consistent with the Uniformed Prudent Management of Institutional Funds Act (UPMIFA).

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 evaluate 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.

These evaluations will be conducted in alignment with the Foundation's investment philosophy, including its emphasis on long-term stewardship, disciplined decision-making, and balancing current and future needs.

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

The Committee will incur only costs that are appropriate and reasonable in relation to managing the Portfolios, any specific institutional fund, or the purposes of the Foundation.

The Committee will use reasonable efforts to verify facts relevant to the management and investment of the Portfolios or any specific institutional fund.

The Committee will document its consideration of relevant factors, as appropriate, to demonstrate adherence to prudent investment practices.

Except as a donor's gift instrument otherwise requires, and consistent with UPMIFA, the following factors will be considered, as 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 ASSET ALLOCATION

The Committee recognizes that the strategic allocation of Portfolio assets across broadly defined asset classes and sub-asset classes, with varying levels of risk, return, and correlation, is a primary determinant of long-term investment performance and Portfolio stability.

The Committee acknowledges that actual returns and volatility may vary from expectations and return objectives over shorter time periods. While the Committee retains flexibility to make or approve changes to Portfolio asset allocations, such changes will generally be made only in response to material changes in the Portfolios, underlying assumptions (including spending policy), or capital market conditions.

Portfolio assets will be managed as diversified Portfolios composed primarily of two major components: an equity allocation and a fixed income allocation. The role of equity investments is to support long-term growth of Portfolio assets, while the role of fixed income investments is to provide income, reduce volatility, and help preserve capital during periods of market stress.

Information regarding the composition of the Foundation's Portfolios, including asset allocation and investment structure, is available upon request from the Foundation or on its website: www.givinggreater.org/about-us.

Appendix A outlines the model Portfolios approved by the Committee as appropriate given the Foundation's long-term objectives, as well as the objectives, time horizons, and constraints of individual component funds. Under normal circumstances, Portfolio assets will be allocated across a range of asset classes, sub-asset classes, and investment categories consistent with these models.

Appendix D outlines the operating guidelines applicable to the Foundation's Investment Advisor, as well as those applicable to investment managers of individually managed accounts, and describes supplemental advisory services available upon request.

PORTFOLIO LIQUIDITY

The Committee will ensure that each Portfolio maintains sufficient liquidity to meet anticipated cash flow needs, including grantmaking, distributions, and operating requirements.

Periodic cash flows, both into and out of the Portfolios, along with rebalancing activities, may be used to support liquidity needs and help maintain alignment with target asset allocations.

The Portfolios are primarily invested in diversified, registered investment vehicles, such as mutual funds, which are subject to regulatory oversight and generally provide daily liquidity.

The Community Foundation may maintain a line of credit to address short-term liquidity needs in excess of available cash positions. The use of such a facility is intended to minimize the holding of idle liquid assets and support a greater allocation to invested assets to enhance long-term returns.

PORTFOLIO(S) RETURN OBJECTIVE

The Foundation's long-term investment objective is to maintain and, where possible, grow the real (inflation-adjusted) purchasing power of its permanent funds.

To achieve this objective, the Foundation seeks a total return that, over time, is sufficient to support spending for grantmaking and operations, including administrative and fund management costs, cover investment-related expenses, and offset the effects of inflation. The Foundation will typically evaluate achievement of this objective over a rolling five-year period.

The Foundation follows a total return approach to investing, whereby both income and capital appreciation are used, as appropriate, to support spending and achieve its long-term objectives.

The long-term investment horizon of the Foundation's Portfolio supports a meaningful allocation to equity-oriented investments, which are expected to provide long-term capital appreciation. Other asset classes and strategies, including diversifying and risk-mitigating investments, may be used to reduce overall Portfolio volatility and enhance risk-adjusted returns.

The Portfolios will be primarily diversified across traditional asset classes including Domestic and international public equity and fixed income. Alternative investments such as private equity, private credit or hedge funds may be utilized on a limited basis to enhance diversification and risk-adjusted returns.

Permanent funds will be invested in one or more of the Foundation's Portfolios, as described in Appendix A, and are intended to be managed with a long-term investment horizon that supports growth in real purchasing power.

Expendable funds will generally be invested in cash or cash-equivalent securities with the objective of preserving principal and maintaining liquidity. The Committee may, based on recommendations from the Investment Advisor and consistent with the intended use and time horizon of such funds, approve alternative investment approaches where appropriate.

