THE COWETA COMMUNITY FOUNDATION, INC. INVESTMENT OBJECTIVES AND POLICY GUIDELINES

Revised as of 8/21, 2015

I. Statement of Purpose

The Board of Governors of CCF (CCF) has adopted this Investment Policy Statement in recognition of its responsibility to supervise the investment of CCF's assets in accordance with CCF's goal of improving the surrounding Coweta County Community. The Purpose of this Policy Statement is to set forth in writing: (1) an appropriate set of objectives and goals to be attained through the investment of the Fund's assets; (2) the position of the Finance Committee with respect to CCF's risk/return posture, including allocation of assets, and establishment of investment guidelines; and (3) an overall system of investment policies and practices whereby the continuing philanthropic mission of CCF will be satisfied.

The conditions of this Investment Policy Statement shall apply to all assets accepted and managed by CCF, this will not however include accepted donor advised funds or funds accepted for disbursement within twelve months of the date of acceptance.

II. Statement of Responsibilities

It is expected that the following parties associated with CCF will discharge their respective responsibilities in accordance with normal fiduciary standards; (1) 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 conduct of an enterprise of a like character and of like aims, and (2) by diversifying the investments so as to minimize the risk of large losses.

A. Investment Manager: The Investment Manager is charged with the responsibility to conduct day-to-day investment management of CCF assets in accordance with this Investment Policy Statement and all laws that supersede it. All Investment Manager(s) must either be (1) registered under the Investment Company Act of 1940, (2) a bank, as defined in that Act, or (3) an insurance company qualified under the laws of more than one state to perform the services of managing, acquiring or disposing of Foundation assets, or (4) such other person or organization authorized by applicable law or regulation to function as an Investment Manager(s). Each investment manager managing a separate account for CCF must sign a copy of this investment policy as acknowledgement of its agreement and understanding with this policy.

B. **<u>Custodian:</u>** The custodian has been retained by the Investment Committee and is charged with the responsibility for safekeeping securities, collections and disbursement, and periodic accounting statements.

C. **<u>Finance Committee:</u>** The Board of Directors hereby expressly delegates to the Finance Committee all of its powers under ARTICLE IV Section 3 of CCF Bylaws. Said delegation shall remain in effect until modified by the Board of Directors so long as at least two Directors are on the Finance Committee. The Finance Committee shall report to the Board of Directors on at least a semi-annual basis at which time the Finance Committee actions as reported shall be ratified or modified as the case may be.

III. Statement of Spending Policy

CCF is expected to but not obligated to disburse 5% annually, of endowment principal's four-year rolling average value market value as determined annually. If the four-year rolling average market value of the Endowment Principal, at the end of each year, is less than the initial value of all the contributions made to Endowment Principal, then distributions will be limited to interest and dividend income received during the next annual period. In accordance with this disbursement policy, the Finance Committee is committed to: (1) protecting the corpus of CCF; (2) preserving the spending power of the income from the fund (3) maintaining a diversified portfolio of assets in order to meet investment return objectives while keeping the level of risk commensurate with that of the median fund in a representative foundation and endowment universe; (4) complying with applicable law.

IV. Investment Objectives

The investment objectives for CCF will be for the asset value, exclusive of contributions or withdrawals, to grow over the long run and earn, through a combination of investment income, capital appreciation, and a rate of return (time-weighted total return) in excess of the benchmarks established for the medium term (3 years) and long term (5 years).

Long Term Performance Objectives

A. The Total Fund shall endeavor to equal or exceed (net of fees) a custom index made up of the following indices: the Russell 2000 Growth Index, the S&P 500 Index, the MSCI EAFE Index and the Barclays Capital U.S. Aggregate Bond Index.

B. The Total Fund is expected to produce, after investment expenses, a minimum annual compound total rate of return of 4% in excess of the rate of inflation.

Asset Allocation

The following allocations of Foundation assets shall serve as the general guidelines for Foundation investments.

Asset Class	**Target Allocation**	**Minimum**	**Maximum**
Large Cap Equity	55.0%	0.0%	60.0%
Mid-Cap Equity	15.0%	0.0%	17.0%
Small Cap Equity	10.0%	0.0%	12.0%
Fixed Income (& Alternative IN's)	20.0%	15.0%	100.0%
Total	100.0%		

At no time will non-US securities within the above allocation represent more than 45% of the total portfolio.

