OWENS COMMUNITY COLLEGE FOUNDATION
STATEMENT OF INVESTMENT POLICY
Approved by the Board on 11/11/09
Revised by the Board on 5/9/12
Revised by the Board on 11/19/2014

I. GOAL OF INVESTMENT PROGRAM

The investment program of the Owens Community College Foundation (the "Foundation") is designed to ensure that the financial resources to support the continued needs of the Owens Community College are perpetuated through the Foundation assets. In managing the assets of the Foundation, the Foundation Board of Directors (the "Directors") shall manage and invest the Foundation assets in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

II. PURPOSES OF INVESTMENT POLICY

The purposes of this investment policy are:

- To establish a clear understanding of the investment objectives of the Foundation and to make decisions as to realistic long-term investment goals;
- To serve as a guideline for the Finance and Investment Committee (the "Committee") of the Foundation and all investment managers retained by the Foundation; and
- To define standards that will be used by the Foundation for monitoring investment performance on a continuing basis and for evaluating the performance of investment managers.

III. INVESTMENT PHILOSOPHY AND OBJECTIVES

The Committee (as defined below) will maintain an investment program for the Foundation which focuses on achieving the best returns possible over the long term within prudent and acceptable risk levels. This will be accomplished through goal setting and the establishment of an investment program which is well diversified among asset types, investment managers and investment strategies.

Additionally, the investment objectives of the Foundation, in order of priority, are:

1) Growth of capital over time at a rate which exceeds the rate of inflation by 5% on an annualized basis, and
2) To maintain sufficient liquidity to meet operating needs, once spending responsibilities begin.

The objectives shall be accomplished using a balanced strategy of equity, fixed income and cash investments in a mix, which is efficiently combined to maximize performance within prudent and acceptable risk levels, as later defined. In determining the investment program and in addition to other factors the Committee deems relevant, the Committee shall consider the following:

1) General economic conditions;
2) Possible effects of inflation or deflation;
3) The role that each investment or course of action plays within the overall investment portfolio;
4) The expected total return from income and the appreciation of investments;
5) Other resources of the Foundation;
6) The need of the Foundation to make distributions and preserve capital; and
7) Any asset's special relationship or special value, if any, to the charitable purposes of the Foundation.

In managing the Foundation assets, the Directors may only incur costs that are appropriate and reasonable in relation to the assets, the purposes of the Foundation and the skills available to the Foundation, and shall make a reasonable effort to verify facts relevant to the management and investment of the Foundation assets.

IV. RESPONSIBILITY AND AUTHORITY

The Directors have responsibility for the guidance, control and administration of the Foundation. Acting pursuant to its authority, the Directors have delegated investment responsibility to a Finance and Investment committee (the "Committee"). The Foundation Executive Director (the "Executive Director") implements the directives of the Committee. The Executive Director reports to the Committee quarterly on investment structure, strategy and performance. The Committee will submit a written report outlining the investment performance semi-annually to the Directors. Approval of the Directors is required for any change in investment philosophy.

The Committee shall select one or more investment managers to manage and invest the Foundation assets. In selecting such investment manager(s), the Committee shall act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, in doing all of the following:

- Selecting an investment manager;
- Establishing the scope and the terms of this delegation, consistent with the purposes of the Foundation and the objectives set forth in Article III; and
- Periodically reviewing the performance of the investment manager(s) and the compliance with the scope and terms of the delegation.

The Directors and Committee shall act in a prudent manner to help ensure that all decisions are made in the best interest of the Foundation. If at any time there exists the possibility of a material conflict of interest that might impair the decision-making ability of a Director or a member of the Committee, that Director or member of the Committee must report the possible conflict to the Executive Committee of the Foundation and shall abstain from all pertinent motions and discussions. Additionally, no investment shall knowingly be made in an entity in which any Director or employee of the Foundation has a known significant financial interest without full disclosure to and review by the Executive Committee unless such an investment is made through a commingled fund vehicle.

V. ASSET ALLOCATION

Defining the optimal portfolio for the investment of the Foundation's assets is influenced and determined by (a) the time horizon available for investment; (b) the liquidity needs of the Foundation; (c) the risk tolerance of the Directors; and (d) investment return expectations.

The Committee will review the investment portfolio mix (asset allocation) no less frequently than twice a year and determine the degree of consistency with the objectives and considerations set forth in Article III and will report semi-annually to the Directors on the progress of the investment program.

The asset allocation ranges for the investment program shall be as follows:

	Minimum	Target Mix	Maximum
Domestic Equities Focus	45%	60%	75%
International Equity Focus	5%	15%	25%
Fixed Income and Cash & Cash Equivalents	15%	25%	35%

Regardless of the allocation mix, no more than 85% of the portfolio will be in equities.

