

Ventura County Community Foundation Investment Policies

I. Governance

Whenever possible, all Ventura County Community Foundation (“VCCF”) Funds available for investment, including endowments, will be placed in a common pool (“the Account”). The Account will be invested under the following Policies and will be subject to further conditions and restrictions as may be imposed by the Board of Directors (“the Board”). These Policies contemplate that the Board will not take action without prior review and recommendation of the Investment Committee of VCCF (“the Committee”), although the Board has full authority to act without such review and recommendation. It is the intent of this plan to be both sufficiently specific to be meaningful and flexible enough to be practical.

To assure professional competence in the investment of the Account and to provide constant supervision and prompt action as appropriate, professional Investment Managers (“Managers”) will be hired. The Committee will recommend the appointment of each Manager to the Board, and, if engaged, will be charged with the responsibility of investing the portion of the Account allocated to it in conformance with these Policies as described in Investment Manager Guidelines as shown on Exhibit 1.

To assure professional oversight in the management of the Account, an Investment Consultant (“the Consultant”) will be hired. The Committee will recommend the appointment of the Consultant to the Board, and, if engaged, will confer with and advise the Committee regarding its responsibilities for the Account.

The Board will retain an Investment Custodian (“the Custodian”) to provide accounting, reporting, securities processing and trade settlement of such assets which can be held in custody. The Committee will recommend the appointment of the Custodian to the Board, and, if engaged, it is the responsibility of VCCF’s Financial Officer to supervise the activities of the Custodian.

Meeting Schedule: The meeting calendar will be determined by the President and Chairman of the Committee, and will be done according to the Committee’s “Strategic Plan” shown on Exhibit 2. Meetings with the Consultant and the Managers shall be scheduled at the discretion of the Committee. A comprehensive list of the separate responsibilities for VCCF’s Board, President, the Committee (and its Chairman), the Consultant, and the Managers is shown on Exhibit 3.

II. Spending Policy

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) allows VCCF to appropriate for expenditure, or accumulate, so much of an endowment fund as the Board determines is prudent for the purposes for which the fund was established.

VCCF considers:

- The duration and preservation of the endowment fund,
- The purposes of VCCF and the fund,
- General economic conditions,
- Effects of inflation and deflation,
- Expected total return from income and appreciation,
- The VCCF's other resources, and
- The VCCF's investment policy.

UPMIFA includes the optional provision stating that an appropriation of greater than 7% (not including banking or investment fees) of the average FMV of an endowment (averaged over the last three years) is be presumptively imprudent. Funds with a specific donor prohibition against the invasion of principal will be limited to distributions in excess of historic cost in compliance with the spending policy percentages approved by the board of directors.

The current spending policy, approved by the board of directors, varies based on fund performance and historic cost in compliance with UPMIFA. The distribution percentages are as follows (with the goal of protecting the corpus):

<u>Fund Performance based on historic value</u>	<u>Distribution Percentage</u>
100% or more	5%
90-99%	4%
80-89%	3%
Under 80%	2%

The distribution calculated on the total Fund value as long as such spending policy amount does not cause the fair market value of any fund to fall below the current minimum for a named fund at VCCF. If there is not sufficient value in excess of the current minimum for the current spending policy amount, then only the amount in excess of the current minimum will be available for charitable distributions that year.

Spending is based on a total return strategy which includes both income and appreciation (both realized and unrealized gains). The spending level is determined by the Board and is based upon a percentage of assets applied to a rolling 12-quarter average market value of assets calculated on June 30 of each year.

III. Fee Schedule

In managing a variety of charitable funds for the benefit of Ventura County residents, VCCF has developed a fee schedule to accommodate the required personal service, administration, grantmaking, banking and investment activities of each fund. Fees are determined by the Board on the recommendation of the Investment Committee and the Administration/ Finance Committees.

1. **Endowment Fund** - 1.0% per annum (\$100 per \$10,000 in assets) is assessed as the administrative fee against the total fund balance for all endowed funds except Scholarship Funds. The administrative fee for Scholarship funds is 1.5% per annum due to added IRS requirements. All banking and investment expenses are charged against each fund on a prorata basis.
2. **Donor Advised - Non Permanent/Pass Through Funds** - 2% (2.5% for scholarship funds) per annum administrative fee is assessed against each deposit. The administrative fee shall be assessed at the time the deposit is made and check written. If the fund stays open for more than one calendar year, any carry forward, unspent balance will pay an additional administrative fee of 2%(2.5% for scholarship funds) fee annually. A minimum administrative fee of \$100 per year shall be charged for any fund which does not generate that amount under the fee schedule. All bank fees are charged to each fund on a prorata basis.

