COMMUNITY FOUNDATION
OF ST. CLAIR COUNTY

Statement of Investment Policies, Procedures and Objectives

Board-approved May 29, 2018
(with March 2018 Updates)

TABLE OF CONTENTS

Section 1 – Investment Policies, Procedures and Objectives

Introduction

The Community Foundation of St. Clair County is a 501(c) (3) organization whose primary mission is to serve charitable needs and enhance the quality of life in St. Clair County. The Foundation's goal is to do this by providing a flexible and desirable vehicle for donors having a variety of charitable goals and needs and by servicing as responsible stewards over the assets entrusted to us. The Foundation also strives to respond to community needs and to maximize the resources available to meet these needs through community-wide, collaborative efforts.

The purpose of this Investment Policy Statement is to establish a clear understanding of the philosophy and the investment objectives for The Community Foundation of St. Clair County, hereinafter, "Fund". It is the responsibility of the Finance and Investment Committee, hereinafter referred to as "Committee", acting on behalf of the Board of Trustees, to select investments that will provide maximum financial resources for the Foundation, balancing risk and return, and in recognition of the fiduciary responsibilities of the Board of Trustees. This document will further describe the standards that will be utilized by the Committee in monitoring the asset allocation policy, investment manager guidelines, investment performance standards and procedures for managing the Fund's assets.

The purpose of the Fund is to accumulate a pool of assets sufficient to meet the needs of the Community Foundation of St. Clair County Fund. These assets are to be invested in a manner consistent with the Prudent Investor Rule.

Investment objectives consider both the Fund's financial needs and the Committee's tolerance for investment risk, inflation expectations, and Fund liquidity needs. A strategic asset allocation policy is developed to ensure achievement of investment objectives, maximize expected investment returns with a prudent amount of investment risk and in recognition that the capital markets may behave differently throughout the life of the Fund.

Investment guidelines are established for each manager, consistent with their investment style and Fund return/risk/liquidity objectives. Performance standards are developed as a means of independently determining whether or not investment objectives are being achieved. Each manager has specific performance standards based on their investment style, which incorporate return, risk and time horizon. Conformance to these standards and policies is closely monitored and evaluated in an unbiased analysis each quarter. This analysis includes an evaluation of each manager's contribution to the achievement of overall Fund investment objectives.

Delegation of Responsibilities

The Committee

1. The Committee is responsible for investment policies and strategies, in the selection of investment managers and/or advisors, and other fiduciaries, and monitoring the performance of the managers, advisors, and other fiduciaries.

2. The Committee shall have fiduciary responsibility for the assets of the Foundation Fund. The Committee may delegate the fiduciary responsibility, in whole or in part, to one or more investment managers who would have discretion regarding decisions to buy, sell, and retain particular investments, subject to this policy.

3. Any and all recommendations from donors pertaining to the investment of their gifts shall be considered advisory only. The Foundation's Finance and Investment Committee has the power to make all final investment decisions through its authority granted to them by the board, as outlined in the Addendum – Policy on Investment Recommendations from Donors within this policy document.

4. Investment managers shall either be registered under the Investment Adviser Act of 1940 or a bank as defined in the Act.

5. The Committee may authorize the investment manager to buy, sell, exchange, convert and otherwise trade any stocks, or other securities, and may establish and execute securities transactions through accounts with such brokers or dealers as it may select and within the constraints of the guidelines set forth in this policy.

All Committee responsibilities and decisions referenced in the above sections are subject to Board approval.

Custodians

The primary responsibilities of the Board's custodian are to:
1. Provide safekeeping services.
2. Settle securities transactions on time.
3. Collect trust fund income when due.
4. Provide accounting services.
5. Prepare investment reports.
6. Provide cash-management services.
7. Provide administrative support.
8. Develop and maintain data processing capabilities.
9. Handle proxy administration.

The Director of Finance will report any noted problems with service levels from any of the Foundation's custodians to the Committee.

Scope

This Investment Policy Statement applies only to those assets which are part of the Foundation Fund and for which the investment manager(s) and the Committee have discretionary authority.

Investment Objectives

The primary objective of the investments for the Fund will be to provide for long-term growth of principal, through capital appreciation, income, donor development and gifts. The focus will be on consistent, long-term capital appreciation, with income generation as a secondary objective, with an appropriate level of risk. Moreover, emphasis shall be placed on maintaining “real” growth of assets, net of inflation, spending and fees.

The Fund’s investment objective is to earn a “real” rate of return that exceeds the rate of inflation by at least 4% per year over rolling five-year periods. The rate of inflation is defined as the annual rate of change in the U.S. Consumer Price Index.

The Fund's objective is based on the expected returns under the strategic asset allocation policy, which follows. This asset allocation policy should result in normal fluctuation in the Fund's actual return, year-to-year. The expected level of volatility (return fluctuation) is appropriate given the Fund's current and expected tolerance for short-term return fluctuations. Appropriate diversification of Fund assets will reduce the Fund's investment return volatility.

Asset Allocation Policy

This strategic asset allocation policy is consistent with the achievement of the Fund's financial needs and overall investment objectives. Asset classes are selected based on their expected long-term returns, individual reward/risk characteristics, correlation with other asset classes, manager roles, and fulfillment of the Fund's long-term financial needs. Conformance with statutory investment guidelines is also considered.

The Committee established an allocation range for each asset class in recognition of the need to vary exposure within and among different asset classes, based on investment opportunities and changing capital market conditions. The Committee selected the target allocation for each asset class based on the Foundation's current financial condition, expected future contributions, withdrawals, Foundation expenses and current investment opportunities, notwithstanding short-term performance. The Committee intends to review these allocation targets at least annually, focusing on changes in the Foundation's financial needs, investment objectives, and asset class performance.

Asset Class	Manager Role	Range	Policy Target Allocation
U.S. Equities	Active or Passive	30 to 50%	40%
Non-U.S. Equities	Active or Passive, Global x-U.S.	10 to 20%	15%
Fixed Income	Active or Passive, U.S. Core Plus	20 to 30%	24%
Real Estate	Active, U.S. Commercial	0 to 15%	10%
Alternative Investments	Hedge Fund, Private Equity, Infrastructure, Real Assets	0 to 20%	11%
Cash Equivalents		0 to 5%	0%
Total Fund			100%

The Committee acknowledges that alternative asset classes are available and intends to periodically evaluate the merits of using different asset classes. The Committee also recognizes the benefits of diversifying manager roles within a given asset class and intends to periodically evaluate this decision as well as the active versus passive management decision.

Investment Oversight Procedures

Each investment manager should communicate their proposed investment strategy for achieving the Fund's investment objectives relative to the stated objectives and guidelines to the Committee and its Consultant at the time of hire and at least annually, thereafter.

The Committee will monitor the investment performance of each manager and the overall deployment of the Fund's assets. Monitoring may include periodic meetings with the managers and a quarterly performance evaluation performed by the Investment Consultant. Each performance evaluation will include current period and historical, time-weighted rates of return for each investment portfolio and the overall Fund; dollar weighted rates of return may be used to evaluate private partnerships. Each manager will be evaluated against the previously specified performance standards. Additional quantitative measures and analysis will be employed to objectively monitor the manager's compliance with investment policies and guidelines.