This allocation will be under constant review to determine whether the mix is optimal. The Committee will meet periodically to establish how total Foundation assets will be distributed among the different investment managers, if more than one manager is employed, and to assure that the asset mix is within the above-mentioned ranges. The Committee shall act within a reasonable period of time to evaluate any deviation from these ranges.

VI. GUIDELINES FOR INVESTMENTS

The following guidelines for investments state the preferences of the Directors with regard to acceptable investments for Foundation assets:

1) Equities

Common stocks held in the portfolio should be reasonably diversified across equity markets, industrial sectors and within industry groups. Active management may be employed if the Committee believes there is a high probability such approach would add value.

2) Fixed Income

Investments in fixed income securities shall also be reasonably diversified across issuer groups and industrial sectors and through market index funds where markets are sufficiently liquid, broad and efficient. Active management should be employed if the Committee believes there is a high probability of adding value and/or reducing risk levels. If investments in fixed income securities are actively managed, the investment manager(s) must select from appropriately liquid preferred stocks, corporate debt securities, obligations of the U.S. Government and its fully guaranteed agencies, non-U.S. government and U.S. Eurodollar issues, and issues convertible to equities and is subject to the following limitations:

A. Each fixed income portfolio must maintain an average duration that is commensurate with the average duration of the fixed income benchmark.

B. Investments in securities of a single issuer (with the exception of the U.S. government and its fully guaranteed agencies) must not exceed 10% of the market value of Foundation assets managed by the investment manager.

C. Only "investment grade" corporate debt issues (i.e., meet or exceed a credit rating of BBB from Standard & Poor's and/or a Baa rating from Moody's) may be purchased. An average credit rating of "AA" should be maintained.

D. Preferred stock must be rated A or better by Moody's and/or Standard & Poor's at the time of purchase.

E. There shall be no investments in private placements or speculation in fixed income or interest rate futures, arbitrage or any other special investments without recommendation of the Committee and specific approval of the Directors.

3) Other Assets

The use of derivative securities is allowable for the Foundation investment program. However, if an investment manager chooses to use derivatives for any reason, they should comply with Section VIII, item 6.

The Committee should be informed of the use of derivatives and should receive regular reports on the impact such derivative securities have on the risk levels of the overall investment program.

Investments not specifically addressed in this Statement are forbidden without the written consent of the Executive Director.

It is expected that investment managers will maintain portfolios, which are fully invested at all times (defined as 95%) after an initial reasonable time in which to invest new cash flow.

In its discretion, the Foundation may retain any investment received as a gift; however, general practice will be to sell all investment gifts in the most prudent and expeditious way possible.

The Foundation retains the right to proscribe any stock or bond from the portfolio if it feels that the issuing body or company sells products or services not in harmony with the Foundation's goals.

VII. INVESTMENT PERFORMANCE GOALS TO BE ACHIEVED BY INVESTMENT MANAGERS

The following investment performance goals have been established with the expectation that persons selected as investment managers of Foundation assets will achieve these goals over a three-year period:

1) The total return on the assets shall exceed the rate of inflation (Consumer Price Index) by five (5) percentage points over time on an annualized basis. The goal will take into account the economic conditions over the three year period.

2) The goal of the investment manager shall be to exceed the appropriate subclass benchmark returns as established by the Committee.

3) The investment program will be expected to produce an annualized rate of return, after payment of fees and commissions, above the benchmark discussed in number 2.

Due to the inevitability of short-term market fluctuations, which may cause variation in investment performance, it is intended that the performance objectives will be over a three-year moving period as well as selected longer term periods, as appropriate.

VIII. GUIDELINES FOR INVESTMENT MANAGER(S)

The following shall serve as the general guidelines provided by the Directors, which should be followed by each investment manager:

1) Each investment manager shall have full investment discretion with regard to security selection.

2) Securities transactions should be entered into on the basis of best execution, which normally means best realized price.

3) Each manager shall submit their proxy voting policy to the Committee for review. In addition, the investment manager shall periodically provide the voting direction submitted. Upon request, the manager should provide a written record of past voting practices.

4) The investment manager shall be held accountable on at least a quarterly basis (should provide a quarterly account detailing investment performance, activity, and value) that is reviewed by the Executive Director and should be prepared to meet with the Directors and the Committee annually.

5) Each managed portfolio must consider:
   - Capital appreciation
   - Liquidity
   - Risk
   - General economic conditions;
   - Possible effects of inflation or deflation;
   - The role that each investment or course of action plays within the overall investment portfolio;
   - The expected total return from income and the appreciation of investments;
   - Other resources of the Foundation;
   - The need of the Foundation to make distributions and preserve capital; and
   - Any asset's special relationship or special value, if any, to the charitable purposes of the Foundation.