IV. Investment Plan

The Investment Plan ("Plan") of VCCF's Account shall be to divide the Account into two portfolios that have different investment goals and objectives and that together contain all of the investments of the Account.

- A. The Long-Term Portfolio
The portion of the Account for which the investment horizon is **greater than three years**. Its purpose is to meet the longer-term Goal of VCCF.
- B. The Short-Term Portfolio
The portion of the Account designated for spending within a period of **less than three years**. Its purpose is to meet VCCF's liquidity needs.

V. Investment Goal

Long-Term Portfolio

The Investment Goal (“Goal”) for the Long-Term Portfolio is to grow the Account in real, inflation-adjusted terms after required spending and expenses through a diversified portfolio.

The overall rate of return objective for the Account will be a reasonable inflation-adjusted rate consistent with the risk levels established by the Committee/Board and consistent with the objective of achieving real growth and performance relative to peer group.

Short-Term Portfolio

The Investment Goal of the Short-Term Portfolio is to provide current yield consistent with preservation of principal.

VI. Investment Objectives

Long-Term Portfolio

Policy Index

The Policy Index is 50% Russell 3000 Index, 15% MSCI Europe, Australia and Far East (“EAFE”) Index, and 35% Barclays Capital Aggregate Bond Index.

Return

The minimum average annual return objective for the Account, measured over rolling three and five year periods, shall be the Policy Index net of fees. Additionally, the Account’s investment return should exceed the Consumer Price Index and the approved Spending Policy net of fees over rolling three and five-year periods, to meet VCCF’s spending needs.

Equity: The investment objective for the equity segment is to outperform, net of fees, the Russell 3000 Index over rolling three and five year periods.

Alternatives: Given the variety of alternatives, the long term objective is to provide diversification and complementary real returns.

Fixed Income: The investment objective for the fixed income segment is to outperform, net of fees, the Barclays Capital Aggregate Bond Index over rolling three and five year periods.

Risk

The long-term portfolio should experience risk (volatility and variability of return) no greater than 125% of the “market” with the market defined as the Policy Index. Risk will be measured over rolling three and five year periods.

Short-Term Portfolio

Return

The investment return objective for the short-term portfolio shall be to outperform, net of fees, the Merrill Lynch 1-3 Year Treasury Index. The investment return objective will be measured quarterly and reviewed annually.

Risk

The short-term portfolio should experience risk (volatility and variability of returns) similar to that of the Merrill Lynch 1-3 Year Treasury Index. This shall be measured over three-to-five year periods.

VII. Asset Allocation

Diversification provides protection against a single security, class of securities, or investment style having a disproportionate impact on aggregate performance. Safety of principal will be achieved through diversification in a portfolio of stocks, bonds, cash equivalents, and other investments which will reflect varying levels of risk and rates of return. The Account will also be diversified within asset classes (e.g. by economic sector, industry, credit rating, market capitalization, currency, country, etc.). Moreover, the Account will be allocated to Managers who have distinct and different investment styles. Managers shall be selected based upon the stability of their organization, the experience of their professional staff, the credibility of their management process, the adherence to their investment discipline and the strength of their results relative to the market and their peers.

The Board acknowledges that the allocation of funds between asset classes may be the single most important determinant of investment performance over the long run. The Account will be divided into four asset classes: Cash Equivalents, Fixed Income, Equities, and Alternative Investments. Each asset class in the Account should represent its "Target %" of the total assets at market value.

The long term target asset allocation for the Account is recommended by the Committee and approved by the Board to facilitate the achievement of the Account's investment objective within the established risk parameters. Phase 1 targets are expected to be achieved by 12/31/06, Phase 2 by 12/31/08 and Phase 3 by 12/31/10, although these targets may be accelerated with the addition of new funds.