PORTFOLIO TARGET RETURNS

Components of Model Portfolio Target Returns				
	Liquid Growth	Conservative Growth	Active Growth	Dynamic Growth
Spending		3.00%	4.00%	5.00%
Inflation Rate*	2.50%	2.50%	2.50%	2.50%
Administrative Fees**	1.50%	1.20%	1.625%	1.35%
Target Returns (Net of Fees)	4.00%	6.70%	8.125%	8.85%

*CBI's long-term inflation forecast

**Based on observed weighted average fee yields by strategy; excludes non-standard or legacy pricing and reviewed periodically.

Target returns represent minimum target returns to meet our portfolio needs over an extended time horizon.

PORTFOLIO REBALANCING

The Committee recognizes that actual asset allocations will vary from target allocations due to differing returns among asset classes over time.

Portfolios will be rebalanced toward their target asset allocations using the following guidelines:

- The Investment Advisor will use incoming cash flows (contributions) and outgoing cash flows (disbursements) to help realign Portfolio allocations toward target levels on an ongoing basis.
- The Investment Advisor will review the Portfolios on a quarterly basis (March 31, June 30, September 30, and December 31) to identify any deviation(s) from target allocations. If any major asset class (e.g., equity, fixed income, alternatives, or cash) deviates by more than +/-5 percentage points from its target allocation, the Portfolio will generally be rebalanced within a reasonable period of time. The Committee may approve exceptions to these rebalancing thresholds where appropriate.
- The Investment Advisor may recommend rebalancing at other times when market conditions or Portfolio considerations warrant such action.

MONITORING PORTFOLIO INVESTMENTS

The Committee will monitor Portfolio performance relevant to established investment objectives on a quarterly basis, or more frequently as deemed appropriate. The Committee will periodically conduct a formal assessment of overall Portfolio performance and the performance of underlying investments.

The Portfolios' composite investment performance (net of fees) will be evaluated against the following standards:

- The Portfolios' long-term real return objective; and
- A composite benchmark consisting of appropriate unmanaged market indexes weighted in accordance with the asset allocations outlined in Appendix A.

INVESTMENT ADVISOR PERFORMANCE EVALUATION

The Committee will monitor and evaluate the performance of the Foundation's Investment Advisor and any Investment Managers on an ongoing basis, with formal reviews conducted at least annually.

Evaluation will be based on qualitative and quantitative factors, including but not limited to performance results, adherence to the Investment Policy, consistency of investment philosophy and process, quality of reporting and communication, organizational stability, and the criteria outlined in Appendix D.

Based on these evaluations, the Committee may take appropriate action, including continuation, modification of responsibilities, or termination of the Investment Advisor or Investment Manager relationship.

FOUNDATION ENDOWMENT SPENDING POLICY

As part of the Foundation's total return investment approach, The Foundation utilizes the Endowment Spending Policy set forth in Appendix B to determine annual distributions from permanent endowment funds.

The spending rate is determined annually by the Board, based on the recommendation of the Committee, and is applied to the rolling 12-quarter average market value of each endowment fund.

In establishing the spending rate, the Committee considers the Foundation's historical experience, expected investment returns, and its responsibility to maintain the long-term purchasing power of its permanent funds while supporting current grantmaking.

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	Recommended for	Target Asset Allocation	Volatility
Liquid Growth	Short-term projects & programming	100% money market, CDs, and cash equivalents	Minimal

LONG-TERM MODEL PORTFOLIOS

Model	Recommended for	Target Asset Allocation	Volatility
Conservative Growth	Intermediate-term (i.e., 3–10 years)	40% equities / 60% fixed income	Moderate
Active Growth	Long-term (i.e., 10+ years)	70% equities / 30% fixed income	High
Dynamic Growth	Long-term (i.e., 10+ years)	80% equities / 20% fixed income	Very High

Dynamic Growth is the Foundation’s default portfolio for endowment assets.

The Foundation’s model Portfolios have been specifically designed with differing risk/reward profiles to address the varying investment objectives, time horizons, and constraints of the Foundation and its funds, and assets may be allocated across one or more Portfolios, as appropriate.

The primary determinant of a portfolio’s return and volatility is its asset allocation. Asset allocation represents the distribution of investments across various asset classes. The Committee anticipates that Foundation model Portfolios, and their respective asset allocations, will change over time as market conditions, expectations, and financial needs evolve, but such changes are expected to be very infrequent.

In a short-term investment portfolio, preference will be given to investing in checking accounts, money market funds, and/or CDs held at eligible financial institutions in Muscatine County and Louisa County. While the goal is to maximize FDIC/NCUA insured coverage, funds may exceed the insured limit to meet the needs of operations, grantmaking, and liquidity management. Funds exceeding 150% of FDIC/NCUA 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, with terms generally not exceeding 5 years.

