Needmor Fund

Investment Policy

Updated September 2004

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NEEDMOR FUND

Investment Policy

We believe that a foundation lives out its mission and values not only through the organizations it supports, but also by how it uses its assets. Mission related investing is an investment process that considers the social and environmental consequences of investments in addition to financial analysis and performance. It contributes to strategic philanthropy by using all of a foundation's resources – investment and grantmaking dollars – to achieve the foundation's mission and values. Increasing evidence demonstrates that mission related investing does not have to have a negative effect on financial returns. In fact, by reducing risks and liabilities, the effect is often positive. While we understand that there are no perfect companies to invest in, we also believe that through mission related investing we can reduce the conflict between our mission and our investments.

We take seriously fiduciary responsibility and recognize that this responsibility does not end with maximizing return and minimizing risk. We recognize that economic growth can come at considerable cost to community and environment and we believe that fiduciary responsibility demands that we combine prudent financial management practices with social, environmental, and economic practices consistent with our mission.

FORWARD/ENDOWMENT PURPOSE:

The Needmor Fund's goal is to maximize funds available for current grantee needs while preserving the real spending power of the long-term endowment to provide for future needs. The Needmor Fund's Endowment is intended to be a permanent charitable trust.

I. Overall Portfolio Objectives

The Committee will consider the long-term strategy of building portfolio value to maximize funds available for granting, but not at the expense of a sustainable, dependable, and when possible, steadily increasing level of current grantmaking.

Characteristics: The Fund will set strategy on the basis of a twenty-year moving investment horizon as no significant principal distributions are anticipated. The Fund will establish a specific percentage of the portfolio assets for annual pay out to cover operating expenses and some portion of current year grant funds. This 'Spending Policy' will be evaluated and adjusted as necessary to assure that it is equal to or less than long-term portfolio total returns minus fees, taxes and inflation so as to preserve the long term 'purchasing power' of the portfolio.

Growth: The Fund anticipates portfolio growth from two sources: first, through current and deferred gifts from interested family members, and second, through retention of some portion of total returns.

Given the portfolio characteristics above and the superior long term total returns of equities over other investment assets, the overall investment objective for the portfolio will be weighted towards equity-oriented long term growth.

Income: Income objectives will be met through the 'Spending Policy' based on total returns of the portfolio as indicated above under the section titled 'Characteristics'.

Risk: Allocation of portfolio assets providing for diversification and investment policies will be devised, monitored, and adjusted to realize the Fund's long-term growth objective. The Finance Committee of the Fund, its consultant, and its investment managers will evidence a distinct bias towards preservation of capital in devising investment strategies and policies.

Liquidity: Grant payouts and administrative expenses will be estimated for a two-year period. This will be communicated to the fixed income manager such that adequate liquidity can be provided while maintaining the integrity of the portfolio structure. Income earned will be the first source of liquidity, however. Cash needs will be estimated semi-annually, and cash balances will be kept at a minimum since other asset classes provide higher potential returns over time.

General: Needmor's investments should be as consistent as possible with Needmor's grant making mission and, wherever possible, the Funds' investment managers will be asked to adhere to mission related and social screens established by the Fund's board and members.

II. Payout Goals

Grantmaking is supported by portfolio returns and charitable contributions.

A. Spending Policy

The Needmor Fund Board will periodically establish a spending policy of the portfolio assets, net of fees and taxes, that will be made available annually for support of operations and grant making. To preserve the long-term purchasing power of the Fund's endowment, this spending percentage will be evaluated and periodically adjusted to an amount that is equal to or less than the expected long-term portfolio total return less fees, taxes and inflation. To adjust for volatility in portfolio market values, the average of the prior twelve quarters' ending portfolio market values will be used as the principal base.

The Spending Percentage as approved by the Fund's board is six percent (6.0%). Given the current market assumptions, the 6% spending policy, and the anticipated annual contributions of approximately 3%, the Investment Committee believes that the assets will continue to grow at a sufficient rate to preserve purchasing power.