Target Custom Index based on the above allocation until changed will be:

55% S&P 500 Index
20% Russell 2000 Growth Index
25% Lehman Brothers Aggregate Bond Index

The asset mix policy and acceptable minimum and maximum ranges established by the Finance Committee represent a long-term view. As such rapid and significant market movements may cause the fund's actual asset mix to fall outside the policy range. CCF recognizes that there are times in the market where the Investment Manager believes that market risks are too great and therefore is given the latitude to increase the cash and/or fixed income position to up to100% of the portfolio. Any period where the portfolio is greater than 30% cash, the Investment Manager will provide CCF with a report monthly on the portfolio mix until the portfolio mix is back within the asset class parameters set above.

V. Investment Guidelines

It is the intention of the Finance Committee to allow any investment manager full investment discretion within the scope of these mutually agreed upon investment guidelines. Any investment manager must adhere to the following investment guidelines unless explicitly advised in writing by the Finance Committee.

Types of Securities: The securities shall be domestic or foreign common stocks, preferred stocks, mutual funds, convertible preferred stocks, private equity, real estate investment trusts, and bonds, depending on the manager's assignment. The fixed income securities (including alternative investments such as real estate investment trusts) shall be invested in U.S. dollar denominated fixed income instruments. Such instruments may be interest bearing or discounted, fixed or floating rate, collateralized or non-collateralized. Permitted securities are defined as Treasury and U.S. Government Agency notes and bonds, corporate fixed income securities, mortgage-backed securities, asset-backed securities and real estate investment trusts.

- The effective duration of the fixed income portfolio will be ± 20% of the effective duration of the Lehman Brothers Intermediate Gov't/Credit Index.
- The credit quality of fixed income securities must be investment grade at the time of purchase, with no issues below Baa by Moody's and/or BBB by Standard and Poor's at the time of purchase. In the event of a split rating, the higher rating will apply. If any bond is downgraded below the minimum rating above and causes the portfolio to be out of guidelines, the Investment Manager will review and alert the Finance Committee in writing if the manager decides to continue to hold the security.
- The maximum maturity of any individual fixed income security is limited to 15 years, unless the manager receives explicit approval from the Finance Committee to buy a longer maturity issue.

Diversification: The equity and fixed income Portfolio should be well diversified to avoid undue exposure to any single economic sector, industry, or individual security. No more than 5% of the equity portion of the portfolio shall be invested in the securities of any one issuer. The maximum investment in any outstanding single fixed income issue shall not exceed 5% of the total portfolio except for U.S. Treasuries or direct agencies of the U.S. government. No more than 30% of the fixed income portfolio shall be invested in the securities of any one industry, where industry classifications include: asset-backed, banking, finance, airlines, oil, railroad, international and utilities. Except U.S. Treasuries, no more than 5% of the fixed income portfolio based on market value shall be invested in securities of any one issuing corporation at the time of purchase.

A. Prohibited Investments:

Categories of investment that are not eligible for investment without prior approval of the Board of Directors include:

1. Short Sales.
2. Margin purchase or other use of lending or borrowing.
3. Private placements.
4. Commodities.
5. Security loans.
6. Leveraged derivatives (e.g. floaters, inverse floaters, etc.)
7. Warrants.

B. <u>Trading and Execution:</u> The Investment Manager(s) shall use their best efforts to obtain best execution of orders through responsible brokerage firms at the most favorable prices and competitive commission rates.

If turnover of equity investments exceeds 50% of the equity market value in any calendar quarter, the Investment Manager(s) will promptly submit to the Finance Committee a detailed explanation of the trading activity (For this purpose, turnover shall be defined as the ratio of the lesser of sales proceeds and the purchase costs to the average market value of equities for the quarter). Similar notice will be sent to the Finance Committee if any Investment Manager purchases a specific holding within 30 days after it has been sold from CCF's holdings.

C. <u>Liquidity:</u> The Finance Committee keeps to itself the responsibility to monitor the cash flow of its financial resources on a regular basis, and sufficient liquidity shall be maintained by it to fund payment outflows. When withdrawals become necessary. The Finance Committee will hold some cash liquidity in local banks to deposit and hold funds being disbursed. These cash funds are not included in the portfolio of investments coming under the regulation of this Investment Policy. The Finance Committee will notify the Investment Manager(s) as far in advance as possible to allow them sufficient time to build up necessary liquid reserves. The Investment Manager(s) will be expected to review the cash flow requirements with the Finance Committee at least annually.

This Investment Policy is agreed upon an accepted this 21st, day of August, 2015.

The Board of Directors of
The Coweta Community Foundation, Inc.

Ginger J. Queener

	Chairman	8/21/15
Ginger Jackson Queener	Title	Date