The model Portfolios described above are intended for the investment of the Foundation’s primary investable assets, including endowed and non-endowed funds. The Foundation may also maintain other investment accounts or portfolios for operational purposes or administrative services, including internal operating reserves and custodial or agency funds. Such assets may have different investment objectives, constraints, and governance structures, and therefore may not be invested in the Foundation’s model Portfolios. These assets will be managed in a manner consistent with their intended purpose and applicable agreements, and, where appropriate, in alignment with the principles outlined in this Policy.

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 or viewed on the Foundation’s website: www.givinggreater.org/about-us.

APPENDIX B

ENDOWMENT SPENDING POLICY

As part of its total return investment objective, the Community Foundation of Greater Muscatine (the “Foundation”) utilizes a spending policy to determine annual distributions from permanent endowment funds. To effectively administer the spending policy, the Foundation has adopted a total return definition of income, which includes not only interest and dividends, but also realized and unrealized gains and losses. 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 reflected on the Balance Sheet. This includes all investment income and realized/unrealized gains and losses, as well as applicable investment and fund management fees. These balances are compiled, totaled, divided by the number of quarters included in the calculation (up to 12-quarters), multiplied by the applicable spending rate, and rounded down to the nearest hundred dollars to determine the maximum amount available for distribution (the “spendable amount”). 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 Amount Rounded Down to the Nearest Hundred													\$12,400.00

Spending Rate

The spending rate is determined annually by the Investment Committee and approved by the Foundation’s governing Board of Directors. The approved spending rate is 5%.

The spending rate shall not exceed 5%, in accordance with Endow Iowa Program requirements.

All or a portion of the available distribution may be granted in accordance with the endowment fund’s written agreement. Any undistributed amount may remain in the endowment to support future growth and maintain purchasing power.

Delegation of Authority

Once the annual spendable amount for each endowment has been calculated in accordance with this Policy, Foundation staff are authorized to approve and distribute grants consistent with the applicable fund agreement and donor intent, without requiring additional Board or Committee approval, provided such distributions do not exceed the calculated spendable amount.

Minimum Endowment Balance

The minimum required balance for endowments is \$10,000, except for scholarship endowments which require a minimum balance of \$11,000. 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 at least two quarters prior to distributing a grant. The spendable amount shall be calculated based on the average market value of the quarters the fund has been established and funded, up to 12 quarters.

Exceptions

Endowment spendable amounts are calculated once per year and are not adjusted unless significant contributions (relative to the fund's beginning principal balance) are received within a given period. Upon receipt, all contributions are added to the endowment and may be directed to principal or made available for spending, as appropriate. When a proportionately large contribution is received, the spendable amount may be recalculated in the quarter following receipt of the contribution, as deemed appropriate.

The Foundation may also recalculate the spendable amount under other limited circumstances when market value changes or other factors materially affect the fund's ability to support intended distributions.

APPENDIX C

CERTIFICATION OF ACCEPTANCE and UNDERSTANDING

INVESTMENT ADVISOR

I acknowledge that I have received, read, and understand the Community Foundation of Greater Muscatine's Investment Policy (the "Policy"). I agree to comply with and operate in accordance with the Policy with respect to the assets for which I serve as investment advisor, investment consultant, custodian, or in another investment-related capacity.

Name: _____

Date

Signature

Print Name

Print Title

APPENDIX D

INVESTMENT ADVISOR AND INVESTMENT MANAGER EVALUATION, OPERATING GUIDELINES & SUPPLEMENTAL ADVISORY SERVICES

INVESTMENT ADVISOR AND INVESTMENT MANAGER PERFORMANCE EVALUATION

The Investment Committee will monitor and evaluate the Foundation's Investment Advisor and any Investment Managers on an ongoing basis, with formal evaluations conducted periodically.

Evaluation will be based on the following criteria:

- Portfolio performance relative to a policy benchmark composed of appropriate market indices aligned with the Foundation's asset allocation;
- The performance of other investment managers having similar investment objectives;
- In keeping with the Portfolios' overall long-term financial objectives, the Committee will evaluate Portfolio and Investment Advisor and Investment Manager performance over a suitably long-term investment horizon, generally across full market cycles or, at a minimum, on a rolling five-year basis;
- Performance of underlying investment strategies and managers relative to their respective benchmarks and peer groups;
- The quality and consistency of investment advice, including asset allocation recommendations, manager selection, risk management, and adherence to this Policy;
- Quality of service, responsiveness, and effectiveness of communication, including the Investment Advisor's ability to support the Foundation's operational and strategic needs;
- Consideration of the Investment Advisor's understanding of and engagement with the Foundation's community and local context, where applicable;
- An RFP for investment advisory or investment management services may be performed every five years or more frequently, if deemed necessary; and
- Performance relative to peer institutions with similar investment objectives and structures, where appropriate.