Each year's actual spending budget is determined by taking the average quarter end portfolio market value balances for the most recent twelve quarterly periods, net of all investment fees and taxes, and multiplying by the 6% spending percentage.

B. Payout

In order to sustain and increase the total amount of funds paid out in grants, the Finance Committee can bring proposals to the Board to:

a) adjust the spending formula.
b) allocate undesignated contributions to either funds available for granting or the investment portfolio.
c) make periodic transfers from the investment portfolio to funds available for granting in excess of the spending formula.

The Finance Committee will try to manage resources to protect our grantees from sudden reductions in funds available for granting caused by market downturns or decreases in current donations.

The committee will monitor the inflation-adjusted value of the investment portfolio using a baseline value of $25,000,000 in year 2000 dollars. Gifts will be added at current values. Under normal conditions, the committee will try to meet the payout goals without eroding the inflation adjusted base line value of the portfolio. Investment returns in excess of this baseline will be considered "windfall" returns. The Finance Committee will work with the Board and staff to consider the best use of "windfall" returns, including holding them as a buffer against market downturns or decreased contributions, spending them on compelling or exceptional program needs, or reinvesting them in the portfolio.

III. Asset Allocation Strategy

Achieving rates of return in line with spending policy goals and continuing to preserve the purchasing power value of the Fund (after spending, inflation and fees) requires a fairly aggressive long-term strategy.

The Needmor Fund's overall strategy will be centered around broad diversification among asset classes to enhance return, control risk and protect spending power.

Portfolio assets will be allocated and, periodically, rebalanced between fixed income and equity in proportions consistent with the long-term direction of the Fund. With this in mind, the following allocation ranges are presently recommended:

	Range	**Current Target**
Equity Securities	70% - 80%	75%
Fixed Securities + Cash	20% - 30%	25%

IV. Investment Manager Responsibilities

A. The duties and responsibilities of each investment manager appointed to manage the Fund's assets are:

1. Managing the assets in accordance with the policy guidelines and objectives expressed herein, or expressed in a separate written agreement when deviation is deemed prudent and desirable, including mission related guidelines and objectives.

2. Exercising complete investment discretion within the guidelines and objectives stated herein. Such discretion includes decisions to buy, hold, or sell securities in amounts and proportions reflective of the manager's current investment strategy and compatible with the objectives for the Fund assets.

3. Promptly informing the Finance Committee (through its investment consultant) regarding all significant matters pertaining to the investment of the assets. The Finance Committee should be kept apprised of major changes in investment strategy, portfolio structure, market value of the assets, and other matters affecting the investment of the assets. The Finance Committee should also be informed promptly of any significant changes in the ownership, affiliation, organizational structure, financial condition, or professional personnel staffing of the investment management organization.

4. Equity managers shall be responsible for voting proxies in accordance with the Fund's values and mission as stated in this document or conveyed by the Finance Committee. The managers will be responsible for asking the Finance Committee or its designee for clarifications and instructions where they are not clear. Equity managers are expected to report on an annual basis on their specific votes and other shareholder activities and how they relate to and are consistent with Needmor's MRI Policy.

5. Managers shall periodically distribute all ordinary income earned in their respective portfolios to Northern Trust, who shall invest these distributions in accordance with the provisions of Sections VII and VIII, below.

V. General Equity Guidelines

A. The Committee will work toward diversifying the equity portfolio to enhance returns and reduce risk by investing in the following general equity asset categories and investment styles:

1. Large Capitalization – Generally defined as equities with a market capitalization over $7 billion.

2. Mid Capitalization – Generally defined as equities with a market cap between $1.5 and $7 billion.

3. Small Capitalization - Generally defined as equities with a market cap less than $1.5 billion.

4. International – Equities of companies domiciled outside of the U.S.

B. Both active and passive (index) investment strategies can be used to invest in the above referenced equity asset classes.