Managers are requested to provide the Committee with quarterly statements showing portfolio holdings, security prices, cash flows, and transactions. In addition, the Fund's custodian will also deliver a separate accounting of Fund assets, cash flows, expenses, and related transactions.

The managers are also expected to keep the Committee apprised of any material changes in their investment style, objectives, market outlook, key personnel and business conditions within their firm, on a diligent basis.

<u>Due Diligence Process Conducted by the Investment Consultant</u>

As an ongoing process when preparing the quarterly investment performance report, the Investment Consultant will examine compliance with the *Statement of Investment Policies, Procedures and Objectives (PP&O), including:*

I. <u>Asset Allocation</u>
   a. At least quarterly, the Consultant will review the actual asset allocation of Fund versus the target allocation.
   b. Recommend rebalancing as necessary.
   c. Rebalancing recommendations will be subject to market conditions and target ranges.

II. <u>Total Fund Objective Compliance</u>
   a. On a quarterly basis, the Fund's performance will be compared to its Policy Index on an absolute and risk-adjusted basis over multiple time periods (Quarter, 1-Year, 3-Year, 5-Year…).
   b. On a quarterly basis, the Fund and the Policy Index's returns will be compared to an appropriate peer group over multiple time periods (Quarter, 1-Year, 3-Year, 5-Year…).
   c. The Fund's performance will be compared to a "real" rate of return benchmark (CPI + 4%) over rolling five-year periods.

III. <u>Investment Manager Objective Compliance</u>
   a. Performance objectives will be established for each investment manager.
   b. On a quarterly basis, the Investment Consultant will reconcile the custodial statements with the investment manager statements.
   c. On a quarterly basis, individual investment manager performance will be compared to an appropriate index and the appropriate peer group over multiple time periods (Quarter, 1-Year, 3-Year, 5-Year…).
   d. The Investment Consultant will also confirm that the investment manager has not violated the guidelines stated in the *PP&O*.

IV. <u>Risk Management</u>
   a. <u>Diversification:</u> Fund investments will be diversified in order to minimize the impact of the loss from any given investment as may be relevant to an asset class.
      1. *International Exposure*: The Investment Consultant will contact all investment managers on a quarterly basis and determine the percentage of holdings in international markets.

2. *High Yield Exposure*: The Investment Consultant will contact investment managers on a quarterly basis and determine the percentage of holdings in the high yield market.

b. Portfolio Guidelines: The *Statement of Investment Policies, Procedures and Objectives (PP&O)* will be updated as deemed necessary to ensure that the portfolio meets its objectives and operates within acceptable risk parameters.

V. Communication to the Finance & Investment Committee

a. The Investment Consultant will provide written quarterly investment reports to the Foundation President, Director of Finance, and Finance & Investment Committee. The "Conclusions and Recommendations" page will summarize performance and list "action" items, as required. For example:
   1. Recommend rebalancing of assets,
   2. Recommend formal action be taken relative to an investment manager's underperformance (probation or termination), as outlined in the *Statement of Investment Policies, Procedures and Guidelines.*
   3. Report aggregate percentage of Total Fund assets invested in international and high yield securities.
   4. Recommend updating the *Statement of Investment Policies, Procedures and Guidelines*, as deemed necessary.

b. The Investment Consultant is on the "first call" list with investment managers hired by clients. This means that they will be notified immediately of any significant changes at the investment management firm, such as a change of portfolio manager. The Investment Consultant will immediately contact the client – specifically the President and/or the Director of Finance of the Foundation. Appropriate action will be taken after the consultation.

c. Additionally, when deemed prudent, the Investment Consultant will contact the President and/or Director of Finance of the Foundation regarding significant capital markets events.

The Committee is to review Fund investment objectives and related policies at least once every 24 months. However, a review may be undertaken at any time, subject to changes in the Fund's financial needs, manager activities and performance, and capital market conditions.

Amended: December 2007
Amended: February 2010
Amended: March 2014
Amended: September 2015
Amended: March 2018

ADDENDUM I

Community Foundation of St. Clair County Policy:
Investment Recommendations from Donors

Background

From time to time, donors and/or their representatives may have a desire to recommend specific investments, strategies, brokers or fund managers. These recommendations may result from donors who would like their funds to be managed by a particular broker, financial representative or institution.

In accordance with IRS regulations governing donor-advised requirements, the Foundation will have final determination for all investments. Any and all recommendations from donors pertaining to the investment of their gifts shall be considered advisory only, including a recommendation as to a particular broker, manager or institution.

The Foundation, through its Finance & Investment Committee, will review and take action on such recommendations in accordance with this policy addendum and criteria outlined below.

The following criteria will be used when approving a new investment advisor/manager at a donor(s) recommendation:

1) In consideration, the Finance & Investment Committee will subject prospective investment advisors/managers to a due diligence review comparable to what is exercised for any new manager/fund;
2) There will be a $2 million investment minimum for consideration of donor investment recommendations involving a separate investment pool;
3) For donor investment recommendations involving donor funds of at least $500,000 but less than this $2 million minimum, the Finance & Investment Committee will review recommendations on a case-by-case basis to determine the feasibility of engaging the broker/manager/institution within the main investment pool / asset allocations.
4) The investment advisor/manager, if selected, shall adhere to the Foundation's investment philosophy;
5) The investment must meet the current allocation mix of the Foundation's investment pools as outlined in the Investment Policy Statement, to which this addendum is attached. This Investment Policy outlines recommended asset classes, strategies, styles (active vs. passive) and target ranges.
6) The investment advisor/manager will provide standard benchmarks for performance measurement that are acceptable to the Foundation's Finance & Investment Committee;
7) The investment advisor/manager must provide a monthly/quarterly report of invested funds on an established format with details of investments and earnings to the Foundation and its Independent Investment Advisor;

8) As with any manager of the main pool, the new investment advisor/manager's performance will be reviewed by the Foundation's Independent Investment Advisor and the Finance & Investment Committee, and necessary action taken in accordance to the Investment Policy. The Finance & Investment Committee has discretion to terminate any donor investment pool relationship and consolidate this donor investment pool with the main investment pool should performance not meet expectations, the investment pool value not consistently maintain the minimum investment amount, or other factors deemed in the best interest of this Fund and the Foundation.
9) Fees of this investment advisor/manager are expected to be consistent with industry standards for the respective asset class and vehicle.

Originally Approved 6/28/05
1st Revision Approved 9/25/07
2nd Revision Approved 12/14/10
3rd Revision Board-Approved 3/24/2015

ADDENDUM II

COMMUNITY FOUNDATION OF ST. CLAIR COUNTY
POLICY ON MISSION INVESTING
Board Approved 8-22-17

STATEMENT OF PURPOSE

The Community Foundation's mission is to address our region's opportunities and challenges and help donors achieve their goals by connecting them with like-minded donors and partners striving to improve our quality of life and increase our regional vibrancy and prosperity. The Community Foundation believes this mission can be accomplished through a robust grant-making program along with thoughtful mission-related investments.