Long - Term Portfolio	Phase 1	Phase 2	Phase 3	LT Targets
Cash	0	0	0	0
Fixed Income	27.5	25	20	15
Equities	62.5	60	55	55
Large-Cap Value	12.5	12.5	10	10
Large-Cap Growth	12.5	12.5	10	10
Small/Mid-Cap Value	10	7.5	7.5	7.5
Small/Mid Cap Growth	10	7.5	7.5	7.5
Non U.S. Equities	17.5	20	20	20
Alternative Investments	10	15	25	30
Hedged Equity	2.5	5	10	15
Multi-Strategy Hedge	2.5	5	5	5
Private Equity/Debt	2.5	5	10	10
Absolute Return	2.5	0	0	0

Short - Term Portfolio	Maximum %	Minimum %	Target %
Cash	100	0	10
Fixed Income	90	10	90
Equities	0	0	0
Alternative Investments	0	0	0

The actual asset allocation will be reviewed regularly by the Committee in conjunction with the Consultant. The Committee may, from time to time, make adjustments in order to maintain target ranges and to implement changes to policy. A brief description of the purpose of each asset follows:

Equities

The purpose of the equity segment is to provide principal appreciation that exceeds inflation. It is recognized that equity investments carry greater market price variability and risk than other asset classes which can result in returns below the long-term objective for any short-term period used to measure performance.

LARGE CAP EQUITIES

Large Cap is defined in accordance with the Russell 1000 Index which measures the 1,000 largest companies in the Russell 3000 Index. The Russell 1000 Index represents approximately 92% of the total market capitalization of the Russell 3000 Index (or “the market”).

Large Value

Large Value is defined in accordance with the Russell 1000 Value Index, which is made up of the companies in the Russell 1000 that have lower price to book ratios and lower forecasted growth rates.

Large Growth

Large Growth is defined in accordance with the Russell 1000 Growth Index, which is made up of the companies in the Russell 1000 that have higher price to book ratios and higher forecasted growth rates.

MID CAP EQUITIES

Mid Cap is defined in accordance with the Russell Midcap Index which measures the 800 smallest companies in the Russell 1000 Index. The Russell Midcap Index represents approximately 27% of the total market capitalization of the Russell 1000 Index.

Mid Cap Value

Mid Cap Value is defined in accordance with the Russell Midcap Value Index, which is made up of the companies in the Russell Midcap Index that have lower price to book ratios and lower forecasted growth rates.

Mid Cap Growth

Mid Cap Growth is defined in accordance with the Russell Midcap Growth Index, which is made up of the companies in the Russell Midcap Index that have higher price to book ratios and higher forecasted growth rates.

SMALL CAP EQUITIES

Small Cap is defined in accordance with the Russell 2000 Index which measures the 2,000 smallest companies in the Russell 3000 Index. The Russell 2000 represents approximately 10% of the total market capitalization of the Russell 3000 Index.

Small Cap Value

Small Cap Value is defined in accordance with the Russell 2000 Cap Value Index, which is made up of the companies in the Russell 2000 Index that have lower price to book ratios and lower forecasted growth rates.

Small Cap Growth

Small Cap Growth is defined in accordance with the Russell 2000 Growth Index, which is made up of the companies in the Russell 2000 Index that have higher price to book ratios and higher forecasted growth rates.

NON – U.S. EQUITIES

International Equities are represented in the asset allocation model by the Morgan Stanley Capital International (MSCI) Europe, Australia, Far East (EAFE) Index: The MSCI EAFE Index is based on approximately 1,000 securities listed on over 20 of the world's stock exchanges. It aims to account for approximately 60% of the capitalization of each nation's market. Component countries in the index are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Japan, Netherlands, New Zealand, Norway, Singapore/Malaysia, Spain, Sweden, Switzerland, United Kingdom and the United States. The index is computed as an arithmetic average of the individual capitalization-weighted indices of the component countries.

Alternatives Investments

The purpose of the alternative investments segment is to provide a source of return to the portfolio that is an "alternative" to the traditional equity and fixed income investments to either (a) reduce the volatility of the overall portfolio, and/or (b) increase the return of the overall portfolio. Alternative investment strategies may include asset classes such as real estate, venture or private capital, high yield debt, distressed debt as well as a wide variety of strategies using marketable securities that seek to generate absolute positive returns regardless of the direction of the capital markets by employing non-traditional strategies such as short-selling and leverage.