1. Each investment manager is expected to adequately diversify individual securities to protect against substantial loss from a single security. Managers will be asked not to invest more than 5% of any portfolio in a single stock at cost or 7% at market. The Investment Committee has defined a target allocation mix. It is the intent of the Committee that the managers will be invested in a mix of Equity and Money Market Securities, but with emphasis on Equities. Each investment manager is expected to be 95% to 100% invested in Equities most of the time; however, if the investment managers believe that market conditions warrant it, they may reduce their equity holdings without prior consent of the Committee, but should inform the Consultant.

2. Mission Related Investment (MRI) criteria established by the Fund, for those asset categories where they can be applied and monitored, shall be adhered to by investment managers. On an annual basis, each manager will review stocks purchased and stocks avoided, with specific reasons for inclusion or exclusion from the investment portfolio, with the Finance Committee and appropriate changes will be made to Needmor's MRI guidelines. The manager and the Committee will also review and update other mission related initiatives engaged in during that period, i.e., dialogue with companies, filing shareholder resolutions, etc.

3. The intent of hiring active managers is to receive incremental value over a passive index. Therefore, each active equity manager will be measured against a series of appropriate market indices and/or style indices in order to determine value added.

4. Each passive manager will be measured against their appropriate market index to determine adherence to and tracking of the index.

5. Managers will be measured on their ability to add value over and above all fees over a three to five year time frame.

VI. Specific Equity Manager Guidelines

A. Investment Objectives

1. To seek high returns while maintaining reasonable risk levels.

2. To maintain a relatively diversified equity portfolio which achieves extra returns through the stock selection process.

B. Performance Goals

1. Over a market cycle, each actively managed portion of the portfolio is expected to outperform its appropriate benchmark and each indexed portion is expected to mirror its benchmark. An addendum to this document defines the appropriate benchmark and peer group for each of Needmor's investment managers on an absolute and risk-adjusted basis.

2. It is expected that three to five year returns would rank in the top one-third of managed equity portfolios (in total and by management style), and in no one year would they fall in the bottom quartile of a comparable sample. If the manager does not meet these expectations, the consultant and committee will perform the appropriate due diligence to determine the reasons for the underperformance. At that time, the manager may be replaced, they may be put on "watch" to be monitored closely over the next one or two-quarter period, or no action may be necessary.

3. The beta of the portfolio shall be no higher than 1.15, both as an average of individual stocks and when measured over time.

C. Eligible Securities

1. The portfolio shall be comprised of:

   (a) Stocks of reasonable high quality with average level of A-/B+ or better S&P quality rating.
   (b) Equity securities listed on the principal exchanges or traded over-the-counter.

D. Adherence to Mission Related and Social Goals

Each of Needmor's investment managers is expected to maintain a high level of commitment to mission and mission related investing. This implies that there is staff dedicated to screening out stocks of companies that do not meet Needmor's screens, but also initiating change in companies through shareholder activism, dialogue, filing corporation resolutions, etc. If it becomes apparent that a manager has lessened their commitment to, or resources dedicated to this type of investing, the Committee along with their consultant will conduct the appropriate due diligence to determine if the manager continues to be a proper fit for Needmor's investment portfolio.

VII. General Fixed Income Guidelines

A. Managers are expected to invest and properly diversify the portfolio to avoid large losses due to any one security's poor performance.

B. Fixed income securities for the Needmor Fund should be chosen from a universe of bonds that is generally recognized as "investment grade" quality.

C. The portfolio is to be structured to provide adequate liquidity for grant payouts and administrative expense estimates covering a two-year period. Income earned will be the first source of liquidity, however.

D. When available and comparably priced, fixed income securities will be chosen which are consistent with the Fund's values and mission.

E. In order to provide for adequate liquidity, the average maturity of the fixed portfolio should not exceed six years. These securities may include, but not be limited to, the following:

1. U.S. Government Agency bonds
2. US Corporate Bonds
3. Other dollar denominated securities
4. Foreign bonds
5. The fixed income portion of the portfolio will also be managed and measured on a total return basis. The indices used for measurement will include those appropriate, widely recognized indices and benchmarks given the investment style of the manager. The fixed income managers will be measured on their ability to add value over a passive index over a period of three to five years.

