SCOTT COUNTY COMMUNITY FOUNDATION

STATEMENT OF INVESTMENT POLICY

OBJECTIVES AND GUIDELINES

RECOMMENDATION OF THE FINANCE AND INVESTMENT COMMITTEE
OCTOBER 29, 2009

TABLE OF CONTENTS

SCOTT COUNTY COMMUNITY FOUNDATION

STATEMENT OF INVESTMENT POLICY, OBJECTIVES AND GUIDELINES

ADOPTED NOVEMBER 12, 2009

SCOPE OF THIS INVESTMENT POLICY
This statement of investment policy reflects the investment policy, objectives and constraints of the entire Scott County Community Foundation.

PURPOSE OF THIS INVESTMENT POLICY STATEMENT
This statement of investment policy is set forth by the Finance and Investment Committee under the direction of the Board of Directors of the Foundation in order to:

1. Define and assign the responsibilities of all involved parties.
2. Establish a clear understanding for all involved parties of the investment goals and objectives of Fund assets.
3. Offer guidance and limitations to all Investment Managers regarding the investment of Fund assets, asset allocation and income needs.
4. Establish a basis for evaluating investment results.
5. Manage Fund assets according to prudent standards as established in common trust law.
6. Establish the relevant investment horizon for which the Fund assets will be managed.

In general, the purpose of this statement is to outline a philosophy and attitude that will guide the investment management of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

DELEGATION OF AUTHORITY
The Finance and Investment Committee of the Scott County Community Foundation, under the direction of the Board of Directors of the Foundation, is a fiduciary and is responsible for directing and monitoring the investment management of Fund assets. As such, the Finance and Investment Committee is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to:

1. Investment Management Consultant. The consultant may assist the Finance and Investment Committee in: establishing investment policy, objectives and guidelines; selecting investment managers; reviewing such managers over time; measuring and evaluating investment performance and other tasks as deemed appropriate.
2. Investment Manager. The investment manager has discretion to purchase, sell or hold the specific securities that will be used to meet the Fund's investment objectives.
3. Custodian. The custodian will physically (or through agreement with a sub–custodian) maintain possession of securities owned by the Fund, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased or sold, as well as movement of assets into and out of the Fund accounts.

4. Additional specialists such as attorneys, auditors and others may be employed by the Finance and Investment Committee to assist in meeting its responsibilities and obligations to administer Fund assets prudently.

The Finance and Investment Committee will be responsible for review and discussion on investment decisions with investment managers. Managers will be held responsible and accountable to achieve the objectives herein stated. While it is not believed that the limitations will hamper investment managers, each manager should request modifications that they deem appropriate. If such experts employed are also deemed to be fiduciaries, they must acknowledge such in writing. All expenses for such experts must be customary and reasonable, and will be borne by the Fund as deemed appropriate and necessary.

DEFINITIONS

1. "Fund" shall mean the Scott County Community Foundation financial assets. This shall include gifts or deposits invested in perpetuity and gifts or deposits invested subject to liquidation as needs may develop, as well as any growth and/or income generated from such assets.
2. "Finance and Investment Committee" shall refer to the governing board established to administer the Fund.
3. "Fiduciary" shall mean any individual or group of individuals that exercise discretionary authority or control over fund management or any authority or control over management, disposition or administration of the Fund assets.
4. "Investment Manager" shall mean any individual or group of individuals employed to manage the investments of all or part of the Fund assets.
5. "Investment Management Consultant" shall mean any individual or organization employed to provide advisory services, including advice on investment objectives and/or asset allocation, manager search and performance monitoring.
6. "Securities" shall refer to the marketable investment securities, which are defined as acceptable in this statement.
7. "Investment Horizon" shall be the time period over which the investment objectives, as set forth in this statement, are expected to be met. The investment horizon for this Fund is twenty (20+) years.
8. “Historic Dollar Value” shall include all gifts plus any matching funds of the Fund.

ASSIGNMENT OF RESPONSIBILITY

Responsibility of the Finance and Investment Committee of the Foundation

The Finance and Investment Committee is charged with the responsibility for the management of the assets of the Fund. The Finance and Investment Committee shall discharge its duties solely in the interest of the Fund, with the care, skill, prudence and diligence under the circumstances then prevailing, that a prudent investor, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character with like aims. The specific responsibilities of the Finance and Investment Committee relating to the investment management of Fund assets include:

1. Projecting the Fund's financial needs, and communicating such needs to the appropriate parties on a timely basis.
2. Determining the Fund's risk tolerance and investment horizon, and communicating these to the appropriate parties.

