CHIPPEWA COUNTY COMMUNITY FOUNDATION

Investment Policy Statement
Finance Committee

PURPOSE

The purpose of this Investment Policy Statement is to establish a clear understanding of the philosophy and the investment objectives for the Chippewa County Community Foundation (hereinafter, "CCCF"). This document will further describe the standards that will be utilized by the Finance Committee in monitoring investment performance for endowed funds, as well as, serve as a guideline for any financial manager retained.

The purpose of CCCF is to accumulate a pool of assets sufficient to build community capital for future use with the corresponding obligation to support current and future community needs. These assets are to be invested in a manner consistent with statutory fiduciary responsibilities.

SCOPE

The Finance Committee is responsible for recommending investment policies and strategies, trustees, financial managers and/or advisors, and other fiduciaries, and monitoring the performance of the trustees, managers, advisors and other fiduciaries.

FIDUCIARY DUTY

The Finance Committee shall act in accordance with, and the policy shall at all times comply with, the requirements of the Michigan Uniform Prudent Management of Institutional Funds Act, MCL §451.921, et seq ("UPMIFA") with respect to the investment, management, expenditure, appropriation and accumulation of funds. UPMIFA applies to permanent endowment funds, non-endowed funds and use or purpose restricted funds held for charitable and investment purposes.

UPMIFA requires that the Finance Committee manage and invest all funds and make decisions with respect to determinations to accumulate or appropriate, "in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances."

All investment actions and decisions must be based solely in the interest of CCCF. Fiduciaries must provide full and fair disclosure to the Investment Committee of all material facts regarding any potential conflicts of interest. A person having special skills or expertise, or one that is selected based on his or her representation that he or she has special skills or expertise, has a duty to use those skills or that expertise in managing and investing CCCF's assets.

FINANCE COMMITTEE

The investment policies of the CCCF will be carried out by means of investment strategies that reflect continuous evaluation of changing investment environments, judgment regarding the allocation of the CCCF assets among different kinds of investment opportunities, identification of appropriate investment vehicles, and the making of specific investment decisions.

STANDARD OF INVESTMENT JUDGMENT

In seeking to attain the investment objectives set forth in this statement, the Finance Committee shall exercise prudence and appropriate care.

SPENDING POLICY

Income available for spending is determined by a total return system. The spending policy is currently a separate document.

INVESTMENT OBJECTIVES

The primary objective of the investments will be to provide for long-term growth of principal and income without undue exposure to risk enabling the CCCF to make grants on a continuing and reasonably consistent basis. Therefore, the focus will be on consistent long-term capital appreciation, with income generation as a secondary consideration. More specifically, the Finance Committee seeks returns during a full market cycle that are large enough to preserve and enhance the real, inflation adjusted purchasing power of the CCCF's assets, while also considering the current spending requirements. In pursuing this objective, the Finance Committee endeavors to achieve total returns that, over time, are better than the relevant market averages. The Finance Committee does not expect that in each and every year the investment objective referred to above will necessarily be achieved.

TIME HORIZON

Due to the inevitability of short-term market fluctuations, it is intended that the following Specific Performance objectives will be achieved by the financial manager(s) over a six year moving period, net of investment management fees. Nevertheless, the Finance Committee reserves the right to evaluate and make any necessary changes regarding the financial manager over a shorter term using the criteria established in the "evaluation of Financial manager" section of this statement.

SPECIFIC PERFORMANCE OBJECTIVES

Total Foundation

1. The overall long-term investment goal of CCCF is the achieve a 6-year annualized total return (net fees and expenses), through appreciation and income, greater than the rate of inflation (as measured by the broad, domestic Consumer Price Index) plus 4%, thus protecting the assets against inflation.

EVALUATION OF FINANCIAL MANAGER

The financial manager will be reviewed on an ongoing basis and evaluated upon the following additional criteria:

1. Ability to meet or exceed the performance objectives stated in the Investment Policy Statement.

2. Adherence to the philosophy and style which were articulated to the Finance Committee at, or subsequent to, the time the financial manager was retained.

3. Ability to meet or exceed the performance of other financial manager who adhere to the same or similar style.

4. Continuity of personnel and practices at the firm.

The financial manager shall immediately notify the Finance Committee in writing of any material changes in its investment outlook, strategy, portfolio structure, ownership, or senior personnel.

ASSET ALLOCATION

Deliberate management of the asset mix among classes of investments available to the CCCF is both a necessary and desirable responsibility. In the allocation of assets, diversification of investments among asset classes that are not similarly affected by economic, political, or social developments is a highly desirable objective. The diversification does not necessarily depend upon the number of industries or companies in a portfolio or their particular location, but rather upon the broad nature of such investments and of the factors that may influence them.