6) In general, the use of futures, options, and other derivative investments shall be limited to those which, in the context of the total portfolio, combine with all other holdings to produce investment returns and portfolio characteristics commensurate with those of the benchmark, considering the passage of time, changes in interest rates and changes in any other variable by which the return of the derivative is determined. The following derivative investments shall be excluded:
   - Instruments that are not actively traded on major exchanges or, if over the counter, executed with dealers rated lower than A.
   - Investments with increasing leverage.
   - Investments such that the portfolio's market exposure exceeds its market value, except tactical asset allocation strategies, which are implemented through an overlay strategy.

- Investments where the return is determined by an investment prohibited elsewhere in these guidelines.

The use of derivative investments shall be subject to:

- Stress testing on a periodic basis such that the impact of any derivative securities under differing market scenarios is completely understood. The results of this stress testing including the potential impact of a worst case scenario (three standard deviation events) shall be reported to the Committee on an annual basis.

7) There shall be no investments in non-marketable securities.

8) Investment shall not be made in securities, which are of a purely speculative nature. If a mutual fund has any significant portion of its portfolio invested in this type of security, it should not be considered for investment.

9) Each investment 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.

10) There shall be no purchase, which would cause a position in the portfolio to exceed 10% of the issue outstanding, at market value.

11) No more than 25% of each investment manager's equity portion can be invested in any one industry sector.

12) Each fixed income portfolio must maintain an overall weighted average credit rating that is commensurate with the average credit rating of the fixed income benchmark. Also, no fixed income portfolio shall purchase a security below investment grade (Baa/BBB) as rated by Moody's and Standard & Poor's rating services, respectively.

13) The investment manager shall immediately notify the Executive Director in writing of any material change in its investment outlook, investment strategy (substantial asset allocation modifications), ownership, organizational structure, financial condition or senior personnel.

14) The investment manager is encouraged to provide suggestions regarding appropriate adjustments to investment policies and objectives and investment performance review.

15) Investments shall not be made in securities for the purpose of exercising control or management.

IX. EVALUATION OF INVESTMENT MANAGER(S)

Investment managers will be reviewed on an ongoing basis and will be evaluated according to the following criteria:

1) Adherence to the philosophy and style which were articulated by the investment manager to the Directors at the time, or subsequent to the time, the investment manager was retained.

2) Ability to meet or exceed the investment performance goals set out above.

3) Ability to exceed the performance of other investment managers who adhere to the same or similar style.

4) Performance of investment manager for his (her) entire portfolio.

5) Continuity of personnel and practices of the Firm.

For all investment managers, performance, net of investment manager fees and commissions, over time will be monitored using a three-year moving average and such other longer term periods as may be appropriate.

The Foundation will enter into agreements with investment advisors as it sees fit. All agreements with advisors will be cancelable upon 30 days notice.

X. CUSTODY OF ASSETS

Custody of marketable securities shall be maintained in safekeeping for the benefit of the Foundation with a bank trust department.

XI. EFFECTIVE DATE OF INVESTMENT POLICY

It is the intention of the Directors that this investment policy be applied in conducting investment affairs of the Foundation subsequent to the date of its adoption. Investments held by the Foundation as of the date of adoption of this policy should only be liquidated if otherwise deemed prudent and not solely to comply with the policies contained herein.

GLOSSARY OF TERMS

Alpha (Risk-Adjusted Performance)
Measures how well investments performed versus their individual target, factoring in the amount of risk (volatility) that has been taken. A positive alpha indicates that the investment has performed well based on the amount of risk taken.

Beta
Measures the extent of which the returns of each investment moves versus their individual target. For example, a beta greater than 1.00 means that the fund is more volatile than the target, while a beta of less than 1.00 means that the fund is less volatile than the target.

Core Growth Stocks
Larger capitalization growth stocks that generally have a similar or higher price/earnings multiple than the S&P 500 and a lower dividend yield than the S&P 500.

Small Cap Stocks
Small capitalization growth stocks that generally have a higher price/earnings multiple than the market and/or have exceptional growth capabilities. Market capitalization, as a rule, is less than $2 billion.

Standard & Poor's 500 Stock Index
The S&P 500 is a market capitalization weighted index of the 500 largest stocks in the United States.

Total Return
All income (assumed to be reinvested) plus all appreciation or depreciation realized or unrealized, net of transaction fees and charges.

Value Stocks
Stocks which generally have a price/earnings multiple less than the S&P 500 and dividend yield higher than the S&P 500.