HEDGED EQUITY

Hedged Equity is free to operate in a variety of markets and to utilize investments and strategies with variable long/short exposures and degrees of leverage. Some examples of Hedged Equity strategies include long/short, multi-strategy, market neutral and event driven.

MULTI-STRATEGY HEDGE

Multi-strategy managers employ a diversified portfolio with various investment approaches. For example, a multi-strategy manager may have a portfolio with long/short, event driven, convertible arbitrage, merger arbitrage, and fixed income arbitrage positions. The manager can over or under-weight different strategies to best capitalize on current investment opportunities.

PRIVATE CAPITAL

Privately negotiated investments with equity or equity-like features into companies that are generally not traded or otherwise do not provide investment liquidity; Private Equity is medium to long-term financing provided in return for an equity stake in potentially high growth unquoted companies.

ABSOLUTE RETURN

Absolute Return is an investment objective of hedge fund managers seeking positive returns in both up and down markets. This is in contrast with the relative return, which measures a fund manager's performance as compared to a market benchmark.

Fixed Income

The purpose of the fixed income segment is to provide a hedge against deflation, provide a stable component of return, and to minimize the overall volatility of the Account. The percentage of assets allocated to fixed income should be sufficient to ensure that neither the current income nor the principal value of the fund declines by an intolerable amount during a period of extended deflation.

Cash Equivalents

The purpose of the cash equivalents segment is to assure enough liquidity to meet disbursements and general operational expenses. Cash equivalents may also be used when the Managers feel that other asset classes carry higher than normal risk.

Investment Companies

Mutual funds, exchange traded funds, closed-end companies, or commingled funds may be used in any category of investment management. When one is selected, however, it is expected that the fund will, in general, comply with the guidelines set forth herein. No fund may be used without approval of the Committee.

Portfolio Rebalancing

In July of every year, based on June 30 valuations, the Account shall be rebalanced to be in accordance with asset allocation targets. The purpose of rebalancing is to maintain the risk/reward relationship implied by the stated long-term asset allocation targets.

This policy may result in withdrawing assets from Managers that have performed well in the latest year or adding assets to Managers who have lagged in the most recent period. This policy may also necessitate the purchase and/or sale of securities that might create additional transactional costs and the recognition of capital losses. In the event of an extraordinary occurrence that creates an unbalance, the President and/or Consultant can call for a meeting of the Committee to review the need for rebalancing.

Cash Flows

New cash flows (defined as contributions) shall be allocated to the Managers by VCCF's Financial Officer. As a general rule, new cash will first be used to rebalance the Account in accordance with the target asset allocation policy.

Sundry Assets

From time to time, VCCF may receive or agree to hold assets other than stocks, bonds, and cash equivalents. It will be up to the Board, with the Committee's recommendation, to determine the disposition of those assets to include the period for holding or selling such assets.

The Gift Acceptance Committee is tasked with reviewing all unusual gifts (including Excise Business Holdings) to assure compliance with all rules and regulations as well as the Pension Protection Act prior to acceptance of the gift.

EXHIBIT 1

Ventura County Community Foundation Investment Manager Guidelines

Managers are expected to manage the assets within the Guidelines set forth herein. It is also the responsibility of each Manager to report compliance exceptions to the Consultant and the President as they arise. Exceptions to the Guidelines will be approved by the Committee and listed in Exhibit 4 - Exceptions to Investment Manager Guidelines.

All guidelines and objectives shall be in force until modified in writing. If, at any time, a Manager believes that a specific guideline or restriction is adversely impeding its ability to implement its investment process or to meet the performance objective, it shall so inform the Committee and the Consultant. Each Manager shall:

Duties of the Investment Managers	<u>Recipient</u>	<u>Frequency</u>
Provide a written agreement to invest according to Policies		Hire
Provide updated ADV Part I & Part II as filed with SEC		Annually
Provide proof of liability and fiduciary insurance		Annually
Report commissions, fees and transaction costs		Annually
Provide AIMR compliant performance reports		Quarterly
Provide Manager's market outlook, investment strategy and portfolio structure		Quarterly
Reconcile each month's transactions and holdings with custodian or trustee valuations and resolve discrepancies		Monthly
Provide reports of portfolio holdings and all transactions		Monthly
Provide detailed reports of all Proxy Voting		As Requested
Meet with the Investment Committee		As Requested
Meet with the Investment Consultant		As Requested

