

Investment Policy Statement

For

The

Dutchess Community College

Foundation

Approved by Board of Directors on June 1, 2012
Approved changes to asset allocation guidelines by Board of Directors on December 6, 2013

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EXECUTIVE SUMMARY

Type of Plan	Not – For Profit Organization
Current Assets:	\$6,784,892 (4/25/2012)
Expected Return:	5.0%
Risk Tolerance:	Low

Asset Allocation:

Equities	65% +/- 10%
Fixed Income	35% +/- 10%
Real Estate	up to 10%

Investment Benchmark:

Equities	Wilshire 5000 Stock Index S & P 500 Russell 1000
Fixed Income	Lehman Aggregate Bond Index
Real Estate	None at this time

**Statement of Investment Policy, Objectives, and Guidelines
For The DCC Foundation**

SCOPE OF THIS INVESTMENT POLICY

This statement of investment policy reflects the investment policy, objectives, and constraints of the entire Account.

PURPOSE OF THIS INVESTMENT POLICY STATEMENT

The purpose of this document is to set forth the objectives, policies, and guidelines that are to govern the investment of the assets of this portfolio. They are not to be constructed as absolutes, but rather as benchmarks for guidance to be interpreted in a thoughtful process by the Finance Committee. The Investment Policy should be reviewed annually to assure it serves the changing needs of the School. The Investment Policy will help us:

1. Define and assign the responsibilities of all involved parties.
2. Establish a clear understanding for all involved parties of the investment goals and objectives of Fund assets.
3. Establish a basis for evaluating investment results.
4. Seek guidance from the professional trust managers that deal with our assets.

DELEGATION OF AUTHORITY

The Finance Committee is a fiduciary, and is responsible for directing and monitoring the investment management of Fund assets. As such, the Finance Committee is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to:

1. Investment Manager. The investment manager has discretion to purchase, sell, or hold the specific securities that will be used to meet the Fund's investment objectives.
2. Trust Officer. This individual manages accounts for the Foundation as a custodian. This is an individual employed by a bank or a trust company who handles account administration when their employer is appointed as executor, or trustee.
3. Custodian. The custodian will physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Fund, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Fund accounts.
4. Co-Trustee. The Finance Committee may appoint an outside individual or entity, such as a bank trust department, to be co-trustee. The Co-trustee will assume fiduciary responsibility for the administration of Fund assets.

5. Additional specialists such as attorneys, auditors, actuaries, investment consultants, retirement plan consultants, and others may be employed by the Finance Committee to assist in meeting its responsibilities and obligations to administer Fund assets prudently.

The Finance Committee will not reserve any control over investment decisions, with the exception of specific limitations described in these statements. Managers will be held responsible and accountable to achieve the objectives herein stated. While it is not believed that the limitations will hamper investment managers, each manager should request modifications which he/she deems appropriate.

If such experts employed are also deemed to be fiduciaries, they must acknowledge such in writing. All expenses for such experts must be customary and reasonable, and will be borne by the Fund as deemed appropriate and necessary. This information will be disclosed at Finance Committee meetings.

DEFINITIONS

1. "Fund" shall mean The DCC Foundation, Inc., accounts.
2. "Finance Committee" shall refer to the governing board established to administer the Fund as specified by applicable ordinance.
3. "Fiduciary" shall mean any individual or group of individuals that exercise discretionary authority or control over fund management or any authority or control over management, disposition or administration of the Fund assets.
4. "Investment Manager" shall mean any individual or group of individuals employed to manage the investments of all or part of the Fund assets.
5. "Trust Officer" shall mean any individual or organization employed to provide custodial or advisory services, including advice on investment objectives and/or asset allocation, manager search, and performance monitoring.
6. "Securities" shall refer to the marketable investment securities which are defined as acceptable in this statement.

ASSIGNMENT OF RESPONSIBILITY

RESPONSIBILITY OF THE INVESTMENT MANAGER(S)

Each Investment Manager must acknowledge in writing its acceptance of responsibility as a fiduciary. Each Investment Manager will have full discretion to make all investment decisions for the assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement. Specific responsibilities of the Investment Manager(s) include:

1. Discretionary investment management including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines established in this statement.
2. Reporting, on a timely basis, quarterly investment performance results.

3. Communicating any major changes to economic outlook, investment strategy, or any other factors which affect implementation of the investment process or the investment objectives of the Fund's investment management.
4. Informing the Finance Committee regarding any qualitative change to the investment management organization: Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.
5. Voting proxies, if requested by the Finance Committee, on behalf of the Fund and communicating such voting records to the Finance Committee on a timely basis.