VIII. Specific Fixed Income Manager Guidelines

A. Investment Objectives

1. To seek attractive returns while continuing to maintain reasonable risk levels.

2. To maintain a relatively diversified fixed income portfolio that achieves extra returns through the bond selection process.

B. Performance Goals

1. Over a market cycle (three to five years), the fixed income portfolio is expected to outperform the appropriate bond index.

2. Over a market cycle (three to five years), the portfolio's returns should rank in the top half of the manager's specific peer group.

C. Eligible Securities

The portfolio should be comprised of:

1. High quality bonds with a minimum quality rating of BAA/BBB or the equivalent. Money market instruments are subject to comparable quality guidelines.

2. Marketable securities.

D. General Restrictions

1. The diversification of the fixed income securities held in the portfolio among sectors and issuers is the responsibility of the investment manager. The investment manager is expected to diversify the portfolio sufficiently to minimize the risk of a large loss from a single security. With the exception of the U.S. Government and its agencies, no single company's securities shall represent more than 5% at cost and 7% at market of the value of the portfolio.

2. Regarding Collateralized Mortgage Obligations, only issues rated AA or better at the time of purchase are permitted. No commitment at the time of purchase shall represent more than 5% of the bond portfolio at market value. Principal leverage in CMO's or other structured bonds in the portfolio is prohibited.

3. Each manager is expected to be 95% to 100% invested in bonds and other fixed income securities, other than money market and bank STIF funds most of the time; however, if the investment manager believes that market conditions warrant it, he may reduce his bond holdings without prior consent of the Finance Committee.

4. The average maturity of the bond portfolio should not exceed six years.

5. Liquidity is to be maintained sufficient to cover estimated grant payouts and administrative **expenses covering a two-year period.**

IX. Community Related Investment

A portion of Needmor's endowment may be committed to support community development projects with a potential for high positive social impact. These investments will use the values and strategies of community economic development and include community empowerment and the local control of resources as critical components. These investments may take the form of debt financing, certificates of deposit, or equity investments.

A. Use of Intermediaries

The Needmor Fund may rely on the expertise of competent intermediary financial institutions rather than evaluate or make direct loans or equity investments in individual projects or enterprises. These intermediaries may include: community development banks, community development loan funds, credit unions, other foundations engaged in program-related investing, or other comparable intermediaries whose goals are congruent with Needmor's, and meet the standards and criteria set forth in this investment policy.

B. Asset Allocation and Restrictions

The Board of the Needmor Fund will determine the percentage of assets available for investment in this category, considering that they earn below market rates and may be have higher risk characteristics than other portions of the portfolio, while they also serve to advance the mission of the foundation.

C. General Characteristics

These investments may earn low to no income. There should be some form of loan guarantee or federal insurance or collateral covering the value of the investment. Average maturity of this category of investment should be five years.

X. Review

A. On a regular basis, the Committee will review each manager's performance and adherence to these guidelines. The review will include:

1. Market and Total Fund returns;

2. Total portfolio volatility;

3. Individual manager returns vs. indices, benchmarks and universes;

4. Adherence to mission related guidelines and objectives;

5. Shareholder activity including proxy votes;

6. Asset Allocation and Spending Policy;

7. The continuing appropriateness of this document.

The Finance Committee will report to the Board on investment matters at least annually and will assume responsibility for educating the Board on matters of fiduciary responsibility and social investments.

This statement of Objectives, Strategies and Policies for the Needmor Fund was reviewed and approved by its board of trustees on June 10, 1995.
Revisions:
- 11/9/92 - Reviewed and approved by Board of Trustees (BOT).
- 9/12/93 - Reviewed by Finance Committee to recommend changes in South African Screens;
- 11/20/93 - BOT approved reduction in South African Screens.
- 6/10/95 - BOT approved reducing permissible cash holdings by equity managers from 20% and 30% to 5%.
- 5/28/98 - BOT approved various MRI guideline amendments.

