



Clark County Community Foundation, Inc.

Investment Portfolio - Spending Policy

I. PURPOSE

The purpose of this Investment Portfolio – Spending Policy (“Spending Policy”) is to guide the Clark County Community Foundation Inc., its Board of Directors (“Board”) and its Investment Committee (“Committee”) in effectively and prudently managing distributions from its invested assets portfolio, and in monitoring and evaluating the distribution process.

The invested assets portfolio (or “Portfolio”) of the Foundation, consist of all funds owned by the Foundation and managed by the Investment Committee.

II. DIVISION OF RESPONSIBILITIES

Board of Directors

The Board is ultimately responsible for the management of the Foundation’s invested asset portfolio, including disbursements thereof, in accordance with this Spending Policy. The Board sets and approves the policies and procedures that once implemented, will ensure that the Foundation’s invested assets are properly managed and safeguarded.

The Board has delegated certain powers and responsibilities for the implementation of its invested asset policies and procedures, including any disbursements thereof, to the Investment Committee.

Investment Committee

Members of the Committee shall be appointed by the Board in accordance with the Foundation’s Bylaws. The Board will strive to appoint persons with reasonable knowledge of investments and investment practices.

The Board has delegated to the Committee, the responsibility to; formulate the Foundation’s overall investment strategy, recommend the hiring or firing of investment advisors or managers, implement the invested asset policies and procedures, monitor the performance of those invested assets, and verify that all parties are in compliance with the Foundation’s *Statement of Investment Policy*.

Additionally, the Committee will recommend an annual spending policy disbursement percentage to the Board of Directors for their approval or revision. This annual recommendation will be made to the Board no later than December 15th of each year.

The Committee will act in good faith and with the care an ordinarily prudent person would exercise under similar circumstances in selecting, continuing or terminating investment professionals, establishing the scope and terms of any delegation, and

monitoring of performance and compliance with the scope and terms of the delegation and with this policy.

The Committee will provide relevant information to the investment managers concerning the Foundation's resources and any special considerations pertaining to any particular assets of the Foundation.

The Committee will meet at least monthly. The Chair of the Investment Committee may also call special meetings of the Committee as needed.

A majority of the Committee shall constitute a quorum for the transaction of business. Any act of a majority of the members of the Committee present at any meeting at which a quorum is present shall be the act of the Committee.

This Spending Policy will be reviewed at least annually, and as necessary, the Committee will recommend any Policy revisions to the Board.

III. STANDARD OF CARE

In exercising its responsibilities, the Committee will act in good faith and with the care an ordinarily prudent person would exercise under similar circumstances.

A person with special skills or expertise, or selected in reliance upon his or her representation that he or she has special skills or expertise, will use those skills or that expertise in managing and investing institutional funds.

IV. RETURN OBJECTIVE

The Foundation's long-term investment objective is to preserve the real value of its permanent funds. This means that the Foundation seeks a total rate of return that supports the Foundation's grant making, expenses, investment fees, and inflation. The Foundation will normally measure whether it has achieved that objective over a rolling five-year period.

The long-term horizon of the Foundation's investment portfolio allows for a significant allocation to equity-oriented strategies where the potential for long-term capital appreciation exists. The investment portfolio will be diversified across asset classes in accordance with the Foundation's *Statement of Investment Policy*.

Short-term operational reserve funds would be invested in a portfolio of cash equivalent securities. However, the Foundation will consider recommendations from authorized investment advisors, to permit investment in other options available; including those of a more long-term nature.

The Foundation's objective is to earn a long-term rate of return that is at least 5.0%, net of all investment management fees.

V. STANDARDS FOR RISK TOLERANCE

The Foundation recognizes and acknowledges some risk must be assumed in order to achieve the long-term investment objectives of the portfolio, and there are uncertainties and complexities associated with investment markets.

In establishing the risks tolerances for the Foundation's Statement of Investment Policy, the Foundation's ability to withstand short and intermediate term variability was considered. The Foundation's prospects for the future, current financial condition and level of funding in the portfolio suggests collectively, some interim fluctuations in market value and rates of return may be tolerated with the portfolio in order to achieve longer-term objectives.