The Foundation may retain both a primary Investment Advisor and, where applicable, Investment Managers for individually managed accounts.

The Committee may take appropriate action, including continuation, modification of responsibilities, or termination of the relationship, based on the results of such evaluations.

INVESTMENT ADVISOR OPERATING GUIDELINES

The Foundation's primary Investment Advisor will comply with the following operating guidelines:

- A. Will provide investment advice and recommendations regarding the management of the Portfolios, including asset allocation, manager selection, and Portfolio structure;
- B. Will recommend Portfolio changes believed to be prudent and in the best interest of the Foundation, subject to Committee approval where required;
- C. Will provide liquidity from available Portfolio assets as requested by the Foundation to meet operational and distribution needs;
- D. Will ensure that assets are appropriately diversified in a manner consistent with the applicable Portfolio allocation and investment mandate;
- E. Will comply with Portfolio rebalancing requirements, as applicable;

- F. Will monitor Portfolio performance and underlying investment strategies on an ongoing basis and provide relevant analysis and insights to 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 approved by the Committee. This limitation does not apply to pooled investment vehicles;
- H. The fixed income allocation of each portfolio shall maintain a minimum average credit quality of investment grade (BBB/Baa or higher by Standard & Poor's or Moody's). Investments in below-investment-grade securities (high yield) may be utilized on a limited basis to enhance income and diversification, provided that the overall portfolio remains investment grade on an average basis;
- I. Cash investments will generally be considered temporary holdings but may be used to meet liquidity needs or facilitate investment strategies;
- J. The Foundation's Portfolios are not subject to income taxation; therefore, investment decisions may be made without consideration of tax implications;
- K. Will capture and report relevant investment data, including data from individually managed accounts, to support consolidated performance reporting to the Committee and Board;
- L. Will not lend Foundation securities without Board approval;
- M. Will not use derivative securities for speculative or leveraged purposes;
- N. Unless expressly authorized in writing, will not:
 - 1) Purchase securities on margin or execute short sales;
 - 2) Pledge securities for speculation or leverage; or
 - 3) Engage in strategies that materially increase risk beyond the objectives of the Portfolios;
- O. Will provide periodic performance and portfolio holdings reports, including market value, transactions, fees, and gains/losses;
- P. Will promptly notify the Foundation of any material changes that may impact its ability to provide advisory services; and
- Q. Will avoid conflicts of interest and self-dealing and will disclose any actual or potential conflicts to the Foundation.

GUIDELINES FOR INDIVIDUALLY MANAGED ACCOUNTS

The following guidelines apply to Investment Managers retained for individually managed accounts.

Such managers are expected to comply with this Policy, including applicable operating guidelines set forth above, unless otherwise approved by the Committee.

Investment Managers will manage assets in a manner consistent with the Foundation's approved Portfolios, asset allocation, risk tolerance, and rebalancing requirements, as applicable.

The Foundation retains sole ownership and control of all assets. Investment Manager performance and activities will be monitored by the Committee, with support from the Investment Advisor, as applicable.

Investment management agreements may be terminated at any time with proper notice, and assets will be transferred to the Foundation promptly upon termination.

All funds will be invested in accordance with applicable Iowa law regarding prudent investing.

SUPPLEMENTAL ADVISORY SERVICES

The Investment Advisor may provide supplemental advisory services to the Foundation upon request, which are generally provided at no additional cost, and may include:

- a. Investment policy development/refinement/oversight
- b. Portfolio design and modeling for performance and risk management
- c. Strategic asset allocation analysis and recommendations
- d. Benchmark development and peer comparison

- e. Portfolio cash flow analysis and guidance
- f. Market commentary and portfolio performance reporting
- g. Investment-related materials for donors
- h. Rebalancing guidance
- i. Community foundation best practices
- j. Spending policy guidance
- k. Other services as requested by the Committee

In addition, the Investment Advisor may provide value-added services as:

- l. Audit and meeting support
- m. Stakeholder engagement and donor-related support
- n. Investment and fiduciary education for staff, Committee, and Board
- o. Nonprofit sector insights and best practices
- p. Long-term perspectives on asset classes and strategies
- q. Access to economic and investment research