DEFINITION

Mission investing is the use of Foundation assets with the intention of generating a measurable, social or community impact. Mission Investing can be an excellent complement to grant-making and involves investments with both market-and below-market-rate returns. For the scope of our policy, our definition of mission investing will include;

- Program-Related Investments (PRI's): Generally loans made to other nonprofit organizations at zero interest or below market rates and may include partially forgivable terms.

- Mission-Related Investments (MRI's): Are assets from our invested pools that seek some degree of financial return along with a component of community impact that relates to the Foundation's mission and strategic priorities.

Both of these options above generally involve using funds outside of the Foundation's normal grant-making budgets. Mission-Related Investing is not a replacement for grant-making, but rather a compliment.

ASSET ALLOCATION

Mission-Related Investments will follow these terms and conditions:

- Will not exceed 5% of the total assets in the Main Investment Pool
    - No single investment may exceed 40% of the above number without prior approval of the full board
- Will fall within and under the approved range for Alternative Investments
- Shall be reported to the full board on a regular and timely basis and shall be clearly noted in investment reports and summaries

OVERSIGHT

a. The Finance & Investment Committee shall have overall responsibility for adhering to the terms and conditions of this policy.

b. Program-Related Investments (PRI):

   i. Should generally originate through one of the Foundation's grant-making committees. Any grant-making committee is eligible to submit requests for PRI's.
   ii. A written request for consideration of a PRI will be forwarded to the Executive Committee for review and action.
   iii. The Executive Committee will confirm with the Finance Committee that sufficient funds are available.
   iv. If sufficient funds are available, the Executive Committee will make the final determination. Their actions will be reported to the Finance Committee and back to the committee making the request.
   v. Once a dollar amount or dollar range is approved by the Finance Committee, even if that amount has not yet been contractually obligated or paid out, that dollar amount shall count against the 5% total cap.

c. Mission-Related Investments (MRI):

   i. Require approval of the Finance Committee.
   ii. The Finance Committee may from time-to-time delegate partial decision making authority to other Foundation committees, such as C3. Such delegation will specifically state an approved dollar amount or dollar range.
   iii. Other committees wishing to pursue making MRI's must first seek approval and input from the Finance Committee. In such occasions, the Finance Committee will approve a dollar amount or dollar range. The Finance Committee may also delegate actual decision making to the requesting committee as long as other terms and conditions are met.
   iv. Once a dollar amount or dollar range is approved by the Finance Committee, even if that amount has not yet been contractually obligated or paid out, that dollar amount shall count against the 5% total cap.

ADDENDUM III
COMMUNITY FOUNDATION OF ST. CLAIR COUNTY
Policy for Investment of Endowed and Non-endowed Funds
As Updated/Approved by Finance & Investment Committee on 3/31/2018

Endowed Funds:
The Community Foundation of St. Clair County's core mission is to improve the quality of life in St. Clair County by meeting the broad philanthropic goals of our donors through the creation and administration of permanently endowed funds.

With this in mind, the majority of funds established with the Community Foundation will be permanent and perpetual in nature. Thus, our investment policy and investment pool of endowed funds has been structured with a focus on consistent, long-term capital appreciation, with income generation as a secondary objective and an appropriate level of risk.

Non-Endowed Funds:
Whereas the Foundation will generally receive and manage endowed funds in perpetuity, we may periodically have donors whose charitable goals involve unknown or shorter time horizons or other giving parameters that are best served through the creation of non-endowed (100% expendable) funds.

Our investment pools are structured to provide for long-term growth with asset classes that are selected based on their expected long-term returns, after considering many factors as they relate to the Fund's long-term financial needs. With this in mind, our investment pools are generally not suitable in nature for traditional, short-term non-endowed funds.

However, with the knowledge that more and more donors are looking for flexibility over a Fund's time horizon and have other competitive options available to them, the Foundation may consider allowing non-endowed funds to become invested in our investment pools under certain criteria and parameters as described below.

Criteria / Parameters Where Non-Endowed Funds Could Be Invested In Endowed Pools:

- Donor's time horizon for Fund is at least 18 months for consideration of main pool investment (to enable natural rebalancing through incoming pool gifts and market growth and thereby minimize impact on asset allocations);
- The Finance & Investment Committee will approve all non-endowed funds seeking investment in the main pool;
- Non-endowed fund holders, regardless of size, may opt to invest in the main investment pool, however, grant distributions (withdrawals) in excess of 5% of the Fund's balance could take up to 90 days for processing (to allow for a month-end investment balancing, fees allocation and liquidation) and the withdrawals at no time may exceed 5% of the main pool assets in any year.
- Donor's initial and ongoing intent and understanding of these criteria will be documented for the file through e-mails or other letter acknowledgements.

Non-Endowed Fund Absent the Above Criteria:
These Funds will be invested outside our investment pool available for full distribution at any time in deposit accounts, CDs or other fixed income securities as deemed appropriate given consideration for donor's time horizons, interest rates, and practicality. Based upon interest rates and the short-term nature, investment earnings on these non-endowed funds will generally be minimal and may not cover Foundation fund management fees.

Section 2 - Glossary of Investment Terms

144(a) Securities - 144a securities are in concept semi-private placement securities that are normally traded by sophisticated institutional investors with limited financial information on the issuing company. SEC rule 144a exempts issuers from SEC registration requirements. While not legally required to file with the SEC, issuers normally do provide some sort of documentation describing the issue and financial information about the issuing company.

Active Management - A type of investment management that involves buying and selling financial assets with the objective of earning positive risk-adjusted returns. (*See also Passive Management*)

Alpha – A measure of risk-adjusted performance. Alpha takes into account the performance of the market as a whole and the volatility of the manager. A positive alpha indicates that a manager has produced returns above the expected level and vice-versa for negative alpha.

Alternative Investments - These investments are typically made through the purchase of limited partner units in a private limited partnership. Alternative investments include hedge funds, managed futures and commodities, private equity, real estate and derivatives-based strategies.

Asset Allocation - A process used to determine the optimal allocation of a fund's portfolio among broad asset classes.

Barclays U.S. Aggregate Bond Index - Is comprised of securities from U.S. Government Index, U.S. Credit Index and U.S. Securitized Index and is generally considered to be representative of all unmanaged domestic, dollar denominated fixed-rate investment grade bonds with maturities greater than one year.

Barclays U.S. Government/Credit Index – Is comprised of bonds publicly issued by the U.S. Government or its agencies; corporate bonds guaranteed by the U.S. government and quasi-federal corporations; and publicly issued, fixed rate, non-convertible corporate bonds.

Benchmark Index - An index against which the investment performance of an investment manager can be compared for the purpose of determining the value-added of the manager. A benchmark portfolio must be of the same style as the manager, and in particular, similar in terms of risk.

Best Execution - This is formally defined as the difference between the strike price (the price at which a security is actually bought or sold) and the fair market price which involves calculating opportunity costs by examining the security price immediately after the trade is placed. Best execution occurs when the trade involves no opportunity cost, for example, when there is no increase in the price of a security shortly after it is sold.

Beta - A statistical measure of the volatility, or sensitivity, of a portfolio or security in comparison to a market index. The beta value measures the expected change in return per one percent change in the return on the market index.

Bottom-up Analysis - An approach to valuing securities that first involves analyzing individual companies, then the industry, and finally the economy and overall capital market.