XI. Mission Related and Social Goals and Restrictions

In keeping with its mission of seeking to empower traditionally disadvantaged populations, the Needmor Fund believes it has a responsibility to use its resources to promote health and human dignity and to give special attention to the needs of the poor. Therefore, the Needmor Fund will include in its investment decisions a consideration of the social impact of corporate behavior. In deciding where to invest its resources, the Needmor Fund will seek to promote social justice and world peace. We encourage transparency and accountability of corporations and encourage disclosure to affected stakeholders. We support corporate cooperation with efforts to require higher standards of public disclosure and to cooperate with independent monitoring and social auditing.

A. Human Rights

1. The Needmor Fund wishes to avoid companies implementing regressive practices, or which support the maintenance of particularly oppressive governments like Burma, Indonesia, Nigeria and China. In general, fund managers will avoid investments in emerging markets. Exceptions may be discussed and approved by the Finance Committee.

B. Weapons Production

1. To express its opposition to the arms race and its belief that a substantial amount of public funds should be shifted from military expenditures to social services, the Needmor Fund will not invest in companies which are major defense contractors or have any involvement in the production of nuclear weapons systems or agents of chemical or biological warfare. Major defense contractors are defined as those that have defense contracts making up at least 5% of their total sales or are among the U.S. government's top 100 defense contractors. Non-weapons support contracts (such as food and clothing sales to the Department of Defense) will not be counted as defense contracts.

C. Energy

1. The Needmor Fund believes that energy should be produced in a safe, clean and efficient manner and that energy conservation should be encouraged. In a growing world with shrinking natural resources, well-conceived energy policies and practices are increasingly important for the economic health and safety of local communities. Until nuclear energy can be produced safely and cost effectively with adequate provisions for long-term waste disposal and plant decommissioning, the Fund regards nuclear power generation as a substantial social and financial risk. Therefore, The Fund will avoid investment in all firms involved in the production and sale of nuclear energy. (This does not include firms whose products, while utilized in nuclear power plants, are not designed specifically for nuclear power reactors.) The Fund is interested in supporting alternative energy development, the potentially safe use of nuclear energy, and energy conservation.

D. Product Quality

1. The products and marketing practices of U.S. corporations exert an immense influence on the quality of our lives. In support of its goal of building healthier communities, the Needmor Fund will not invest in companies that derive more than 5% of their sales from the tobacco, gambling, or pornography industries. The Fund will also avoid investment in those companies that have knowingly sold harmful products, fixed prices, billed fraudulently or engaged in other questionable business practices. The Fund prefers to invest in companies whose products are reasonably priced, of high quality, and are socially useful. We are particularly concerned about predatory pricing in the health care industry.

E. Environment

1. The Needmor Fund wishes to support efforts to produce a cleaner environment. Given that corporations play a substantial role in environmental issues, the Fund wishes to encourage improvements in this area by investing in those firms whose environmental records are average or better for their industry, and avoid investment in those firms that have below-average environmental records. We like to invest in companies with Board and management commitment to environmental issues, including an environmental policy statement, incentive packages that reflect positive and negative environmental performance, and demonstrated support for strong public environmental policies.

F. Employee Relations

1. The Needmor Fund believes that a key factor in the long-term health of a community is the presence of fair employment and promotion opportunities. As a result, it wishes to invest in those firms with strong employee relations practices and to avoid those with below-average practices. The Fund believes in workers' rights to organize labor unions, therefore the Fund will not invest in companies that are on the AFL-CIO boycott list. We encourage investments in companies that practice neutrality in elections where its employees are voting on union representation. A diverse array of concerns enter into the make-up of a company's overall relationship with its workforce. We encourage companies that we invest in to pay fair wages (as measured by the communities in which they operate), support human and worker rights, and protect the environment wherever they operate. We seek companies with a record of maintaining a healthy and safe workplace, a record of regulatory compliance and an on-going audit process that goes beyond regulatory requirements. We expect corporations to have and enforce codes of conduct for suppliers and to work to eliminate sweatshop or equivalent conditions, child labor and other exploitative practices. The Fund believes that characteristics of positive relations include a proportional representation of women and minorities in positions of influence, innovative benefits such as childcare; meaningful profit sharing; and competitive compensation. The Fund is also concerned about excessive executive compensation and endorses proposals to link executive compensation to financial,

social, and environmental performance. There should be nondiscrimination in employment and advancement on the basis of race, ethnicity, gender, sexual orientation and disability.