The investment guidelines for the Foundation's portfolio are based on an investment horizon of greater than ten years; therefore interim fluctuations should be viewed with the appropriate perspective. Short-term liquidity needs are expected to be minimal, as other funds outside the scope of Foundation's invested portfolio of assets have already been allocated. However, any unanticipated needs will be met from cash, maturing bonds, future contributions or rebalancing activities.

VI. SPENDING POLICY AND FEES

Permitted annual disbursements from permanent funds will be up to, but no more than 4.0% of the average market value of the prior four years, as of September 30th of each year.

The Foundation determines the rate of return earned by the invested portfolio assets using a time-weighted average rate of return calculation. This rate of return percentage is calculated by averaging the market value of the invested asset portfolio, for the most recent 16 calendar quarters. For annual disbursements from permanent funds, the Foundation will use the calculated average rate of return as of September 30th in determining the annual spending policy disbursement percentage.

The Investment Committee will also consider and compare the Foundation's historical rates of return, its historical annual spending policy disbursement percentages, the spending policies in place at other community foundations, and the Foundation's responsibility to preserve the purchasing power of its permanent funds over time.

The Foundation takes as an annual management fee equal to the service fees described in Exhibit D of the Foundation's *Gift Acceptance Policy*. These service fees are used by the Foundation to pay for expenses associated with the administration of the invested asset Funds, including but not limited to, accounting and auditing fees, expenses associated with communications with persons or entities for the purpose of fund management, fees incurred during the course of transactions involving fund assets and the cost of administrative oversight. These service fees are taken from invested asset balances, prior to any disbursement being made under the terms of this Spending Policy.

The Investment Committee will annually recommend an annual Spending Policy disbursement percentage to the Board of Directors for their approval or revision. This recommendation will be made to the Board no later than the December 15th of each year.

The approved spending policy disbursement rate will be applied to the market value of each permanent fund, as of September 30th, to determine the permitted annual disbursements from each fund. However, if the value of any permanent fund is at or below its historic dollar value, then no disbursements will be made except by a vote of the Foundation's Board of Directors. The Board will apply a prudent standard of care in authorizing any disbursement from a Fund's historic cost basis.

VII. REPORTING

In order to ensure that the Board of Directors and the Committee are able to fulfill their duties with respect to prudent management of the portfolio, the Foundation's President will provide detailed reports at least quarterly to the Committee. Such reports shall include, though not be limited to, performance of the Foundation's investment portfolio, actions taken with respect to the investment portfolio, and expected changes in investments.

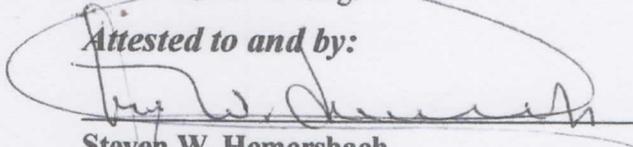
The Chair of the Committee will report on the status of the investment portfolio and any actions taken to the Board of Directors at each Board meeting.

VIII. CONFLICTS OF INTEREST

Any benefit that might accrue to a Foundation donor, board member, volunteer, or staff member must be incidental. Within all of its policies the Foundation, must use reasonableness and fiduciary responsibility in the use and spending of its assets. Any actual or potential conflicts of interest possessed by a member of the Investment Committee must be disclosed and resolved pursuant to the Foundation's Conflict of Interest Policy and Disclosure Forms.

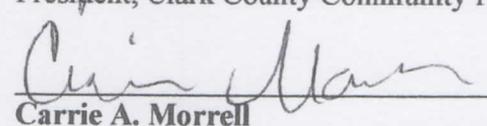
This Clark County Community Foundation, Inc. – *Investment Portfolio – Spending Policy*, has been reviewed and accepted by the Board of Directors at the May 5th, 2016 Board of Director's Meeting.

Attested to and by:



Steven W. Hemersbach
President, Clark County Community Foundation, Inc.

05-11-2016
Date



Carrie A. Morrell
Secretary, Clark County Community Foundation, Inc.

5-16-16
Date