

INVESTMENT POLICY
John Gogian Family Foundation
(Revised April 28, 2005)

Preamble:

It is the policy of the Board of Directors of the John Gogian Family Foundation that all assets, including funds that are legally unrestricted, be held in a fiduciary capacity for the sake of accomplishing the Foundation's mission and purposes. The following investment objectives, directions and policy statements are to be judged and understood in light of that overall sense of stewardship. The basic investment standards applied shall be those of a prudent investor as articulated in California state laws.

General Information:

The John Gogian Family Foundation is a nonprofit grant-making foundation benefiting a variety of non-profit community-based organizations. The Board of Directors of the Foundation view the assets held by the Foundation as endowment funds intended for long term philanthropic purposes consistently responsive to the human needs in the served community.

The purposes of this Investment Policy is to foster a clear understanding of the Foundation's investment objectives, policies and guidelines among all involved parties. The assets covered are the Foundation's financial resources which are invested for long-term total return and are designated as the endowment.

Objectives:

The primary long-term financial objective is to preserve the real (i.e. inflation-adjusted) assets of the Foundation's endowment so that the Foundation may operate in perpetuity. This objective should be achieved over rolling five to ten year periods on a total return basis. An additional objective is to provide a relatively predictable and stable constant stream of current income for annual operating needs.

The primary investment objective is for the Foundation's invested assets to earn an average annual real total return of at least 6% per year, net of management fees, over any rolling five year period.

The Finance Committee of the Foundation may choose corporate custodians, trustees and/or investment managers to provide services necessary to perform the obligations necessary to achieve the stated financial and investment objectives.

The Finance Committee is also authorized to oversee the management of the Foundation's income property including the establishment of a Real Estate Subcommittee if necessary to provide desired on-going direction.

Portfolio Composition and Asset Allocation:

The portfolio of the Foundation may utilize equity securities (including both domestic and foreign stocks), fixed-income securities and short-term cash investments. Cash, Certificates of Deposit or Money Market accounts may not exceed \$100,000 with any one institution. The use of higher risk alternatives such as REIT's, hedges and derivatives may be used if specifically approved by the Finance Committee on a case-by-case basis.

The target amount of the portfolio in equity securities is nominally 60%. Individual investment managers have the latitude to vary up to 10% from this target and have the authority to determine the allocation among large, mid, small and foreign stocks. The Foundation's Finance Committee is expected to maintain the overall target to within 10% with any variance above that to a maximum of 20% requiring approval of the full Board of Directors. Equities may be any restricted, publicly traded common stock that is listed on a major recognized exchange or over-the-counter market. Speculative and venture capital stock investments are not acceptable. The investment managers are expected to outperform the S&P500 stock index by at least one percentage point net of fees. No more than 5% of any investment manager's portfolio may be held in any single stock. The investment managers may not sell securities short, buy on margin, borrow money or pledge Foundation assets, or buy or sell uncovered options, commodities or currencies.

The target amount of the portfolio in fixed-income securities is nominally 38%. Individual investment managers have the latitude to vary up to 10% from this target. The Foundation's Finance Committee is expected to maintain the overall target to within 10% with any variance above that to a maximum of 15% requiring approval of the full Board of Directors. Fixed-income investments must be in US denominated securities and the portfolios must maintain an average quality level of "A" or better as rated by Moody's and/or Standard & Poor's. No more than 10% of assets may be in high yield funds. The prospect of credit risk or risk of permanent loss shall be avoided through diversification with respect of economic sector, financial sector and issuer to minimize risk exposure. A maximum of 5% of the portfolio may be invested in the securities of any single issuer with the exception of those issued by the US Government or its agencies. Prohibited are issues of any state or municipal agency except with approval of the Foundation's Finance Committee.

No investment manager may make direct investments in real estate or permit the lending, mortgage, pledge or hypothecation of any of the Foundation's assets.

Transaction Requirements

All transactions will be for cash and should be entered into on the basis of best execution which means best realized net price. Notwithstanding, commissions may be paid for services rendered for transactions but shall be on a competitive basis.

Social Responsibility

The Foundation Finance Committee shall ensure that the social and ethical goals of the Foundation are reflected in the portfolio. In this regard, the Committee may issue restrictions on specific investments to the investment managers as warranted.

Reporting Requirements

The investment managers will provide monthly written statements containing all pertinent transactions details to the Foundation and its specified agents on a timely basis. These reports will include but not be limited to: total return (time-weighted basis) for both the total account and for equity and fixed-income portions net of commissions and fees, purchases, sales, yields and income. In addition, the investment managers will meet with either the Finance Committee and/or the Foundation's Board of Directors as requested to review economic outlooks, investment strategies, investment performance and other matters of interest to the Foundation.

The investment managers will provide a written report on a quarterly basis that contains the following information:

- investment performance compared to the corresponding benchmark
- investment strategy being used stated in a brief and understandable format.
- view of the markets and economy as it relates to investment decisions.
- investment recommendations that require Foundation approval.
- other information relevant to the Foundation's interests.

All investment managers are also required to communicate to the Foundation as soon as possible any changes in firm ownership, significant changes in organizational structure or professional personnel or any changes in fundamental investment philosophy.

Foundation Obligations

The Foundation will advise specific investment managers of its cash withdrawal requirements from that manager's portfolio in a manner that is timely for responsible account management. The Foundation's Managing Director will maintain a six-month forward outlook on cash requirements, updated monthly, and will make this available to the investment managers as requested.

The Foundation's Finance Committee will inform any specific investment manager of any concerns, questions or issues with regards to performance or standards immediately when such concerns, questions or issues are identified. A meeting or other appropriate action will be initiated to resolve these problems as quickly as mutually feasible.

Authority to Transact Business

The Foundation has, by resolution of its Board of Directors, delegated to the Foundation's Managing Director the authority to direct investment managers in regards to receiving and relaying account information. In addition, it has delegated to the Foundation's President, the Chair of the Finance Committee and other Foundation Officers the primary authority for the implementation of and compliance with this policy on behalf of the Foundation.

Investment managers hired by the Foundation are authorized to independently select and trade investment securities and rebalance their portfolios within the constraints of this policy as stated above.