Capitalization-Weighted Market Index - A method of valuing a market index where the return is weighted by the market value of each security.

Commingled Fund - An investment fund that is similar to a mutual fund where investors purchase and redeem units that represent ownership in a pool of securities.

Commission Recapture - An agreement by which a fund sponsor earns credits based upon the amount of brokerage commissions paid. These credits can be used to reduce commission costs or for service which will benefit the fund, such as consulting services, custodial fees, or software expenses.

Core Bond - A fixed income investment strategy, which approximates the investment results of the Barclays Government/Credit Bond Index with a modest amount of variability in duration around the index. The objective is to achieve value added from sector or issue selection.

Core Plus Bond – A fixed income investment strategy that permits portfolio managers to add instruments with greater risk and return potential, such as high-yield, global and emerging market debt, to core portfolios.

Core Equity - An investment strategy where the portfolios characteristics are similar to that of the S&P 500 Index, with the objective of adding value over and above the index, typically from sector or issue selection.

Derivative - A derivative is a security that derives its value from another financial security such as a stock or bond. For example, the value of a stock option depends upon the value of the underlying stock.

Duration - A measure of the average maturity of the stream of interest payments of a bond. The value of a given bond is more sensitive to interest rate changes as duration increases, i.e. longer duration bonds have greater interest rate volatility than shorter duration bonds.

Dollar-Weighted Performance - A process by which performance is weighted by the dollar amounts of assets in each time period.

Efficient Market - A theory that posits that a security's market price equals its true investment value at all times, since all information is fully and immediately reflected in the market price.

Efficient Portfolio - A portfolio that offers maximum expected return for a given level of risk or minimum risk for a given level of expected return.

ERISA - The Employee Retirement Security Act, signed into law in September 1974. ERISA established a strict set of fiduciary responsibilities for corporate pension funds, and some states have adopted the ERISA provisions for public Foundations. It is recommended that public pension Foundations use the ERISA regulations as guidelines for managing the fund’s assets in a procedurally prudent manner.

Exchange Traded Funds (ETF) - ETFs are registered, open-ended unit investment trusts that invest in a basket of stocks designed to track the performance of a given index. However, like a closed-end fund, investors buy shares in ETFs from another shareholder on the open market rather than from a fund company.

Fiduciary - Indicates the relationship of trust and confidence where one person (the fiduciary) holds or controls property for the benefit of another person.

Funding Risk - The risk that anticipated contributions to the fund would not be made.

Growth Equity - Managers who invest in companies that are expected to have above average long-term growth in earnings and profitability.

HFRI Diversified Fund-of-Funds Index – An index comprised of funds-of-hedge funds that HFRI classifies as "Diversified". “Diversified” funds-of-hedge funds exhibit one or more of the following characteristics: invests in a variety of strategies among multiple managers; historical annual return and/or a standard deviation generally similar to the HFRI Fund of Fund Composite index; demonstrates generally close performance and returns distribution correlation to the HFRI Fund of Fund Composite Index. A fund in the HFRI Fund-of-Funds Diversified Index tends to show minimal loss in down markets while achieving superior returns in up markets.

High Yield - A fixed income investment strategy where the objective is to obtain high current income by investing in lower rated, higher default-risk fixed-income securities.

Index Fund - A passively managed investment in a diversified portfolio of securities designed to mimic the performance of a specific market index.

Interest Rate Risk - The uncertainty in the return on a bond caused by unanticipated changes of its value due to changes in the market interest rate.

Large Capitalization – The definition of large capitalization can vary from manager-to-manager, but on average targets firms with market capitalizations of $10 billion and above.

Liquidity - In general, liquidity refers to the ease by which a financial asset can be converted into cash. Liquidity is often more narrowly defined as the ability to sell an asset quickly without having to make a substantial price concession.

Liquidity Risk - The risk that there will be insufficient cash to meet the funds disbursement and expense requirements.

Manager Structure - The identification of the type(s) of managers to be selected within each broad class of assets.

Marked to the Market - The daily process of adjusting the value of a portfolio to reflect daily changes in the market prices of the assets held in the portfolio.

Market Risk - See Systematic Risk.

Mid-Capitalization – The definition of mid-capitalization can vary from manager-to-manager, but on average targets firms with market capitalizations of $2 billion to $10 billion.

Money Markets – A segment of the financial markets in which financial instruments with high liquidity and very short maturities are traded.

MSCI All Country World Index ex-U.S. (MSCI ACWI ex-U.S.) – A market capitalization index designed to provide a measure of stock performance throughout the world, excluding U.S. based companies. The index includes both developed and emerging markets.

MSCI Emerging Markets Index – An index created to measure the equity market performance of the global emerging markets. There are currently twenty-six emerging economies represented in the index.

NFI-Open End Diversified Core Index (NFI-ODCE) – An index of investment returns reporting on both a historical and current basis the results of 29 open-end commingled real estate funds pursuing a core investment strategy.

Nominal Return - The nominal return on an asset is the rate of return un-adjusted for any change in the price level. The nominal return is contrasted with the real return that is adjusted for changes in the price level.

Passive Management – A form of investment management which involves, the process of buying a diversified portfolio that is meant to duplicate the overall performance of a relevant market index.

Performance Attribution – The identification of the sources of returns for a security or portfolio over a particular time period.

Price-Weighted Market Index - A method of valuing a market index where the return is weighted by the price of each security.

Proxy Voting - A written authorization given by a shareholder to someone else to vote his or her shares at a stockholders annual or special meeting called to elect directors or for some other corporate purpose.

Purchasing Power Risk - The risk that a portfolio will earn a return less than the rate of inflation, i.e., a negative real return.

Quartile - Grouping of statistics in four equal sections. Performance measurement results are commonly grouped into "quartiles"; that is, first quartile would include those funds ranking from one to 25 in a sample of 100 funds.

Real Return - An inflation adjusted return. *(See also Nominal Return)*

Risk-Adjusted Return - The return on an asset or portfolio, modified to explicitly account for the risk of the asset or portfolio. *(See also Sharpe Ratio)*

Russell 1000 Index – An index comprised of the largest 1,000 stocks of the Russell 3000 Index. The Russell 1000 serves as a benchmark for large cap stocks.

Russell 2500 Index - An index comprised of the 2,500 smallest stocks of the Russell 3000 Index. The Russell 2500 serves as a benchmark for small/mid cap stocks.

Russell 2000 Index - An index comprised of the 2,000 smallest stocks of the Russell 3000 Index. The Russell 2000 serves as a benchmark for small cap stocks.

Russell 3000 Index – An index comprised of the largest 3,000 U.S. traded stocks. The Russell 3000 serves as a benchmark for the entire U.S. stock market.

Sharpe Ratio - This statistic is a commonly used to measure of risk-adjusted return. It is calculated by subtracting the risk-free return (usually 3 Month Treasury Bill) from the portfolio return and dividing the resulting excess return by the portfolios risk level (standard deviation). The result is a measure of return gained per unit of risk taken. The higher the Sharpe ratio, the more efficiently the manager used his/her risk.

Small Capitalization – The definition of small capitalization can vary from manager-to-manager, but on average targets firms with market capitalizations of $300 million to $2 billion.

