THE RICHLAND COUNTY FOUNDATION OF MANSFIELD, OHIO

Investment Policy Statement

Approved by the Board of Trustees

Approved April 17, 1995

Revised April 11, 2005

Revised April 9, 2007

Revised August 10, 2009

Revised December 14, 2009

Revised October 8, 2012

Revised December 10, 2012

Revised February 10, 2014

Revised February 11, 2015

Reviewed February 8, 2017

Revised December 10, 2018

Reviewed August 21, 2019

Revised November 11, 2020

Background

The Richland County Foundation ("Portfolio") is a public charitable organization incorporated in the State of Ohio in 1945 by citizens of the Richland County area. The charitable features of the Foundation are designed to improve the quality of life in Richland County through support of non-profit programs and services in the areas of health, economic development, basic human needs, education, cultural activities, environment and community services. The Foundation provides flexibility in responding to charitable requests and identifies changing needs within the community.

The Board of Trustees ("Trustees") consists of members selected for their experience in understanding the Richland County community and awareness of a community foundation's role in addressing these concerns. The Board has charged the Finance Committee ("Committee") with the responsibility of safeguarding the Foundation's assets and financial stability by providing direction and oversight of the Investment Policy Statement ("Statement").

The investment funds of the Foundation are a vital source of grants to the community. The growth and enhancement of the Assets entrusted to the Foundation's stewardship (measured in constant dollars adjusted for inflation) is necessary to provide funds to enable the Foundation to meet changing conditions and to address community pressures and opportunities.

Purpose

This Investment Policy Statement details the policies, procedures, asset allocation, and guidelines for the Portfolio, as established by its Trustees. It defines and assigns the responsibilities of all involved parties. The policy is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical.

The investment policies and restrictions presented in this Statement serve as a framework to achieve the investment objectives at a level of risk deemed acceptable. These policies and restrictions are designed to minimize interference with efforts to attain overall objectives and to minimize the potential of excluding any appropriate investment opportunities.

Investment Objectives

The overall long-term investment objective is for the Portfolio to grow at the spending rate plus the rate of inflation over a market cycle, generally 7-10 years. Inflation is measured by the consumer price index (CPI). This investment objective should be achieved with the least required level of portfolio volatility.

Spending Policy

The asset allocation strategy and risk tolerance incorporated in this policy are based on the total return expectations implied by the intended use of the Foundation. The maximum Spending Policy for the Foundation is 5% of a twelve-quarter trailing market value average. A specific spending rate will be recommended each year by the Finance and Executive Committees and approved by the Board of Trustees. The spending of Assets will be consistent with guidelines established by the Board in a prudent manner upon consideration of several factors including but not limited to the following: economic conditions, the possible effects of inflation or deflation, the expected return of the investments, other resources of the Foundation and other factors identified by the Uniform Prudent Management of Institutional Funds Act. The spending amount is intended to cover grants, strategic initiatives and expenses associated with operating the Foundation.

Duties and Responsibilities

Board of Trustees

The Portfolio's Board of Trustees is responsible for approving the Investment Policy Statement and may delegate the implementation of the Statement to the Committee. All changes to the Policy shall be approved by the Committee and submitted to the Board for final approval.

Finance Committee

Accountable to the Board, the Committee is responsible for the review and implementation of investment policies of the Foundation including, but not limited to, drafting and establishing investment policies, selecting an investment consulting organization, selecting and terminating investment managers, reviewing the investment strategies of investment managers, selecting master record keepers and custodians, determining asset allocations, prudently diversifying investments by asset classes and investment managers, monitoring investment performance, and setting standards for portfolio rebalancing.

As delegated by the Trustees, the Finance Committee is responsible for ensuring that the investment process is managed in a prudent manner, seeking to meet the Portfolio's investment objectives. The Committee, with the assistance of the investment consultant, will review investments and asset allocation on a quarterly basis. Moreover, in accordance with the State of Ohio's adoption of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the Committee will take the following into consideration when overseeing the Portfolio and setting spending policy but not limited to:

- Duration and preservation of the funds
- Need of the endowment to make distributions and preserve capital
- Expected total return from income and appreciation
- The role that each investment plays within the overall portfolio
- General economic conditions
- The possible effect of inflation or deflation
- Other resources of the organization
- Assets of special relationship or special value to the charitable purpose
- Expected tax consequences
- Review investment consultant performance and fees no less than every five years.

