INVESTMENT POLICY
Individually Invested Funds
Policy Statement

I. Investment Objectives

The investment objectives of The Parasol Tahoe Community Foundation ("Foundation") with respect to assets of **Individually Invested Funds** ("Funds") are to manage them in a manner that will achieve a high total return consistent with their investment profile and preserve capital and purchasing power over time.

II. Roles and Responsibilities

The Foundation's Board of Directors ("Board") delegates the responsibility for all investment functions of the Foundation (i.e. establishing and reviewing investment policies and strategies, hiring investment managers, selecting and monitoring asset allocation, choosing investment options, establishing performance benchmarks and monitoring performance) to the Investment Committee ("Committee"). The Committee has the ability to hire investment consultants to aid in the selection and review of managers and in performance measurement. The Committee receives approval from the Foundation's Board for its activities and actions on a regular basis. The Foundation's financial staff assists the Committee by implementing investment policy and preparing asset allocation and performance reports. The financial staff also prepares and distributes reports of fund activity to Donors/Fund Advisors quarterly.

III. Spending Policy

The Board determines, in accordance with UPMIFA as adopted by the State of Nevada, the spending policy for all endowment funds. This distribution calculation will be identified in each fund agreement.

IV. Fund Investment Decisions

The Foundation will work with the investment manager to establish an asset allocation that is appropriate for the expected grant making activity of the fund and will annually review the cash requirements of the fund for the upcoming year. Investment managers are expected to follow the investment philosophy, style and strategy proposed at the time the manager was retained by the Committee.

V. Asset Allocation, Diversification, Market Timing and Investment Vehicle Selection Decisions

Deliberate management of the asset mix among classes of investments is both a necessary and desirable activity. In the allocation of assets, investment diversification across asset classes that are not similarly affected by economic, political or social developments is a desirable strategy intended to reduce the volatility of overall returns. The investment manager shall diversify investments globally across equity and fixed income markets to provide a balance that will enhance the level and consistency of expected total return. Diversification is intended to reduce loss exposure to individual investments and strategies.

In making asset allocation judgments, the investment manager is not expected to "time" changes in the financial markets or to make frequent or minor adjustments. The Committee has created a target investment mix of 70% Equity and 30% Fixed Income for Individually Invested Funds. The investment manager is expected to implement the asset allocation set by the Committee on a long-term basis, with consideration given to current and projected investment environments.

Responsibility for selecting investment vehicles (investment funds/managers) consistent with the asset allocation rests with the investment manager.

The asset allocation targets for each investment horizon, plus our use of multiple funds or managers for each asset class, mitigates concentration risk. The exposure to any one security is intended to be under 3% of assets in any investment horizon.

VI. Rebalancing Asset Allocation

Fund additions and withdrawals as well as fluctuations in market levels can cause changes in asset allocation for investment portfolios. Therefore, the investment manager will monitor the asset allocation at least annually and direct its rebalancing when allocations vary from their target by +/- 15%. Thus, for an allocation target of 10%, the desired range is 8.5% to 11.5%. This flexibility is intended to reduce transaction costs while capturing the benefits of the overall allocation strategy.

VII. Performance Benchmarks and Monitoring Periods

The Committee will assign a performance benchmark appropriate to each investment vehicle (see Exhibit A). Quarterly, the investment manager will provide the Foundation with written quarterly reports containing the portfolio's total return net of all commissions and fees, an explanation or attribution of performance for the quarter, a summary of any significant changes to the portfolio, planned changes to the portfolio, verification and confirmation of compliance to this Policy, and any relevant changes that have occurred within the investment manager's organization including, but not limited to, any significant changes to assets under management with an explanation for the change. The Committee will review the investment managers' quarterly report and compare performance to the assigned benchmarks. Since ordinary market fluctuations can affect returns from various investment options differently for short time periods, the Committee generally intends to a use five (5) year moving period when evaluating investment performance of individual managers and funds. The Committee reserves the right to evaluate and make any necessary changes regarding the investment manager over a shorter term using criteria established in section XII, "Evaluation of Investment Managers."

VIII. Overall Performance Objectives for Individually Invested Funds

1. Based upon the investment allocations for each time horizon, the total return after fees is expected to exceed the annual growth of the Consumer Price Index, plus 2.0% for the Individually Invested Fund. (For example, if the CPI is up 3% in a given year, the total portfolio return objective that year is to exceed 5%.)

2. Based upon the investment allocations, the total return after fees for each horizon fund is expected to exceed a target benchmark index composed of an appropriate mix of benchmark indices. See Exhibit A for benchmarks for each type of investment.

IX. Performance Objectives for Equity Managers-Domestic and International

1. The total return after fees for each actively managed equity fund is expected to exceed the relevant performance benchmark: Domestic Large Cap - Russell 1000 Index; Domestic Small Cap – Russell 2000 Index; Core International - MSCI EAFE Index; Emerging Markets – MSCI Emerging Markets Index. The total return after fees of passively managed equity funds is expected to match or exceed their benchmark identified in Exhibit A.

2. The risk-adjusted performance (alpha) for each active equity manager is expected to be positive. The risk-adjusted performance (alpha) for each passive manager is expected to approximate 0%.

X. Performance Objectives for Fixed Income Managers

1. The total return after fees for each active fixed income manager is expected to exceed the Barclays 1-5 Year Gov't/Credit Index for Short Term Bonds and the Barclays Aggregate Bond Index for Intermediate and Long Term Bonds. The total return after fees of passively managed funds is expected to match or exceed their benchmark identified in Exhibit A.

2. Each active bond manager is expected to maintain portfolio duration within +/- 33% that of the appropriate benchmark.

XII. Evaluation and Termination of Investment Managers

Investment managers will be reviewed on an ongoing basis using the following criteria:

1. Investment performance vs benchmarks as well as risk profile.

2. Adherence to the investment philosophy, style and process that were articulated by the Committee at the time the investment manager was retained and compliance with this policy.

3. Continuity of ownership, key personnel and practices at the firm.

Material changes in any of the areas above may cause the manager/fund to be terminated unless the changes are deemed by the Committee to be unlikely to adversely impact future performance.

The Committee may, at any time, revoke the privilege of the donor recommendation. The Committee retains the sole discretion to terminate the Foundation's relationship with the investment manager, and to transfer the funds held by the investment manager to other investment managers under any facts or circumstances that the Committee in good faith believes warrant such termination and transfer. Such facts and circumstances will include but not be limited to a determination made in the sole discretion of the Committee that the investment manager has failed to meet the benchmark requirements set forth herein, including any amendments that may be made from time to time; has failed to perform comparably to other managers; has charged fees that are incommensurate with services provided; has failed to adhere to the Foundation's investment instructions, advice or guidance; or has otherwise failed to perform as requested by the Foundation.

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TAHOE COMMUNITY FOUNDATION

Exhibit A
Individually Invested Funds
Investment Portfolio Benchmarks

Cash		
	Money Market	Average Money Market
Equities - Domestic		
	Large Cap	Russell 1000
	Small Cap	Russell 2000
Equities - International		
	Large Cap	MSCI EAFE
	Emerging Markets	MSCI Emerging Markets
Fixed Income		
	Short Term Bond	Barclays 1-5 Yr Gov't/Credit
	Intermediate Bonds	Barclays U.S. Aggregate
	Long Term Bonds	Barclays U.S. Aggregate