Additionally, each Manager is expected to maintain frequent and open communication with the Committee and the Consultant, on all significant matters pertaining to the Policies including, but not limited to, the following:

- Manager's adherence to the investment style as represented to the Committee at time of retention, or changes in fundamental investment philosophy;
- Changes in the portfolio manager or other staff members assigned to manage the allocation;

- Significant changes in ownership, organizational structure, financial condition, number or value of accounts under management or senior staff; and,
- Other issues which the Manager deems to be of significant interest or material importance.

Specific portfolio management decisions (including security selection, market capitalization, credit rating, number of industries or holdings, emphasis on income levels, and portfolio turnover) are left to the Manager's discretion subject to standards of fiduciary prudence and the guidelines set forth herein.

Performance Monitoring & Reports

Each Manager's performance will be analyzed by the Consultant and reviewed by the Committee quarterly. The performance, net of all fees, of each Manager will be measured against an appropriate benchmark (the "Index") and against a universe of managed funds as determined by the Consultant. In addition to short-term performance reviews, each Manager will be evaluated over rolling three and five year periods.

Cash Equivalents

Although the target allocation to cash is low, cash may be used to defend principal fluctuations in adverse market conditions. Cash equivalents may be held in any Manager's portfolio at the Manager's discretion so long as the securities used comply with the guidelines established for Fixed Income Managers. Managers will be evaluated, however, based upon their performance relative to the Index, regardless of the amount of cash equivalents held during any performance measurement period.

Transactions

All transactions should be entered into on the basis of best execution (best realized net price) with brokers and dealers qualified to execute institutional orders on an ongoing basis and, where appropriate, direct the brokerage as requested. Brokerage commissions are to be negotiated with a good faith determination between the Consultant and the Managers that the cost is reasonable for the services provided, including both brokerage and research services.

Proxy Voting

The voting of proxies is entirely the responsibility of the Managers. Voting of proxies of stocks held by Account will be done in a manner that is in the best financial and economic interests of VCCF and its beneficiaries. Each Manager shall match proxies received with holdings on applicable record dates, and ensure that all proxies for which the Manager is responsible are received.

Guidelines for Long-Term Portfolio- Equity Managers

Investment Objective

The performance of each Manager will be measured against appropriate benchmarks, as approved by the Committee, for each investment style as well as against both a style universe and a broad universe of managed funds. The investment objective for each portion of the equity segment of the Account is to outperform the Index by the Margin (in basis points) per annum (as shown below) and the median of a peer universe measured over rolling three and five year periods.

Segment	Index	Margin
Large-Cap Value	Russell 1000 Value	75
Large-Cap Growth	Russell 1000 Growth	75
Mid-Cap	Russell Mid-Cap	75
Small Cap	Russell 2000	75
Non U.S. Equities	MSCI EAFE	75

Domestic Equity Securities: Subject to limitations noted below, domestic equity Managers may invest in equity securities listed on the principal U.S. exchanges or traded in the over-the-counter markets, including American Depository Receipts ("ADR's") and the ordinary shares of non-U.S. companies that are traded on U.S. exchanges. Convertible securities will be regarded as equity securities within the portfolio. While the use of ADR's or the ordinary shares of non-U.S. companies are permitted, it is the intent of this segment to be a domestic portfolio and therefore the ADR's or ordinary shares of non-U.S. companies used should preferably be those of international companies who derive a significant portion of their revenues from the U.S.

Foreign Equity Securities: Subject to the limitations below, foreign securities should be primarily equity securities issued by companies located in some or all of the developed foreign equity markets. The equity securities should consist of common stocks or securities having the characteristics of common stocks, such as convertible preferred stocks, convertible debt securities or warrants. Securities can include ADR's as well as the ordinary shares of companies. Additionally, Managers of non-US securities may purchase foreign currency options or enter into forward foreign currency exchange contracts for the purpose of hedging against the effect that currency fluctuations will have on the portfolio.

