

LIVONIA COMMUNITY FOUNDATION
INVESTMENT POLICY AND DUTES OF VICE PRESIDENT OF
INVESTMENTS

(4-10-2008)

This statement provides for the establishment of an investment policy, establishment of cash and investment categories, establishment of accepted definitions and investment vehicles, and the organization and role of the Vice President of Investments.

- I. **General policy statement:** The Livonia Community Foundation (hereinafter 'Foundation') shall maintain a conservative approach toward the protection of and the investment strategy involving all funds and properties of the Foundation. The objective in the administration of all funds of the Foundation is to maximize the total return on the investments, subject to prudent management and the preservation of capital.
- II. **Cash and Investment categories:** The finance committee recommends the following categories in which the Foundation funds may be held and the cash or dollar range that may be placed in each:
 - (1) **Short Term Asset Allocation** (checking and saving accounts): Twelve (12) to eighteen (18) months of the expected grants and expense allocations should be held in the money market investments. In keeping with current spending policy the amount in these accounts should not exceed 5% times the net assets of the previous end of year net asset balance.
 - (2) **Long Term Asset Allocation:** In order to achieve the investment objective, a balanced asset allocation approach shall be followed in managing the investments of the Foundation. Accordingly, the portfolio shall be subject to the allocation restrictions outlined as follows:
 - i. **Equities:** Maximized portfolio allocation of no more than 75% of the total value and a minimum portfolio allocation of no less than 65% of the total portfolio value, with a target of 70%.
 - ii. **Fixed Income:** Maximum portfolio allocation of no more than 35% of the total portfolio value and minimum portfolio allocation of no less than 25% of the total portfolio, with a target of 30%

The long-term target allocation objective is 70% equities and 30% fixed income.

(3) Permissible Securities:

- i. **Equities:** The Committee will not invest in individual holdings, but will invest in appropriate mutual funds diversified consistent with the Investment Company Act of 1940.

Equities shall be diversified utilizing primarily domestic mutual funds. The domestic mutual funds will be comprised of equity investments chosen from the New York Stock exchange, American

Stock Exchange, regional exchanges and the National Over-the Counter (OTC) markets.

- ii. **Fixed Income:** The fixed income component of the portfolio will be diversified utilizing domestic investment grade fixed income mutual funds and certificates of deposit, government bonds and savings.

III. Vice President of Investment: The Vice President of Investment will be appointed by the President with approval by the board of trustees. The Vice President of Investment will be the point of contact with the investment management firm(s) and the Livonia Community Foundation. If the Vice President of Investment is not available or is not able to fulfill their responsibilities, another officer of the Foundation may fill in. This individual will receive and review statements and verify that the Investment Policy is being implemented and reasonably adhered to. The Vice President of Investment will also monitor the cash investments not being held by the investment management firm brokerage accounts to ensure that the percentage in cash equivalents in total does not exceed the Investments Policy guidelines. He/she will also ensure that the appropriate tax documents are provided to the Treasurer. He/she will also communicate with the investment firm to facilitate their attendance and reports at quarterly Foundation meetings and will work in concert with the Treasurer.

Adopted December 12, 2002

Amended September 18, 2003 to incorporate modified investment categories and investment ranges.

Amended June 23, 2005 upon recommendations of the Investment Committee to deemphasized fixed income and expand the use of long term equities.

Amended April 10, 2008 upon recommendations of the Investment Committee to adjust asset allocations in conformance with the recommendations of the Council of Michigan Foundations (document of 8/2002) and to create the position of Vice President – Investments and to eliminate the Investment Committee and provide miscellaneous clarifications.

LIVONIA COMMUNITY FOUNDATION
INVESTMENT POLICY AND OPERATION OF FINANCE COMMITTEE

This statement provides for the establishment of an investment policy, establishment of cash and investment categories, establishment of accepted definitions and investment vehicles, and the organization and operation of the Finance Committee.

I. General policy statement: The Livonia Community Foundation (hereinafter 'Foundation') shall maintain a conservative approach towards the protection of and the investment strategy involving all funds and properties of the Foundation. The objective in the administration of all funds of the Foundation is to maximize the total return on the investments, subject to prudent management and the preservation of capital.

II. Cash and Investment categories: The finance committee recommends the following categories in which Foundation funds may be held and the cash or dollar range that that may be placed in each:

I. Short Term Asset Allocation (checking and savings accounts): Twelve (12) to eighteen (18) months of the expected grants and expense allocations should be held in money market investments.

- II. Long Term Asset Allocation:** In order to achieve the investment objective, a balanced asset allocation approach shall be followed in managing the investments of the Foundation. Accordingly, the portfolio shall be subject the allocation restrictions outlined as follow:
- (a) **Equities:** Maximize portfolio allocation of no more than 75% of the total Value and a minimum portfolio allocation of no less than 35% of the total portfolio value.
 - (b) **Fixed Income:** Maximum portfolio allocation of no more than 50% of The total portfolio value and minimum portfolio allocation of no less than 25% of the total portfolio value.

The long-term target allocation objective is 60% equities and 40% fixed income.

III. Permissible Securites:

- (a) **Equities:** The Committee will not invest in individual holdings, but will invest in appropriate mutual funs diversified consistent with the Investment Company Act of 1940.

Equities shall be diversified utilizing primarily domestic mutual funds. The domestic mutual funds will be comprised of equity investments chosen from the New York Stock exchange, American Stock Exchange, regional exchanges and the National Over-the-Counter (OTC) markets.

(b.) **Fixed Income:** The fixed income component of the portfolio will be diversified utilizing domestic investment grade fixed income mutual funds and certificates of deposit.

IV. Committee function: The Finance Committee shall be composed of three(3) members of the Board of Trustees appointed by the President, with the President and Treasure as ex-officio members. The Finance Committee shall act as the ongoing body to determine the appropriate investment vehicle within the guidelines approved herein and shall assist the Treasurer(s) in identifying appropriate financial institutions (banks, credit unions, fund managers, etc..) with which to open accounts and, when appropriate , to effectuate investment purchases. The Finance Committee shall meet at least quarterly and report their actions at the next following Board of Trustees meeting. The Treasure shall execute the Finance Committee recommendations for the purchase or sale of securities, shares, CDs, or other forms of investment(s) at the earliest possible date following rereceipt of their recommendations. The President and Treasurer shall be ex-officio members of the committee without voting privileges, but may vote when acting as an alternate member of the committee in the absence of that committee member.

At this time in the Foundations history, it is recommended that the Foundation through its Finance Committee and Treasure, act as a self-directed investment trust. The contracting for an investment account manager or the purchase of investment vehicles through a broker or brokerage company is not appropriate until the size of the endowment fund is large enough to merit such action(s).

Adopted on December 12, 2002.

Amended on September 18, 2003 to incorporate modified investment categories and investment ranges as incorporated herein.

Amended on June 23, 2005 upon recommendations of the Investment Committee to de-emphasize fixed income and expand the use of long term equities.