Specific Risk - The part of a security's total risk that is not related to movements in the market and therefore can be diversified away.

Standard Deviation - A statistical measure of portfolio risk. It reflects the average deviation of the observations from their sample mean. Standard deviation is used as an estimate of risk since it measures how wide the range of returns typically are. The wider the range of returns, the higher the standard deviation of returns, and the higher the portfolio risk. If returns are normally distributed, (i.e. has a bell shaped curve distribution) then approximately two-thirds of the returns would occur within plus or minus one standard deviation from the sample mean.

S&P 500 – An index comprised of five hundred stocks selected by the S&P Index Committee. The index is designed to reflect the risk/return characteristics of large capitalization stocks. It is a market-value weighted index – each stocks weight is proportionate to its market value.

Strategic Asset Allocation – The strategic mix of assets designed to accomplish a long-term goal such as funding pension benefits. Generally, policy targets are set for the strategic asset classes with allowable ranges around those targets. The allowable ranges are established to allow flexibility in the management of the investment portfolio.

Style Universe - A predetermined group of active managers chosen to have an investment style comparable to a manager selected by the fund.

Systematic Risk - The part of a security's total risk that is related to movements in the market and therefore cannot be diversified away.

Tactical Asset Allocation – The tactical mix of assets is short-term in nature with a goal of maximizing returns. This strategy is used to take advantage of current market conditions that may be more favorable for one asset class over another.

Time-weighted Return - A method of measuring the performance of a portfolio over a particular period of time. It is the cumulative compounded rate of return of the portfolio, calculated on each date that cash flow moves into or out of the portfolio.

Top-down Analysis - An approach to valuing equities which first looks at the economy and overall capital market, then industries, and finally individual firms.

Unit Investment Trusts – A fixed, unmanaged portfolio, generally comprised of stocks or bonds offered by an investment company in “units” to investors for a specific period of time.

Value Equity - Managers who invest in companies believed to be undervalued or possessing lower than average price/earnings ratios, based on their potential for capital appreciation.

SECTION 3 - INVESTMENT MANAGER GUIDELINES AND PERFORMANCE STANDARDS

iShares Russell 1000 Index ETF

BlackRock MidCap Equity Index Fund B

Rothschild Small Cap

First Eagle Overseas Fund

WCM Focused International Growth Fund

Lord Abbett Short-Duration Fund

Vanguard Short-Term Investment-Grade Fund

American Core Realty Fund

Harbert U.S. Real Estate Fund V

Bloomfield Capital (Fund 2)

Bloomfield Capital (Fund 3)

JCR Capital (Fund 3)

INVESTMENT GUIDELINES FOR
iSHARES RUSSELL 1000 INDEX ETF (IWB)

I. Permissible Investments

The Board recognizes that an investment in a mutual fund or exchange traded fund (ETF) is governed by the prospectus provided by that fund. As such, the Board recognizes the responsibility to verify that investments specified by the fund manager are consistent with the Foundation's investment objectives.

The Fund employs a "passive management"—or indexing—investment approach designed to track the performance of the Russell 1000 Index. The Index is designed to measure the performance of large-capitalization stocks in the United States. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the Index, holding each stock in approximately the same proportion as its weighting in the Index.

II. Prohibited Investments and Limitations

Governed by Prospectus

III. Performance Standards

The manager is expected to achieve the following performance goals with respect to the passive large cap equity portfolio they manage on behalf of the Fund:

1. The manager's primary objective is to replicate the return (less execution expenses) of the Russell 1000 Index over all periods.
2. The manager's secondary objective is to achieve a rate of return that ranks in the top 50th percentile of a representative universe of similarly managed portfolios over the longer term (3 to 5 years).
3. The volatility of the manager's returns is expected to be similar to the volatility of the S&P 500 Index over all periods.

The manager may be placed on probation for any of the following:

1. Failure to meet performance standards.
2. Significant changes in management style.
3. Significant changes in the firm's ownership, management or portfolio manager.

At a minimum, the manager will be evaluated based on achievement of performance objectives, compliance with Fund investment guidelines and overall contribution to the Foundation's investment objectives (value added).

IV. Acknowledgment of Receipt and Compliance Agreement

The undersigned hereby acknowledges receipt of the Community Foundation of St. Clair County Statement of Investment Policy, Procedures and Objectives and agrees to abide by the same.

The manager further agrees to immediately notify both the client and consultant in writing upon violation of any guidelines including a process for remediation.

ISHARES RUSSELL 1000 INDEX ETF

<u>Governed by Prospectus</u>

INVESTMENT GUIDELINES FOR BLACKROCK, INC.
BLACKROCK MIDCAP EQUITY INDEX FUND B

I. Permissible Investments

The Board recognizes that an investment in a mutual fund is governed by the prospectus provided by that fund. As such, the Board recognizes the responsibility to verify that investments specified by the fund manager are consistent with the Foundation's investment objectives.

The Fund employs a "passive management"—or indexing—investment approach designed to track the performance of the Russell 2500 Index. The Index is designed to measure the performance of large-capitalization stocks in the United States. The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the Index, holding each stock in approximately the same proportion as its weighting in the Index.

II. Prohibited Investments and Limitations

Governed by Offering Memorandum

III. Performance Standards

The manager is expected to achieve the following performance goals with respect to the passive mid cap equity portfolio they manage on behalf of the Fund:

1. The manager's primary objective is to replicate the return (less execution expenses) of the S&P 400 Index over all periods.
2. The manager's secondary objective is to achieve a rate of return that ranks in the top 50^{th} percentile of a representative universe of similarly managed portfolios over the longer term (3 to 5 years).
3. The volatility of the manager's returns is expected to be similar to the volatility of the S&P 400 Index over all periods.

The manager may be placed on probation for any of the following:

1. Failure to meet performance standards.
2. Significant changes in management style.
3. Significant changes in the firm's ownership, management or portfolio manager.

At a minimum, the manager will be evaluated based on achievement of performance objectives, compliance with Fund investment guidelines and overall contribution to the Foundation's investment objectives (value added).

IV. Acknowledgment of Receipt and Compliance Agreement

The undersigned hereby acknowledges receipt of the Community Foundation of St. Clair County Statement of Investment Policy, Procedures and Objectives and agrees to abide by the same.

The manager further agrees to immediately notify both the client and consultant in writing upon violation of any guidelines including a process for remediation.

BLACKROCK, INC.

Governed by Offering Memorandum

INVESTMENT GUIDELINES FOR ROTHSCHILD ASSET MANAGEMENT
ROTHSCHILD SMALL-CAP FUND

I. Permissible Investments

The Board recognizes that an investment in a mutual fund is governed by the prospectus provided by that fund. As such, the Board recognizes the responsibility to verify that investments specified by the fund manager are consistent with the Foundation's investment objectives.

The portfolio should exhibit market-like return and risk characteristics (market-like is defined as the manager's performance index). The portfolio should consist of stocks with growth or value characteristics and corresponding capitalization ranges that are consistent with the manager's style.