Diversification

It is the intent that in the aggregate (combining the equities of each of the Investment Managers) the equity portfolios be well diversified. The domestic equity portfolio is allocated among several Investment Managers with various investment styles so that the diversification risk for concentrations within a single issue and economic sector should be minimized. International equity portfolios should have no more than 20% of the international component allocated to countries whose markets are considered "emerging" as opposed to "developed". The percentage of assets in this component not allocated to equities shall be invested in short term interest bearing securities.

In no case (excepting investment company shares or with waiver by the Committee), shall a single security exceed 5% of the market value of the equity segment at cost and 10% at market value. Additionally, it is expected that equity portfolios in this category will be well diversified across economic sectors and industries. Equity managers will be monitored to limit concentrations to the greater of 40% or two times the economic sector weighting of the manager's respective benchmark without seeking approval of the Committee.

Liquidity

Managers shall consider trading liquidity in their purchase criteria. For small capitalization issues, in particular, Managers should not hold more than five days trading volume of any one security.

Guidelines for Long-Term Portfolio- Alternative Managers

Investment Objective

There will be guidelines established in the selection of each alternative asset class fund and alternative investment strategy fund. Additionally, when a manager and/or a fund has been selected, an appropriate benchmark for measuring performance will be determined at that time.

While there is not a set of guidelines that will apply to all alternative investment opportunities, the following guidelines will help to ensure knowledge about each investment:

1. For each alternative investment made, there will be a synopsis in the Subcommittee minutes describing the particular investment style and any exceptions to the general policy.
 - A clear description of the particular strategy
 - The type of investment vehicle used
 - The terms of the agreement to include the termination date of the fund, the ability to withdraw funds, management fee structure, allocation of profits and losses, incentive allocation, distribution rules
 - Any allowable security or investment strategy that is identified as specifically different from the Investment Policy Statement
 - The amount of leverage allowed
2. There will also be a description of the benchmark to be used for monitoring purposes

Guidelines for Long-Term Portfolio - Fixed Income Managers

Investment Objective

The investment objective for the fixed income segment of the Account is to outperform the Barclays Capital Aggregate Bond Index by 50 basis points per annum and the median of a peer universe measured over rolling three and five year periods.

Fixed Income Securities

New fixed income investment vehicles are frequently developed to meet changing economic conditions and interest rates. Identifying, describing and approving the use of generic fixed income instruments are not practical. Consequently, these guidelines set forth expected return relative to the related benchmark plus general guidance on diversification, quality, duration and certain limitations.

No more than 20% of the market value of the fixed income portfolio may be invested in non-dollar denominated foreign securities. Futures and options contracts are permitted for the hedging of foreign currencies. The Manager should only accept reasonable and prudent currency risk.

Diversification

It is expected that, in general, fixed income portfolios shall be well diversified with respect to sector, industry, credit quality and issuer in order to minimize risk. Investments in securities of a single issuer (with the exception of the U.S. Government and its fully guaranteed agencies) should not exceed 10% of the fixed income segment. Convertible securities will be regarded as equity securities within the portfolio.

Duration

It is expected that the portfolio duration of fixed income Managers shall be within 25% of the duration of the benchmark index for each fixed income portfolio.

Credit Quality

The average quality of the portfolios shall be no less than A, computed on a weighted average basis.

Derivatives

In all cases, the use of derivatives is subject to the same limitations set for cash market securities (including, but not limited to, durations, counterparty credit quality, asset concentrations, etc.). Any derivatives used must be highly liquid and have an active secondary market. Derivatives may be used to replicate transactions that the Manager would otherwise execute in the cash markets for purposes of reducing transaction costs or effecting shifts in strategy on an interim basis, and shall not be used for the sole purpose of yield enhancement. The Manager should only accept reasonable and prudent prepayment risk, consistent with the stated objectives of its respective portfolio.

Guidelines for Short-Term Portfolio - Fixed Income Managers

The policies and guidelines covering the Short-Term Managed Funds shall be the same as those issued for the “Long-Term Portfolio - Fixed Income Managers” with the exception of the Investment Objective and Duration.

Investment Objective

The investment objective is capital preservation and to outperform the Merrill Lynch 1-3 Year Treasury Index and the median of an appropriate peer manager universe. In addition to short-term performance reviews, the Managers will be evaluated over rolling three and five year periods.