From time-to-time, the Committee will consider and/or engage local investment management of Foundation assets. The Foundation may find value in non-financial forms from such engagements which should to be evaluated periodically. If possible, these local investment management strategies should be incorporated into the overall Foundation investment strategy. The Committee will work with the Investment Consultant to evaluate these local investment managers on a periodic basis.

From time-to-time, the Committee may accept donor advised funds to be invested by outside investment advisors if the size and circumstances are deemed appropriate. The outside investment advisors will be given this Policy and required to be compliant with the investment guidelines. These donor advised accounts will not be incorporated into the overall Foundation investment strategy. The Foundation's administrative fee should be charged to these accounts. The Committee will work with the Foundation's Investment Consultant to evaluate the outside investment advisors on a periodic basis.

Investment Consultant

The investment consultant is responsible for the following:

- Review asset allocation and investment strategy to determine if the current strategy meets the investment objectives of the Portfolio
- Monitor the performance of the Portfolio to determine if the collective investment strategy is outperforming the established benchmarks
- Perform strategic asset allocation analysis from time to time recommend tactical changes following the investment process of the organization
- Perform due diligence on investment managers to determine their continued suitability within the portfolio
- Recommend the hiring, terminating, or replacement of investment managers

- Provide performance reports to help the Finance Committee evaluate each investment manager and the results of the overall Portfolio
- Assess overall investment fees of the Portfolio

Investment Decision Authority

The Trustees have delegated decision making authority, or discretion, to the Finance Committee. This authority permits making tactical asset allocation adjustments, raising or investing cash, and retaining and replacing investment managers. All of the guidelines stated within this Policy must be met when making investment decisions. Any decision sought outside of the parameters herein stated within this Policy must have approval from the Trustees.

Investment Managers

The Portfolio shall engage professional Investment Managers for the direct investment management of the Portfolio's assets, including separately managed accounts, mutual funds, comingled funds, and partnerships. Each Investment Manager has discretion to purchase, sell, or hold the specific securities within the specific investment strategy.

- Voting of proxies
    - Investment managers are responsible for voting proxies which should be made in the best interest of investors.
- Execution of security trades
    - The Investment Manager is expected to transact securities in a manner designed to receive a combination of best price and execution.

Custodian

The custodian will physically maintain possession of securities owned by the Portfolio, collect dividend and interest payments, redeem maturing securities, and affect receipt and delivery following purchases and sales. The custodian shall also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Portfolio accounts. The custodian is also responsible for providing monthly statements. Access to online balances and statements should be made available.

Diversification & Asset Class Purpose

The total portfolio will be constructed and maintained to provide prudent diversification regarding investment managers, styles, regions, sectors, and number of holdings. Asset classes, or broad segments of the Portfolio, serve varying purposes as described below:

- The purpose of the equity allocation is to provide a total return that will simultaneously provide for growth in principal and current income sufficient to support the Portfolio, while at the same time preserve the purchasing power of the Portfolio’s assets. It is recognized that the equity allocation entails the assumption of greater market variability and risk.
- The purpose of the alternative investment allocation is to provide diversification, risk reduction, as well as enhance the overall performance.
- The purpose of the fixed income allocation is to provide a deflation hedge, to reduce the overall volatility, and to produce current income in support of the needs of the Portfolio.
- The purpose of the cash allocation is to provide liquidity for short-term obligations. All cash and equivalent investments should be made with concern for quality. High return is desirable, but the highest possible investment return should be sacrificed where quality is considered questionable.

Asset Allocation Guidelines

The asset allocation targets for the Portfolio are as follows:

Asset Class	Target Allocation	Allowable Range
U.S. Large Cap Equity	30%	20% - 35%
U.S. Mid Cap Equity	5%	0% - 10%
U.S. Small Cap Equity	5%	0% - 10%
International Equity	20%	15% - 25%
Alternative Investments	20%	15% - 25%
Fixed Income & Cash	20%	15% - 35%
Total	**100%**	

It is expressly understood that the asset allocation ranges and guidelines shall not be applied to, nor shall the assets subject to such ranges and guidelines include, the Gorman Rupp Company shares of common stock originally donated to the Foundation in 1972, together with such shares of Gorman Rupp Company common stock issued thereafter as a result of stock splits, which shares of stock are held within The Gorman Fund, a Donor Advised Fund of the Foundation, pursuant to the Resolution of the Foundation adopted August 13, 2007.