GENERAL INVESTMENT PRINCIPLES

1. Investments shall be made solely in the interest of the DCC Foundation as it pertains to the priorities as stated in our mission.
2. The Fund shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the investment of a fund of like character and with like aims.
3. Investment of the Fund shall be so diversified as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.
4. The Finance Committee may employ one or more investment managers of varying styles and philosophies to attain the Fund's objectives.
5. Cash should be employed productively at all times by investment in short term cash equivalents to provide safety, liquidity, and return.

INVESTMENT MANAGEMENT POLICY

1. Preservation of Capital - Consistent with their respective investment styles and philosophies, investment managers should, based on the Foundation's investment objectives, make reasonable efforts to preserve capital, understanding that losses may occur in individual securities.
2. Risk Aversion - Understanding that risk is present in all types of securities and investment styles, the Finance Committee recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Fund's objectives. However, in conjunction with the Finance Committee, the investment managers are to make reasonable efforts to control risk and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.
3. Adherence to Investment Discipline - Investment managers are expected to adhere to the investment management styles for which they were hired. Managers will be evaluated regularly for adherence to investment discipline.

GOAL OF FOUNDATION

The Foundation Board consistently works to build and sustain its Endowment to ensure an existence in perpetuity that will provide for grant making as long as the College continues to exist. To attain this goal, the overriding objective of this organization is to raise money and increase endowments while prudently managing its funds.

ATTITUDE TOWARD GIFTS

Future contributions to our endowments are not known, and therefore, can be seen as unpredictable. As a result, the Finance Committee has set an investment strategy with the objective of maintaining and growing the corpus of each established endowment. Accordingly, future giving will serve to increase our investments by increasing the amount and number of scholarship awards or endowment payouts.

SPENDING POLICY

The Dutchess Community College Foundation primarily has endowments that will allow for grants in perpetuity. Currently, there are restricted funds that give awards annually, but once the group or person stops sending donations, those awards will end. The Foundation's spending policy calls for a 5% payout. Since investment returns are not predictable, the Board of Directors feels that scholarships are our priority, and our spending must reflect that. To endure periods of underperformance without any deterioration of principal, the Foundation will continue to raise unrestricted money to pay the awards for the scholarships and the endowed chairs.

The DCC Foundation will award scholarships annually from investment income at a fixed 5% of the endowed scholarship balance as of the end of the previous fiscal year. Discretion by the Finance Committee may be exercised to allocate funds below or in excess of the 5% rate should long-term economic conditions warrant and assuming prior and timely approvals have been documented at both the Finance Committee and the full Foundation Board.

INVESTMENT OBJECTIVES

In order to meet its needs, the investment strategy of the DCC Foundation is to emphasize total return: that is, the aggregate return from capital appreciation and dividend and interest income.

Specifically, the primary objective in the investment management for Fund assets shall be:

Long-Term Growth of Capital -To emphasize long-term growth of principal while having enough income to pay the awards. Volatility is an everyday occurrence in the markets and our current 60/40 Investment Policy was created to help the funds withstand both short and long-term fluctuations in the market.

SPECIFIC INVESTMENT GOALS

It is the goal of the aggregate Fund assets to meet or exceed:

An absolute rate of return of 5.0%.

The investment goals above are meant to be imposed on each investment account (if more than one account is used). The goal of each investment manager, over time, shall be to:

1. Meet or exceed the market index, or blended market index, selected and agreed upon by the Finance Committee.
2. Display an overall level of risk in the portfolio which is consistent with the risk associated with the benchmark specified above. Risk will be measured by the standard deviation of quarterly returns.

Specific investment goals and constraints for each investment manager or trust officer, **if any**, shall be incorporated as part of this statement of investment policy.

DEFINITION OF RISK

The Finance Committee realizes that there are many ways to define risk. It believes that any person or organization involved in the process of managing the Account assets understands how it defines risk so that the assets are managed in a manner consistent with the Fund's objectives and investment strategy as designed in this statement of investment policy.

LIQUIDITY

To maintain the ability to deal with unplanned cash requirements that might arise, the Finance Committee requires that a minimum of \$75,000 shall be maintained in cash or cash equivalents, including money market funds or short-term U.S. Treasury bills or 1% of the value of the current assets as determined by the most recent quarterly report, whichever is greater.