In making asset allocation judgments, the Finance Committee is not expected to seek to "time" subtle changes in financial markets, or those frequent or minor adjustments would be needed. Instead, the Finance Committee is expected to develop and adopt expressed guidelines for broad allocations on a long-term basis, in light of current and projected investment environments.

To insure broad diversification in the long-term investment, asset allocation, as a percent of the total market value of the total long-term portfolio, will be set with the following target percentage and within the following ranges:

Type of Securities	Target	Equities
	80%	+/- 10%
Fixed Income	20%	+/- 10%

Impact Investing

Mission/Social investments are investments made in companies, organizations and funds with the intention to generate measurable social and environmental impact. These investments may make below market rates of return if the social impact is significant.

The above Equities/Fixed Income target ranges can vary by +/- 10% to allow for Mission/Social investing. No more than 10% of the total available investment dollars can be designated to impact investing.

FINANCIAL MANAGER REQUIREMENTS

1. In today's rapidly changing and complex financial world, no list or types of categories of investments can provide continuously adequate guidance for achieving the Finance Committee's investment objectives. Any such list is likely to be too inflexible to be suitable of the market environment in which investment decisions must be made. Therefore, it is the process by which investment strategies and decisions are developed, analyzed, adopted, implemented and monitored, and the overall manner in which investment risk is managed, which determines whether an appropriate standard of reasonableness, care and prudence has been met for CCCF investments.

2. Although there are no strict guidelines that will be utilized in selecting financial managers, the Finance Committee will consider the length of time the firm has been in existence, its track record, fees, assets under management, and the amount of assets the CCCF already has invested with the firm.

3. The requirements stated below apply to investments in non-mutual and non-pooled funds, where the financial manager is able to construct a separate, discretionary account on behalf of the CCCF. Although the Finance Committee cannot dictate policy to pooled/mutual fund financial managers, the Finance Committee's intent is to select and retain only pooled/mutual funds with policies that are similar to this policy statement. All managers (pooled/mutual and separate), however, are expected to achieve the performance objectives.

4. Unless prior written approval is obtained from the Finance Committee to the contrary:

    a. Each financial manager must satisfy the performance objectives and asset allocation guidelines.

    b. Each financial manager shall have the full investment discretion with regard to market timing and security selection, consistent with this Investment Policy Statement.

c. The financial manager shall be evaluated on a semi-annual basis and should be prepared to meet with the Finance Committee at least annually.

d. The financial manager shall handle the voting of proxies and tendering of shares in a manner that is in the best interest of the CCCF and consistent with the investment objectives contained herein.

e. The financial manager shall not utilize derivative securities and/or hedging instruments to increase the actual or potential risk posture of the portfolio. .

   Moreover, the financial managers are precluded from using derivatives to effect a leveraged portfolio structure (if options and futures are specifically approved by the Finance Committee, such positions must be offset in their entirety by corresponding cash or securities).

   The Finance Committee must explicitly authorize the use of such derivative instruments, and shall consider certain criteria including, but not limited to, the following:

   i. Manager's proven expertise in such category.
   ii. Value added by engaging in derivatives.
   iii. Liquidity of instruments
   iv. Actively traded by major exchanges (or for over-the-counter positions, executed with major dealers).
   v. Manager's internal procedures to evaluate derivatives, such as scenario and volatility analysis and duration constraints.

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f. For diversification purposes, the equity portion of each financial manager's portfolio should have in excess of 20 individual equity positions.

g. Each financial manager must assure that no position of any one issuer shall exceed 10% of the manager's portfolio at market value, with the exception of securities issued by the U.S. government and its agencies.

h. Each financial manager must assure that no more than 20% of its portfolio is invested in any one-industry sector, with the exception of securities issued by the U.S. government and its agencies.

i. The financial manager shall not effect a purchase which would cause a position in the portfolio to exceed 5% of the issue outstanding at market value.

j. The bond portfolio must have an overall weighted average credit rating of "A" or better by Moody's and Standard & Poor's rating services. In addition, there shall be no individual issued bond investments below investment grade (Baa/BBB). In the event that an individual bond instrument is downgraded below investment grade, then the financial manager shall immediately notify the Finance Committee in writing. In the case of a split rating, the higher rating will apply.

k. Not more than $500,000 of an financial manager's portfolio shall be invested in commercial paper of any one issuer. The credit quality must A1/P1.

CONCLUSION

This statement of investment policy shall be reviewed annually. The investment performance will be reviewed on a quarterly basis. The manager may provide any suggestions regarding appropriate adjustments to this statement or the manner in which investment performance is reviewed.

Special Projects

The objective is to invest the special projects fund assets so as to achieve a high degree of safety for the principal value, while earning a reasonable rate of return. Investments should not be made that could jeopardize the flexibility and liquidity of these assets.

Direct investment should be primarily money market accounts and certificate of deposits, not to exceed the FDIC limit at any one bank.