II. Prohibited Investments and Limitations

Governed by Offering Memorandum

III. Performance Standards

The manager is expected to achieve the following performance goals with respect to the active small cap equity portfolio they manage on behalf of the Fund:

1. The manager's primary objective is to exceed the return (net of fees) of the Russell 2000 Index over the longer term (3 to 5 years).
2. The manager's secondary objective is to achieve a rate of return that ranks in the top 50th percentile of a representative universe of similarly managed portfolios over the longer term (3 to 5 years).
3. The volatility of the manager's returns is expected to be similar to the volatility of the Russell 2000 Index over the longer term (3 to 5 years).

The manager may be placed on probation for any of the following:

1. Shorter-term performance (rolling 1-year and 2-year total returns, net of fees) that is significantly less than the Russell 2000 Index.
2. Longer-term performance (rolling 5-year total returns, net of fees) that is less than the Russell 2000 Index.
3. At the discretion of the Committee, the manager may be placed on probation for under performance to their benchmark over shorter time periods than prescribed above.
4. Significant changes in management style.
5. Significant changes in the firm's ownership, management or portfolio manager.

At a minimum, the manager will be evaluated based on achievement of performance objectives, compliance with Foundation investment guidelines and overall contribution to the Foundation's investment objectives (value added).

IV. Acknowledgment of Receipt and Compliance Agreement

The undersigned hereby acknowledges receipt of the Community Foundation of St. Clair County Statement of Investment Policy, Procedures and Objectives and agrees to abide by the same.

The manager further agrees to immediately notify both the client and consultant in writing upon violation of any guidelines including a process for remediation.

ROTHSCHILD ASSET MANAGEMENT

Governed by Offering Memorandum

INVESTMENT GUIDELINES FOR FIRST EAGLE INVESTMENT MANAGEMENT LLC OVERSEAS FUND (SGOIX)

I. Permissible Investments

The Board recognizes that an investment in a mutual fund is governed by the prospectus provided by that fund. As such, the Board recognizes the responsibility to verify that investments specified by the fund manager are consistent with the Foundation's investment objectives.

The portfolio should exhibit market-like return and risk characteristics (market-like is defined as the manager's performance index). The portfolio should consist of non-U.S. stocks with growth or value characteristics and corresponding capitalization ranges that are consistent with the manager's style.

II. Prohibited Investments and Limitations

Governed by Prospectus

III. Performance Standards

The manager is expected to achieve the following performance goals with respect to the active international equity portfolio they manage on behalf of the Fund:

1. The manager's primary objective is to exceed the return (net of fees) of the MSCI ACWI x-U.S. Index over the longer term (3 to 5 years).
2. The manager's secondary objective is to achieve a rate of return that ranks in the top 50th percentile of a representative universe of similarly managed portfolios over the longer term (3 to 5 years).
3. The volatility of the manager's returns is expected to be similar to the volatility of the MSCI ACWI x-U.S. Index over the longer term (3 to 5 years).

The manager may be placed on probation for any of the following:

1. Shorter-term performance (rolling 1-year and 2-year total returns, net of fees) that is significantly less than the MSCI ACWI x-U.S. Index.
2. Longer-term performance (rolling 5-year total returns, net of fees) that is less than the MSCI ACWI x-U.S. Index.
3. At the discretion of the Committee, the manager may be placed on probation for under performance to their benchmark over shorter time periods than prescribed above.
4. Significant changes in management style.
5. Significant changes in the firm's ownership, management or portfolio manager.

At a minimum, the manager will be evaluated based on achievement of performance objectives, compliance with Foundation investment guidelines and overall contribution to the Foundation's investment objectives (value added).

IV. Acknowledgment of Receipt and Compliance Agreement

The undersigned hereby acknowledges receipt of the Community Foundation of St. Clair County Statement of Investment Policy, Procedures and Objectives and agrees to abide by the same.

The manager further agrees to immediately notify both the client and consultant in writing upon violation of any guidelines including a process for remediation.

FIRST EAGLE INVESTMENT MANAGEMENT LLC

Governed by Prospectus

INVESTMENT GUIDELINES FOR WCM INVESTMENT MANAGEMENT LLC FOCUSED INTERNATIONAL GROWTH FUND (WCMIX)

I. Permissible Investments

The Board recognizes that an investment in a mutual fund is governed by the prospectus provided by that fund. As such, the Board recognizes the responsibility to verify that investments specified by the fund manager are consistent with the Foundation's investment objectives.

The portfolio should exhibit market-like return and risk characteristics (market-like is defined as the manager's performance index). The portfolio should consist of non-U.S. stocks with growth or value characteristics and corresponding capitalization ranges that are consistent with the manager's style.

II. Prohibited Investments and Limitations

Governed by Prospectus

III. Performance Standards

The manager is expected to achieve the following performance goals with respect to the active international equity portfolio they manage on behalf of the Fund:

1. The manager's primary objective is to exceed the return (net of fees) of the MSCI ACWI x-U.S. Index over the longer term (3 to 5 years).
2. The manager's secondary objective is to achieve a rate of return that ranks in the top 50th percentile of a representative universe of similarly managed portfolios over the longer term (3 to 5 years).
3. The volatility of the manager's returns is expected to be similar to the volatility of the MSCI ACWI x-U.S. Index over the longer term (3 to 5 years).

The manager may be placed on probation for any of the following:

1. Shorter-term performance (rolling 1-year and 2-year total returns, net of fees) that is significantly less than the MSCI ACWI x-U.S. Index.
2. Longer-term performance (rolling 5-year total returns, net of fees) that is less than the MSCI ACWI x-U.S. Index.
3. At the discretion of the Committee, the manager may be placed on probation for under performance to their benchmark over shorter time periods than prescribed above.
4. Significant changes in management style.
5. Significant changes in the firm's ownership, management or portfolio manager.

At a minimum, the manager will be evaluated based on achievement of performance objectives, compliance with Foundation investment guidelines and overall contribution to the Foundation's investment objectives (value added).

IV. Acknowledgment of Receipt and Compliance Agreement

The undersigned hereby acknowledges receipt of the Community Foundation of St. Clair County Statement of Investment Policy, Procedures and Objectives and agrees to abide by the same.

The manager further agrees to immediately notify both the client and consultant in writing upon violation of any guidelines including a process for remediation.

WCM INVESTMENT MANAGEMENT LLC

Governed by Prospectus

INVESTMENT GUIDELINES FOR LORD ABBETT
LORD ABBETT SHORT DURATION INCOME FUND (LLDYX)

I. Permissible Investments

The Board recognizes that an investment in a mutual fund is governed by the prospectus provided by that fund. As such, the Board recognizes the responsibility to verify that investments specified by the fund manager are consistent with the Foundation's investment objectives.

The portfolio should exhibit market-like return and risk characteristics (market-like is defined as the manager's performance index). The portfolio should consist of short and intermediate term fixed income securities that are consistent with the manager's style.

II. Prohibited Investments and Limitations

Governed by Prospectus

III. Performance Standards

The manager is expected to achieve the following performance goals with respect to the active short duration fixed income portfolio they manage on behalf of the Fund:

1. The manager's primary objective is to exceed the return (net of fees) of the Bloomberg Barclays 1-5 Year Credit Index over the longer term (3 to 5 years).
2. The manager's secondary objective is to achieve a rate of return that ranks in the top 50th percentile of a representative universe of similarly managed portfolios over the longer term (3 to 5 years).
3. The volatility of the manager's returns is expected to be similar to the volatility of the Bloomberg Barclays 1-5 Year Credit Index over the longer term (3 to 5 years).