INVESTMENT GUIDELINES

ALLOWABLE ASSETS

1. Cash Equivalents
 - Treasury Bills
 - Money Market Funds
 - STIF Funds
 - Commercial Paper
 - Repurchase Agreements
 - Certificates of Deposit
2. Fixed Income Securities
 - U.S. Government and Agency Securities
 - Corporate Notes and Bonds
 - Fixed Income Exchange Traded Funds (ETF's)
 - Preferred Stock
 - Fixed Income Securities of Foreign Governments and Corporations
3. Equity Securities
 - Common Stocks

- Convertible Notes and Bonds
 - Real Estate Trusts
 - Convertible Preferred Stocks
 - American Depository Receipts (ADRs) of Non-U.S. Companies
 - Equity Exchange Traded Funds (ETF's)
4. Mutual Funds
- Mutual Funds which invest in securities as allowed in this statement.

DERIVATIVE INVESTMENTS

Derivative securities are defined as synthetic securities whose price and cash flow characteristics are based on the cash flows and price movements of other underlying securities. Most derivative securities are derived from equity or fixed income securities and are packaged in the form of options, futures, CMOs (PAC bonds, IOs, POs, residual bonds, etc.), and interest rate swaps, among others. The Finance Committee has not even looked into this type of investment. Due to this, the Finance Committee will take a conservative posture on derivative securities. Since it is anticipated that new derivative products will be created each year, it is not the intention of this document to list specific derivatives that are prohibited from investment, rather it can form a general policy on derivatives when the time comes.

PROHIBITED ASSETS

Prohibited investments include, but are not limited to the following:

1. Commodities and Futures Contracts
2. Private Placements
3. Options
4. Limited Partnerships
5. Venture-Capital Investments
6. Interest-Only (IO), Principal-Only (PO), and Residual Tranche CMOs

EXCLUDED TRANSACTIONS

These transactions include, but are not limited to the following:

1. Short Selling
2. Margin Transactions

ASSET ALLOCATION GUIDELINES

Evaluation Benchmark: Total return may exceed the performance of a policy index based upon the strategic asset allocation of the Fund to various broad asset classes. Specifically, the policy index will be a weighted index comprised of:

Equities	65% +/- 10%
Fixed Income	35% +/- 10%

Real Estate

up to 10% of equities fund

DIVERSIFICATION FOR INVESTMENT MANAGERS

The Foundation's assets are split based on a 60/40 ratio between multistrategy equity and bond funds respectively. Within each of these funds there is further diversification between fixed income, domestic equity, marketable alternatives, emerging markets and international equity. The Foundation's Investment Manager will continue to invest funds along these lines unless otherwise directed by the Finance Committee.

SELECTION OF INVESTMENT MANAGERS

The Finance Committee's selection of an Investment Firm must be based on prudent due diligence procedures.

PERFORMANCE REVIEW AND EVALUATION

Performance reports on our investments are compiled by the Chair of the Finance Committee and shall be reviewed not less than annually by the Finance Committee. Fund updates from the Bank of Millbrook are also reviewed on a quarterly basis. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Finance Committee intends to evaluate the portfolio(s) over a three - five and ten year period. If for any reason there is a need to terminate our relationship with our investment firm or any bank that we deal with, we will make a request for proposals. Reasons for reviewing our relationship follow:

1. Investment performance which is significantly less than anticipated, given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Failure to adhere to any aspect of this statement of investment policy, including communication and reporting requirements.
3. Significant qualitative changes to the investment management organization.

INVESTMENT BENCHMARKS

Equities

Wilshire 5000 Stock Index
S & P 500
Russell 1000

Fixed Income

Lehman Aggregate Bond Index

Real Estate

None at this time

The Finance Committee employs a firm to manage the majority of our accounts. The Funds will be managed in accordance with the above stated evaluation benchmarks.

In the event that the above aggregate asset allocation guidelines are violated for reasons including but not limited to market price fluctuations, the Foundation Committee will instruct the Investment Firm to bring the portfolio(s) into compliance with these guidelines as promptly and prudently as possible.

GUIDELINES FOR FIXED INCOME INVESTMENTS AND CASH EQUIVALENTS

1. Fund assets may be invested only in investment grade bonds rated BBB (or equivalent) or better.
2. Fund assets may be invested only in commercial paper rated A1 (or equivalent) or better.
3. Money Market Funds selected for investment should be rated investment grade by Standard and Poors, and/or Moody's.

INVESTMENT POLICY REVIEW

To assure continued relevance of the guidelines, objectives, financial status and capital markets expectations as established in this statement of investment policy, the Finance Committee plans to review the investment policy at least annually.