Liquidity Policy

The Portfolio can invest up to 10% in illiquid investments. Any additional illiquid investments exceeding 10% would need Board approval. Illiquid is defined as any investment that cannot be redeemed within one year.

Monitoring Portfolio Performance

Performance results will be measured in three ways over a full business cycle, generally 7-10 years:

1. The investment objective of the Portfolio: Spending Rate + inflation
2. A blended benchmark of market indices based on the strategic asset allocation of the Portfolio:
    - 40% Russell 3000 Index
    - 20% MSCI ACWI ex. U.S. Index
    - 20% Alternative Blend*
    - 19% Barcap Aggregate Bond Index
    - 1% Bank of America Merrill Lynch 91-Day T-Bill Index

    *The Alternative Blend would represent the underlying investments
3. The Portfolio will be compared to a peer universe of similar sized peers (if applicable)

Permissible Investments

Portfolio may be invested in the types of investments listed in the chart below. Mutual funds are bound to their prospectus guidelines and not this Statement.

Equity Securities	Alternative Investments

• Common stocks • Convertible preferred stocks • American depository receipts (ADRs) of non-U.S. companies • Stocks of non-U.S. companies (Ordinary shares) • Equity mutual funds and exchange traded funds	• Real estate investment trusts (REITs) • Tactical asset allocation strategies • Absolute return strategies • Long-short equity and fixed income strategies • Macro strategies • Hedge funds and hedge fund-of-funds • Private equity and debt strategies • Private non-marketable partnerships • Alternative mutual funds and exchange traded funds
Fixed Income Securities	**Cash Equivalents**
• U.S. government and agency securities • Municipal bonds • Corporate notes and bonds • Convertible notes and bonds • Mortgage backed bonds • Preferred stock • Fixed income securities of foreign governments and corporations • Fixed income mutual funds and exchange traded funds	• Treasury bills • Commercial paper • Banker's acceptances • Repurchase agreements • Certificates of deposit • Deposit accounts • Money market mutual funds and exchange traded funds

Selection of Investments and Managers

There is intention to retain investment managers which meet the following minimum attributes to manage the Portfolio:

- The institution should be a bank, insurance company, investment management company, or an investment adviser under the Registered Investment Advisers Act of 1940
- The institution should be operating in good standing with regulators and clients, with no material pending or concluded legal actions
- The institution should provide detailed information on the history of the firm, its investment philosophy and approach, and its principals, clients, locations, fee schedules, and other relevant information to the investment consultant

Assuming the minimum criteria are met, the particular investment manager under consideration should meet the following standards:

- Performance reporting should comply with the CFA Institute's Global Investment Performance Standards (GIPS)
- Risk and risk–adjusted return measures should be evaluated and be within a reasonable range relative to an appropriate, style-specific benchmark and peer group
- Fees should be competitive compared to similar investments

Removal of an Investment Manager

There may be circumstances which dictate reason to removal an Investment Manager. The following are general guidelines which may give reason to remove an Investment Manager:

- Failure to comply with the investment guidelines
- Underperformance of the relevant benchmarks or peer groups, with an emphasis on long-term (three and five year) rolling time periods
- Significant qualitative changes to the investment management organization

Each Investment Manager shall be reviewed ongoing in regards to performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact its ability to achieve the desired investment results. If the Investment Manager has failed to adhere to one or more of the above conditions, it is reasonable to presume a lack of adherence going forward. Any decision to remove an Investment Manager will be treated on an individual basis, and will not be made solely based on quantitative data. In addition to those above, other factors may include professional or client turnover, or material change to investment processes. Considerable judgment must be exercised in the removal decision process.

Reporting and Communication Policy

Managers', of separately managed accounts, communications with the Foundation Staff ("Staff"):

- Provide monthly portfolio valuation and transaction listings;
- Provide quarterly portfolio reports;
- Notification of material changes in personnel, style, within 5 days;
- Recommendations as to changes in the Policy.

Committee communications with Managers of separately managed accounts:

- Provide Managers with Policy changes;
- Discuss cash flow trends and any other matters that may bear upon the portfolio.

Statement of Investment Policy Review

To assure the continued relevance of the guidelines and objectives, as established in this investment policy statement, the Finance Committee should review the investment policy annually, or as deemed necessary and provide any recommended changes to the Trustees.