3. Establishing reasonable and consistent investment objectives, policies and guidelines that will direct the investment of the Fund's assets.
4. Prudently and diligently selecting qualified investment professionals, including Investment Manager(s), Investment Consultant(s) and Custodian(s).
5. Regularly evaluating the performance of the Investment Manager(s) to assure adherence to policy guidelines and monitor investment objective progress.
6. Developing and enacting proper control procedures; for example, replacing Investment Manager(s) due to fundamental change in investment management process, or failure to comply with established guidelines.
7. Report regularly (at least annually) to the Board of Directors on the investment performance and financial condition of the Fund.

Responsibility of the Investment Management Consultant(s)

The Investment Management Consultant's role is that of a non–discretionary advisor to the Finance and Investment Committee of the Foundation. Investment advice concerning the investment management of Fund assets will be offered by the Investment Consultant, and will be consistent with the investment objectives, policies, guidelines and constraints as established in this statement. Specific responsibilities of the Investment Management Consultant include:

1. Assisting in the development and periodic review of investment policy.
2. Conducting investment manager searches when requested by the Finance and Investment Committee.
3. Providing "due diligence" or research on the Investment Manager(s).
4. Monitoring the performance of the Investment Manager(s) to provide the Finance and Investment Committee with the ability to determine the progress toward the investment objectives.
5. Communicating matters of policy, manager research and manager performance to the Finance and Investment Committee.
6. Reviewing Fund investment history, historical capital markets' performance and the contents of this investment policy statement to any newly appointed members of Finance and Investment Committee.

Responsibility of the Investment Manager(s)

Each Investment Manager must acknowledge in writing its acceptance of responsibility as a fiduciary. Each Investment Manager will have full discretion to make all investment decisions for the assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints and philosophies as outlined in this statement. Specific responsibilities of the Investment Manager(s) include:

1. Discretionary investment management including decisions to buy, sell or hold individual securities, and to alter asset allocation within the guidelines established in this statement.
2. Reporting, on a timely basis, quarterly investment performance results.
3. Communicating any major changes to economic outlook, investment strategy or any other factors that affect implementation of investment process, or the investment objective progress of the Fund's investment management.
4. Informing the Finance and Investment Committee regarding any qualitative change to investment management organization. Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.
5. Voting proxies and records, on behalf of the Fund, and/or communicating such voting records to the Finance and Investment Committee on a timely basis, if requested by committee.

GENERAL INVESTMENT PRINCIPLES

1. Investments shall be made solely in the interest of the beneficiaries of the Fund.
2. The Fund shall be invested with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the investment of a fund of like character and with like aims.
3. Investment of the Fund shall be so diversified as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.
4. The Finance and Investment Committee may employ one or more investment managers of varying styles and philosophies to attain the Fund's objectives.
5. Cash is to be employed productively at all times, by investment in short-term cash equivalents to provide safety, liquidity and return.

INVESTMENT MANAGEMENT POLICY

1. Preservation of Capital — Consistent with their respective investment styles and philosophies, investment managers should make reasonable efforts to preserve capital, understanding that losses may occur in individual securities.
2. Risk Aversion — Understanding that risk is present in all types of securities and investment styles, the Finance and Investment Committee recognizes that some risk is necessary to produce long–term investment results that are sufficient to meet the Fund's objectives. However, the investment managers are to make reasonable efforts to control risk, and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.
3. Adherence to Investment Discipline — Investment managers are expected to adhere to the investment management styles for which they were hired. Managers will be evaluated regularly for adherence to investment discipline.

SPENDING POLICY

The Board of Directors of the Scott County Community Foundation must strive to strike a delicate balance between the spending policy for the endowment and the returns we could reasonably expect to earn on the portfolio over the coming years. As fiduciaries, our responsibility is to ensure that our endowment funds are here to serve this community into perpetuity. With this in mind, our Board of Directors voted to adopt a new spending policy effective November 12, 2009.
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The Finance and Investment Committee annually determines the percentage that funds will be enabled to spend up to a maximum of 5% of the average market value of each fund over the prior twelve quarters ending September 30. This recommendation is then voted upon by the Board of Directors prior to December 1, each year. When considering what percentage the funds will be allowed to grant the Finance and Investment Committee will consider the following criteria stated in the Uniform Prudent Management of Institutional Funds Act (UPMIFA):

- Give primary consideration to donor intent as expressed in a gift instrument
- Act in good faith, with the care an ordinarily prudent person would exercise
- Incur only reasonable costs in investing and managing charitable funds
- Make a reasonable effort to verify relevant facts
- Make decisions about each assets in the context of the portfolio of investments as part of an overall investment strategy

- Diversify investments unless due to special circumstances, the purposes of the fund are better served without diversification
- Dispose of unsuitable assets
- In general develop an investment strategy appropriate for the fund and the charity

In applying this policy, if an endowment fund was established less than twelve quarters before any September 30, then the actual number of quarters that the fund existed (with September 30 being counted as the end of the first year) shall be substituted for the twelve-quarter period otherwise applied herein. Generally, no distributions will be made from endowment funds until they have been in existence a minimum of one year.