G. Community Relations

1. Needmor believes in organizations being accountable to those affected by their actions. Therefore we prefer to invest in companies that are accountable to all stakeholders, including employees, consumers and the communities in which they are located. This is exhibited by responsiveness to the various stakeholders and a willingness to report on practices. Needmor is concerned about predatory lending practices in poor communities.

XII. Mission Related Practice

A. Voting Proxies

1. The Needmor Fund requires that its investment managers vote on shareholder resolutions from a mission related perspective. The guidelines for voting proxies and filing resolutions will be determined by the Finance Committee and communicated to the Fund's managers. Needmor directs that proxies be voted in accordance with the values described herein, and that when program interests are directly involved, proxies be voted consistent with those interests. In general, Needmor expects that our proxies will be voted:

   (a) to ratify Auditors.
   (b) to ratify Directors if there is diversity on the Board, and adequate independent board membership.
   (c) to vote against golden parachutes for executives.
   (d) to vote for proposals requiring a majority of independent directors.
   (e) to vote for proposals requiring nominating and/or compensations committees to be composed exclusively of independent directors.
   (f) to vote against incentive payments not related to financial performance.
   (g) to vote for incentive payments which are tied to social and environmental performance.
   (h) to vote for proposals recognizing the standing of stakeholders other than shareholders in governance and control.

B. Other Shareholder Activity

1. The Finance Committee may choose to file or co-sponsor resolutions that are central to the Fund's mission, independently or collaboratively with other shareholders or with organizations the Fund supports. The Finance Committee will report on shareholder activity annually to the Board.

   (a) **Working with Grantees:** Where grantees have organized activities relating to the policies and practices of our portfolio companies, Needmor, in consultation with the grantee, will add its voice to the concerns expressed by them. If the grantee believes that a shareholder resolution would be a useful tool in their strategy to change corporate behavior, Needmor will consider filing the necessary resolution, and will, in consultation with the grantee, seek to enlist the support of money managers and other institutional investors. One of the Fund's goals in these activities is to make corporations accountable to the communities in which they operate. Details of the problems being addressed must be the subject of discussions between the companies and the communities, and not between Needmor and the companies. If the grantee's campaigns involve companies not in the Fund's portfolio, Needmor will consider purchasing the minimum amount of stock necessary to make our participation possible. It is also possible for the Fund to make a grant to the grantee for the purpose of purchasing shares, so that they become shareholders.

(b) Needmor may, on occasion, choose to invest in companies whose actions are contrary to the interests of the Fund's grantees, or who otherwise violate our policies. This would occur in situations in which the Fund determined that ownership of those shares could afford the Fund the opportunity to influence the behavior of these companies. In those cases, ownership positions will be maintained at minimum levels necessary to support those shareholder activities.

ADDENDUM

Northern Trust
(Fixed Income Manager)

Guidelines and Objectives

Guidelines

- **Duration**: The portfolio's effective duration will be maintained within a range of 70% to 130% of the duration of its benchmark.

- **Quality:** Weighted average rating of the portfolio must be A or better. Below investment grade securities are prohibited.

- **Diversification**: The portfolio will not hold more than 5% at cost or 7% at market of its assets in the securities of any single issuer. Securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities are not subject to this restriction.

- **Approved Securities**: Fixed and variable rate securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities or government-sponsored corporations; mortgage-backed securities issued by U.S. government agency and private entities; other asset-backed securities; corporate and Yankee debt securities, and foreign securities.

  Money market instruments, or equivalents, including securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities, commercial paper, banker's acceptances, time deposits, certificates of deposit, and tax-exempt municipal securities.

- No more than 20% of their Portfolio may be held in cash equivalents at any given time.