Duration

It is expected that the duration of the Short-Term portfolio shall be no greater than half a year of the duration of the Index, but may be shorter in duration with no restraint. Managers will be evaluated, however, based upon their performance relative to the Index, regardless of their duration during any performance measurement period.

EXHIBIT 2

**Ventura County Community Foundation
Excerpt of Strategic Plan for the Investment Committee**

(Not attached)

EXHIBIT 3

**Ventura County Community Foundation
Investment Portfolio Responsibilities**

A. RESPONSIBILITIES OF THE BOARD

1. To approve recommendations or ratify actions taken by the Committee.
2. To select Committee members which have a background in Foundation investment and a willingness to be actively involved in the Committee meetings.
3. To request the Chairman of the Committee and the President to give current reports on the status of the Account.
4. To have the Board Chair receive the semi-annual reports of the Consultant, and attend at least one Committee meeting a year.

B. RESPONSIBILITIES OF THE CHAIRMAN OF THE INVESTMENT COMMITTEE AND THE PRESIDENT

1. To keep the Board informed of Committee activities.
2. To prepare the Committee meeting Agendas in accordance with the goals, objectives and strategies of the Strategic Plan.
3. To distribute the Minutes of the past Committee meetings and the Consultant's report to the Committee members one week prior to the next meeting.
4. To attend all Committee meetings.
5. To communicate regularly with the Consultant about the agendas of the Committee meetings, and which, if any, Managers should attend.

C. RESPONSIBILITIES OF THE INVESTMENT COMMITTEE

The Committee has responsibility, subject to approval or ratification by the Board of VCCF for the following:

1. To interpret overall investment policy and recommend asset allocation guidelines for VCCF.
2. To hire a Consultant and review its performance annually.
3. To hire a Custodian and review its performance annually.
4. To hire one or more qualified Managers and delegate to such Managers the responsibility for implementing the Investment Policy.
5. Review the performance of the Consultant and Managers to assure compliance with policies and that objectives and guidelines are being monitored.
6. Take appropriate action if objectives are not being met and/or if policy or guidelines are not being followed.

7. To review investment and banking services on a regular basis for quality of service, and cost effectiveness of fees.
8. To manage VCCF's internal and external fee schedules.
9. To use the Strategic Plan to guide and monitor the committee's activity.
10. To annually review the Spending Policy and Fee Structure.
11. To annually reaffirm the Investment Plan, Policies, Guidelines and Objectives.
12. To annually review all fees, commissions and other transaction costs.
13. Review all non-Account assets and, where appropriate, expert advice shall be retained to advise the Committee.
14. Asset allocation targets and ranges will be reviewed annually.

D. RESPONSIBILITIES OF THE INVESTMENT CONSULTANT

The Consultant shall provide those consulting services required by the Committee to assist the Committee in fulfilling its responsibilities for VCCF's Account. These services shall include, but not be limited to:

1. Quarterly, the Consultant will provide performance measurement and evaluation reporting for each Manager and for the overall Account, which shall include:
 - Performance results in relation to stated objectives and policy guidelines, including both rates and an examination of the risk a Manager assumed in order to achieve that return.
 - Comparison of Manager performance versus the appropriate relative index for the most recent quarter and rolling twelve months, and for the three and five year periods then ended (or for such shorter periods as may be appropriate). In addition, each Manager will be evaluated versus stated investment style.
 - Review and discussion of any changes in economic conditions, legislation, policy guidelines or situation that might affect the performance of the Account.
2. The Consultant will monitor the Managers' adherence to policy and guidelines on an ongoing basis. In addition, the Consultant shall provide ongoing due diligence of the Managers hired by VCCF in terms of evaluating any changes in the management organization's key personnel or organizational structure or any other aspect that might have a negative impact on the organization's ability to provide investment management services to VCCF.
3. Annually, the Consultant will review the Managers' Guidelines and Objectives and will recommend any appropriate changes.
4. The Consultant will, as appropriate and/or upon the request of the Committee, provide asset allocation studies as well as screen and introduce prospective investment management firms.
5. The Committee with the assistance of the Consultant will review the performance of the Account and the Managers' conformity to the investment objectives.

EXHIBIT 4

**Ventura County Community Foundation
Exception to Investment Manager Guidelines**

(Not attached)