The manager may be placed on probation for any of the following:

1. Shorter-term performance (rolling 1-year and 2-year total returns, net of fees) that is significantly less than the Bloomberg Barclays 1-5 Year Credit Index.
2. Longer-term performance (rolling 5-year total returns, net of fees) that is less than the Bloomberg Barclays 1-5 Year Credit Index.
3. At the discretion of the Committee, the manager may be placed on probation for under performance to their benchmark over shorter time periods than prescribed above.
4. Significant changes in management style.
5. Significant changes in the firm's ownership, management or portfolio manager.

At a minimum, the manager will be evaluated based on achievement of performance objectives, compliance with Foundation investment guidelines and overall contribution to the Foundation's investment objectives (value added).

IV. Acknowledgment of Receipt and Compliance Agreement

The undersigned hereby acknowledges receipt of the Community Foundation of St. Clair County Statement of Investment Policy, Procedures and Objectives and agrees to abide by the same.

The manager further agrees to immediately notify both the client and consultant in writing upon violation of any guidelines including a process for remediation.

LORD ABBETT

<u>Governed by Prospectus</u>

INVESTMENT GUIDELINES FOR THE VANGUARD GROUP, INC.
VANGUARD SHORT-TERM INVESTMENT-GRADE FUND (VFSUX)

I. Permissible Investments

The Board recognizes that an investment in a mutual fund is governed by the prospectus provided by that fund. As such, the Board recognizes the responsibility to verify that investments specified by the fund manager are consistent with the Foundation's investment objectives.

The portfolio should exhibit market-like return and risk characteristics (market-like is defined as the manager's performance index). The portfolio should consist of short and intermediate term, investment grade fixed income securities that are consistent with the manager's style.

II. Prohibited Investments and Limitations

Governed by Prospectus

III. Performance Standards

The manager is expected to achieve the following performance goals with respect to the active short duration fixed income portfolio they manage on behalf of the Fund:

1. The manager's primary objective is to exceed the return (net of fees) of the Bloomberg Barclays 1-5 Year Credit Index over the longer term (3 to 5 years).
2. The manager's secondary objective is to achieve a rate of return that ranks in the top 50th percentile of a representative universe of similarly managed portfolios over the longer term (3 to 5 years).
3. The volatility of the manager's returns is expected to be similar to the volatility of the Bloomberg Barclays 1-5 Year Credit Index over the longer term (3 to 5 years).

The manager may be placed on probation for any of the following:

1. Shorter-term performance (rolling 1-year and 2-year total returns, net of fees) that is significantly less than the Bloomberg Barclays 1-5 Year Credit Index.
2. Longer-term performance (rolling 5-year total returns, net of fees) that is less than the Bloomberg Barclays 1-5 Year Credit Index.
3. At the discretion of the Committee, the manager may be placed on probation for under performance to their benchmark over shorter time periods than prescribed above.
4. Significant changes in management style.
5. Significant changes in the firm's ownership, management or portfolio manager.

At a minimum, the manager will be evaluated based on achievement of performance objectives, compliance with Foundation investment guidelines and overall contribution to the Foundation's investment objectives (value added).

IV. Acknowledgment of Receipt and Compliance Agreement

The undersigned hereby acknowledges receipt of the Community Foundation of St. Clair County Statement of Investment Policy, Procedures and Objectives and agrees to abide by the same.

The manager further agrees to immediately notify both the client and consultant in writing upon violation of any guidelines including a process for remediation.

THE VANGUARD GROUP, INC.

Governed by Prospectus

Investment Guidelines For American Realty Advisors
American Core Realty Fund, LLC

I. Permissible Investments

The manager will invest primarily in a geographically diversified portfolio of retail, apartment, industrial, and office properties located within the United States. The manager will target income-producing properties that are fundamentally well located and have minimal leasing risk.

The manager may invest through direct property ownership, or indirectly through such vehicles as joint ventures, general or limited partnerships, limited liability companies, mortgage loans and other loans including mezzanine debt, or interests in companies or entities that directly or indirectly hold real estate or real estate interests.

II. Prohibited Investments and Limitations

Governed by Limited Partnership Agreement and Private Placement Memorandum

III. Performance Standards

The manager is expected to achieve the following performance goals with respect to the active core real estate portfolio they manage on behalf of the Fund:

1. The manager's primary objective is to exceed the return (net of fees) of the NCREIF Fund Index – ODCE (VW) over the longer term (3 to 5 years).
2. The manager's secondary objective is to achieve a rate of return that ranks in the top 50^{th} percentile of a representative universe of similarly managed portfolios over the longer term (3 to 5 years).
3. The volatility of the manager's returns is expected to be similar to the volatility of the NCREIF Fund Index – ODCE (VW) over the longer term (3 to 5 years).

The manager may be placed on probation for any of the following:

1. Shorter-term performance (rolling 1-year and 2-year total returns, net of fees) that is significantly less than the NCREIF Fund Index – ODCE (VW).
2. Longer-term performance (rolling 5-year total returns, net of fees) that is less than the NCREIF Fund Index – ODCE (VW).
3. At the discretion of the Committee, the manager may be placed on probation for under performance to their benchmark over shorter time periods than prescribed above.
4. Significant changes in management style.
5. Significant changes in the firm's ownership, management or portfolio manager.

At a minimum, the manager will be evaluated based on achievement of performance objectives, compliance with Foundation investment guidelines and overall contribution to the Foundation's investment objectives (value added).

IV. Acknowledgement of Receipt and Compliance Agreement

The undersigned hereby acknowledges receipt of the Community Foundation of St. Clair County Statement of Investment Policy, Procedures and Objectives and agrees to abide by the same.

The manager further agrees to immediately notify both the client and consultant in writing upon violation of any guidelines including a process for remediation.

AMERICAN REALTY ADVISORS

Governed by the 2014 Investment Policy Statement for the American Core Realty Fund, LLC

INVESTMENT GUIDELINES FOR HARBERT MANAGEMENT CORPORATION HARBERT UNITED STATES REAL ESTATE FUND V, L.P. ("HUSREF V")

I. Permissible Investments

The manager's primary investment focus is to acquire commercial real estate properties in the apartment, office, retail and industrial sectors in non-gateway cities that exhibit strong population and employment growth prospects and in locations that have material barriers to new supply.

II. Prohibited Investments and Limitations

Governed by Limited Partnership Agreement and Private Placement Memorandum

HUSREF V is a closed-end limited partnership that will terminate the earlier of the ten-year anniversary of the initial drawdown date (November 2022) or the liquidation of all the Partnership's real estate assets and termination of all obligations. The General Partner may extend the term of HUSREF V for two one-year periods, with further extensions requiring approval of a majority in interest of the Limited Partners.

III. Performance Standards

The minimum return objective for HUSREF V is to, 1) provide an annually, compounded, preferred return of 9% (net of fees and all expenses) on each limited partner's capital contributions, and 2) to return all limited partner's capital contributions upon conclusion of the fund.