- The combined fixed-income holdings of companies in any one-industry classification shall not exceed 35% of the Portfolio's total market value (industry classifications shall be those as defined by Standard & Poor's).

- All assets held in the Portfolio must have a readily ascertainable market value and must be readily marketable.

- Ratings are to be established for all securities held in the Portfolio by either Moody's or Standard & Poor's.

- No security with a long-term debt rating below Baa by either Moody's or BBB- by Standard & Poor's or a short-term debt rating below Prime-2 by Moody's or A-2 by Standard & Poor's may be held in the Portfolio.

- The Portfolio may use options and futures as duration management tools, but they may not be used for speculative purposes. To ensure that futures and options are not to be used as alternative investment vehicles, the weighted average duration of the Portfolio may not differ by more than 0.25 years from what the weighted average duration of the Portfolio would be without the use of futures and options.

- The use of financial leverage, defined as any attempt to increase the return or value of the Portfolio without increasing investment (i.e. borrowing), in the Portfolio is prohibited.

Objectives

- The objective of the Fixed Income Portfolio is to outperform (after fees and taxes) the Lehman Brothers Intermediate Government/Credit Bond Index.

Walden Asset Management
(Large Cap Value Manager)

Guidelines and Objectives

Guidelines

- All of the guidelines specified within the body of the Investment Policy apply to this manager.

Objectives

- Benchmark: S&P Barra Value Index
- Peer Group: Large Cap Value Managers

U.S. Trust Company
(Large Cap Core Manager)

Guidelines and Objectives

Guidelines

- All of the guidelines specified within the body of the Investment Policy apply to this manager.

Objectives

- Benchmark: S&P 500 Index
- Peer Group: Large Cap Core Managers

Domini Index Fund
(Large Cap Growth Manager)

Guidelines and Objectives

Guidelines

- All of the guidelines specified within the body of the Investment Policy apply to this manager.

Objectives

- Benchmark: S&P 500
- Peer Group: Large Cap Core Managers

Boston Common Asset Management
(Small Cap Value Manager)

Guidelines and Objectives

Guidelines

- All of the guidelines specified within the body of the Investment Policy apply to this manager.

Objectives

- Benchmark: Russell 2000 Value Index

- Peer Group: Small Cap Value Managers

Winslow Capital Management
(Small Cap Growth Manager)

Guidelines and Objectives

Guidelines

- All of the guidelines specified within the body of the Investment Policy apply to this manager.

Objectives

- Benchmark: Russell 2000 Growth Index
- Peer Group: Small Cap Growth Managers

Bartlett & Company
(International Value Equity Manager)

Guidelines and Objectives

Guidelines

- All of the guidelines specified within the body of the Investment Policy apply to this manager.

Objectives

- Benchmark: EAFE Index
- Peer Group: International Equity Managers – Developed Markets

Access Capital Strategies
(Fixed Income Manager)

Guidelines and Objectives

Guidelines

- This manager will provide private placement mortgage securities to support various community development activities throughout the United States in a closed-end investment management company.

- Duration: The portfolio's effective duration will be maintained within a range of 70% to 130% of the duration of its benchmark.

- Quality: Invests only in AAA/Agency credit quality securities targeted to support community development activities.

- Approved Securities: Mortgages will include single family and multi family affordable housing, small business lending and job creations.

  Money market instruments, or equivalents, including securities issued or guaranteed by the U.S. Government, its agencies or instrumentalities, commercial paper, banker's acceptances, time deposits, certificates of deposit, and tax-exempt municipal securities.

- No more than 20% of their Portfolio may be held in cash equivalents at any given time.

- All assets held in the portfolio must have a readily ascertainable market value and must be readily marketable.

- Ratings are to be established for all securities held in the portfolio by either Moody's or Standard & Poor's.

- The portfolio may use options and futures as duration management tools, but they may not be used for speculative purposes. To ensure that futures and options are not to be used as alternative investment vehicles, the weighted average duration of the portfolio may not differ by more than 0.25 years from what the weighted average duration of the portfolio would be without the use of futures and options.