The SCCF Board of Directors believes this action is prudent given the uncertain economic environment.

No distribution shall be made from the fund to any individual entity if such distribution will in the judgment of the Foundation endanger the Foundation's Code section 501 (c) (3) status.

INVESTMENT OBJECTIVES

In order to meet its needs, the investment strategy of the Fund is to emphasize total return; that is, the aggregate return from capital appreciation and dividend and interest income. Specifically, the primary objective in the investment management for Fund assets shall be:

1) Preservation of Purchasing Power After Spending – To achieve returns in excess of the rate of inflation over the investment horizon in order to preserve purchasing power of the Fund's assets. Risk control is an important element in the investment of the Fund's assets.

2) Long-Term Growth of Capital – To emphasize long-term growth of principal while avoiding excessive risk. Short-term volatility will be tolerated inasmuch as it is consistent with the volatility of a comparable market index.

3) An overall rate of return commensurate with an agreed-upon risk tolerance.

SPECIFIC INVESTMENT GOALS

It is the goal of the aggregate Fund assets to meet or exceed the composite index based upon the asset allocation agreed upon by the Finance and Investment Committee.

The investment goals above are the objectives of the aggregate Fund, and are not meant to be imposed on each investment account. The goal of each Investment Manager, over the investment horizon, shall be to:

1. Meet or exceed the market index or blended market index, selected and agreed upon by the Finance and Investment Committee that most closely corresponds to the style of investment management.
2. Display an overall level of risk in the portfolio that is consistent with the risk associated with the benchmark specified above. Risk will be measured by the standard deviation of quarterly returns.

Specific investment goals and constraints for each investment manager, if any, shall be incorporated as part of this statement of investment policy . Each manager shall receive a written statement outlining their specific goals and constraints as they differ from those objectives of the entire fund.

VOLATILITY OF RETURNS

The Finance and Investment Committee understands that in order to achieve its objectives for Fund assets, the Fund will experience volatility of returns and fluctuations of market value. It states that the Fund could tolerate a maximum loss of (to be determined based upon asset allocation in Appendix A) over any one-year period and an average historical return based upon asset allocation in Appendix A. Therefore, the Finance and Investment Committee supports an investment strategy that minimizes the probability of losses greater than that stated in Appendix A. However, it realizes that the Fund's return objective is its primary concern. There is, of course, no guarantee that the Fund will not sustain losses greater than those stated in Appendix A.

LIQUIDITY

To minimize the possibility of a loss occasioned by the sale of a security forced by the need to meet a required payment, the Finance and Investment Committee will periodically provide an estimate of expected net cash flow. The Finance and Investment Committee will notify the Investment Management Consultant in a timely manner, to allow sufficient time to meet liquidity needs of SCCF.

INVESTMENT GUIDELINES

Allowable Assets

1. Cash Equivalents
    - Treasury Bills
    - Money Market Funds
    - Short-Term Investment Funds
    - Commercial Paper
    - Banker's Acceptances
    - Repurchase Agreements
    - Certificates of Deposit
2. Fixed Income Securities
    - U.S. Government and Agency Securities
    - Corporate Notes and Bonds
    - Mortgage-Backed Bonds
    - Preferred Stock
    - Fixed Income Securities of Foreign Governments and Corporations
    - Collateralized Mortgage Obligations

3. Equity Securities
    - Common Stocks
    - Convertible Notes and Bonds
    - Convertible Preferred Stocks
    - American Depository Receipts (ADRs) of Non–U.S. Companies
    - Stocks of Non–U.S. Companies (Ordinary Shares)

4. Mutual Funds
    - Mutual Funds that invest in securities as allowed in this statement

Prohibited Assets
Prohibited investments include, but are not necessarily limited to the following:
- Private Placements
- Limited Partnerships
- Venture-Capital Investments

The Fund may from time to time receive “hard assets” such as real estate properties, Oil and Gas Interests, gold, etc. In an effort to be responsive to donors, the committee will reserve the right to evaluate such assets and will on a case-by-case basis determine whether to hold them and include them in the Fund or to liquidate and place the proceeds in more traditional vehicles.

Asset Allocation Guidelines
Investment management of the assets of the Fund shall be in accordance with the strategic asset allocation parameters set forth by the Finance and Investment Committee.