The performance expectation over the entire term of HUSREF V is to achieve a since inception IRR of 15% (net of fees and all expenses) and a multiple of 1.7x on called capital upon conclusion of the fund.

At a minimum, on a quarterly basis the General Partner will be evaluated based on the progress of HUSREF V towards achievement of the minimum return objective and performance standard, compliance with Foundation investment guidelines, and overall contribution to the Foundation's investment objectives (value added).

IV. Acknowledgment of Receipt and Compliance Agreement

The undersigned hereby acknowledges receipt of the Community Foundation of St. Clair County Statement of Investment Policy, Procedures and Objectives and agrees to abide by the same.

The manager further agrees to immediately notify both the client and consultant in writing upon violation of any guidelines including a process for remediation.

HARBERT MANAGEMENT CORPORATION

Governed by the Limited Partnership Agreement, dated November 20, 2012, and Private Placement Memorandum dated September 2012

INVESTMENT GUIDELINES FOR BLOOMFIELD CAPITAL, LLC
BLOOMFIELD CAPITAL INCOME FUND II, LLC

I. Permissible Securities

The manager's primary investment focus will be on providing gap, transitional and opportunistic financing via short-term commercial real estate loans secured by senior mortgages or deeds of trust positions with terms of 6 to 48 months. The loans will typically range from $1 to $15 million with loan-to-value ratios of 40% to 80%. Subject to limitations, the manager may also invest in equity positions in commercial real estate or real estate related investments.

Additionally, the manager may acquire in the secondary market, mortgage loans or pools of mortgage loans, secured by real estate or other collateral, as well as other opportunistic and value-added investments.

II. Prohibited Investments and Limitations

Governed by Limited Partnership Agreement and Private Placement Memorandum

III. Performance Standard

The return objective for BCIF II is to, 1) provide an annually, compounded, preferred return of 9% (net of fees and all expenses) on each member's funded capital commitments, and 2) to return all members' capital contributions upon final dissolution.

The performance expectation over the entire term of BCIF II is to achieve a since inception IRR of 9% (net of fees and all expenses) on called capital upon conclusion of the fund.

At a minimum, on a quarterly basis the General Partner will be evaluated based on the progress of BCIF II towards achievement of the minimum return objective and performance standard, compliance with Foundation investment guidelines, and overall contribution to the Foundation's investment objectives (value added).

IV. Acknowledgment of Receipt and Compliance Agreement

The undersigned hereby acknowledges receipt of the Community Foundation of St. Clair County Statement of Investment Policy, Procedures and Objectives and agrees to abide by the same.

The manager further agrees to immediately notify both the client and consultant in writing upon violation of any guidelines including a process for remediation.

Bloomfield Capital, LLC

Governed by the Amended and Restated Limited Liability Company Agreement, dated August 2012, Private Placement Memorandum, #2-071, dated November 2011 (and as amended) and the terms agreed upon in the Side Letter dated July 30, 2012.

INVESTMENT GUIDELINES FOR BLOOMFIELD CAPITAL, LLC BLOOMFIELD CAPITAL INCOME FUND III, LLC

I. Permissible Securities

The manager's primary investment focus will be on providing gap, transitional and opportunistic financing via short-term commercial real estate loans secured by senior mortgages or deeds of trust positions with terms of 6 to 48 months. The loans will typically range from $1 to $15 million with loan-to-value ratios of 40% to 80%. Subject to limitations, the manager may also invest in equity positions in commercial real estate or real estate related investments.

Additionally, the manager may acquire in the secondary market, mortgage loans or pools of mortgage loans, secured by real estate or other collateral, as well as other real estate-related opportunistic and value-added investments.

II. Prohibited Investments and Limitations

Governed by Limited Partnership Agreement and Private Placement Memorandum

III. Performance Standard

The return objective for BCIF III is to, 1) provide an annually, compounded, preferred return of 8% (net of fees and all expenses) on each member's funded capital commitments, and 2) to return all members' capital contributions upon final dissolution.

The performance expectation over the entire term of BCIF III is to achieve a since inception IRR of 8% (net of fees and all expenses) on called capital upon conclusion of the fund.

At a minimum, on a quarterly basis the General Partner will be evaluated based on the progress of BCIF III towards achievement of the minimum return objective and performance standard, compliance with Foundation investment guidelines, and overall contribution to the Foundation's investment objectives (value added).

IV. Acknowledgment of Receipt and Compliance Agreement

The undersigned hereby acknowledges receipt of the Community Foundation of St. Clair County Statement of Investment Policy, Procedures and Objectives and agrees to abide by the same.

The manager further agrees to immediately notify both the client and consultant in writing upon violation of any guidelines including a process for remediation.

Bloomfield Capital, LLC

<u>The Bloomfield Capital Income Fund III, LLC (“BCIF III”) is governed by the Limited Liability Company Agreement, dated September 2015 and the Private Placement Memorandum dated August 2015.</u>

INVESTMENT GUIDELINES FOR JCR CAPITAL INVESTMENT CORPORATION
JCR COMMERCIAL REAL ESTATE FINANCE FUND III, LP ("JCR FUND III")

I. Permissible Investments

The manager's primary investment focus will be providing capital and serving as a partner for sponsors purchasing distressed assets and making opportunistic acquisitions of commercial real estate in the middle market. Debt investments will typically be in the form of first trust loans and/or mezzanine loans. Equity investments will typically be in the form of participating debt, preferred equity or *pari passau* equity. Investments will typically be held for 6 to 36 months.

II. Prohibited Investments and Limitations

Governed by Limited Partnership Agreement and Private Placement Memorandum

Exhibit A of the Agreement of Limited Partnership for JCR Commercial Real Estate Finance Fund III, L.P. outlines the fund's maximum allocation limitations by Sponsor, Security type, Asset Class, Geographic Region and State.

JCR Fund III is a closed-end limited partnership that will terminate five years from the date of the final close (which is anticipated to be in the fourth quarter of 2015). The General Partner retains the option to extend the term for two additional one-year periods in order to exit from the investments of JCR Fund III in an orderly fashion.

III. Performance Standard

The return objective for JCR Fund III is to, 1) provide an annually, compounded, preferred return of 9% (net of fees and all expenses) on each member's funded capital commitments, and 2) to return all members' capital contributions upon final dissolution.

The performance expectation over the entire term of JCR Fund III is to achieve a since inception IRR of 15% (net of fees and all expenses) on called capital upon conclusion of the fund.

At a minimum, on a quarterly basis the General Partner will be evaluated based on the progress of JCR Fund III towards achievement of the minimum return objective and performance standard, compliance with Foundation investment guidelines, and overall contribution to the Foundation's investment objectives (value added).

IV. Acknowledgement of Receipt and Compliance Agreement

The undersigned hereby acknowledges receipt of the Community Foundation of St. Clair County Statement of Investment Policy, Procedures and Objectives and agrees to abide by the same.

The manager further agrees to immediately notify both the client and consultant in writing upon violation of any guidelines including a process for remediation.

JCR CAPITAL INVESTMENT CORPORATION

JCR Fund III is governed by the Subscription Agreement of Limited Partnership, dated October 7, 2014, Private Placement Memorandum and the terms agreed upon in the Side Letter Agreement dated October 2014.