The Finance and Investment Committee may employ Investment Managers whose investment disciplines require investment outside the established asset allocation guidelines. However, taken as a component of the aggregate Fund, such disciplines must fit within the overall asset allocation guidelines established in this statement. Such Investment Managers will receive written direction from the Finance and Investment Committee regarding specific objectives and guidelines.

Diversification for Investment Managers
The Finance and Investment Committee does not believe it is necessary or desirable that securities held in the Fund represent a cross section of the economy. However, in order to achieve a prudent level of portfolio diversification, the securities of any one company should not exceed 10% of the total Fund, and no more than 30% of the total Fund should be invested in any one industry.

ASSET ALLOCATION GUIDELINES

See Appendix A for specific asset allocation parameters.

SELECTION OF INVESTMENT MANAGERS

The Finance and Investment Committee's selection of Investment Manager(s) must be based on prudent due diligence procedures. A qualifying Investment Manager must be a registered investment advisor under the Investment Advisors Act of 1940, or a bank or insurance company. The Finance and Investment Committee requires that each Investment Manager provide, in writing, acknowledgment of fiduciary responsibility to the Fund.

INVESTMENT MANAGER PERFORMANCE REVIEW AND EVALUATION

Performance reports generated by the Investment Management Consultant shall be compiled at least quarterly and communicated to the Finance and Investment Committee for review. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals and guidelines as set forth in this statement. The asset allocation of the total Fund as well as individual managers will also be reviewed quarterly. The Finance and Investment Committee intends to evaluate the portfolio(s) over at least a three-year period, but reserves the right to terminate a manager for any reason including the following:

1. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Failure to adhere to any aspect of this statement of investment policy, including communication and reporting requirements.
3. Significant qualitative changes to the investment management organization.

Investment Managers shall be reviewed at least annually regarding performance, personnel, strategy, research capabilities, organizational and business matters and other qualitative factors that may impact their ability to achieve the desired investment results.

RE-BALANCING OF ASSET ALLOCATION GUIDELINES

As indicated above, the asset allocation percentages will be allowed to somewhat vary from their targets. A 5% range above or below the target allocation shall be the guideline to re-balance. The Investment Management Consultant and the Investment Manager will review the actual asset-allocation percentages at least quarterly to determine if the lower or upper limits have been violated and/or the allocation is 5% above or below the target allocation. Where practical, cash inflows and outflows will be used to re-balance to the target asset-allocation guidelines.

If the cash flows are insufficient to bring the asset allocation back to target, then the Investment Management Consultant and Investment Manager shall effect transactions to bring the asset allocation within the threshold ranges of 5%.

The Fund may engage Investment Managers whose investment disciplines require investment outside the established asset allocation guidelines. However, taken as a component of the aggregate Fund, such disciplines must fit within the overall asset allocation guidelines established in this Policy and must be approved by the Finance and Investment Committee.

In the event that any individual Investment Manager’s portfolio is in violation of its specific guidelines, for reasons including but not limited to market price fluctuations, the Investment Management Consultant will instruct the Investment Manager to bring the portfolio into compliance with these guidelines as promptly and prudently as possible.

INVESTMENT POLICY REVIEW

To ensure continued relevance of the guidelines, objectives, financial status, expenses and capital markets’ expectations as established in this statement of investment policy, the Finance and Investment Committee plans to review the investment policy at least annually.

Any new members of the Committee will be provided with a copy of this document for their review and to sign and return for filing.

This statement of investment policy is approved on November 12, 2009 by the Finance and Investment Committee of the Scott County Community Foundation whose signatures appear below:

APPENDIX A
SPECIFIC ASSET ALLOCATION GUIDELINES

Investment management of the assets of the Fund shall be in accordance with the parameters set forth by the Finance and Investment Committee.

The Investment Manager(s) retain the management responsibility of determining the appropriate mix and timing of movement between various securities and cash/equivalents within the individual portfolios they manage. The Investment Management Consultant will assist the Fund in re-balancing the total Fund within the following strategic allocation parameters:

ASSET CLASS	**TARGET ALLOCATION**
US Equities	
Large Cap Core Large Cap Value Large Cap Growth **Total Large Cap**	20-30%
Mid Cap Core Mid Cap Value Mid Cap Growth **Total Mid Cap**	5-15%
Small Cap Core Small Cap Value Small Cap Growth **Total Small Cap**	5-15%
International Equities	12-18%
TOTAL EQUITIES	**55-65%**
Fixed Income	38%
Cash Equivalents	2%
TOTAL FIXED INCOME/CASH	**35-45%**

The Fund may employ Investment Managers whose investment disciplines require investment outside the established asset allocation guidelines. However, taken as a component of the aggregate Fund, such disciplines must fit within the overall asset allocation guidelines established in this statement.