

Environmental Science Center Endowment & Program Development Fund Policy

1. Introduction: The purpose for this *Environmental Science Center Endowment & Program Development Fund* Policy (“Policy”) is to establish guidelines for the promotion, development and management of the *Environmental Science Center Endowment & Program Development Fund* (“Endowment Fund”) of the Environmental Science Center (“ESC”).

2. Purpose and Promotion: The ESC Board shall pursue and promote the growth of the Endowment Fund as a major continuing project of the ESC to provide a source of long-term funding to support ongoing program opportunities and under exceptional circumstances, to invest portions of the Endowment Fund into the development of new program activities that can further the mission of ESC in a financially sustainable manner.

3. Endowment operations: It is desired that the corpus of the Endowment Fund portfolio will be maintained and will grow over time, provided that this Policy is not intended to prohibit the ESC Board from distributing principal from the portfolio from time to time should the ESC Board determine it is necessary or desirable to do so.

It is expected that growth of the Endowment Fund portfolio will come from many sources which will likely change from year to year. One source of growth anticipated for the Endowment Fund is proceeds of specific gifts made to ESC when a donor prefers making a gift to the Endowment Fund as an alternative to the ESC’s annual fundraising for programs and operations. Additional sources of growth of the Endowment Fund each year are expected to come from testamentary bequests, donations from Members and others, and appreciation in Endowment Fund value.

To facilitate growth and management of the Endowment Fund portfolio, the ESC Board may engage the services of one or more investment advisors to assist in the management of the Endowment Fund portfolio. This does not preclude the ESC Board directly managing the Endowment Fund investment portfolio.

4. Endowment Distributions:

At least annually, the ESC Board shall determine what amounts should be distributed from the Endowment Fund. These distributions will be of two types.

REGULAR DISTRIBUTIONS FOR PROGRAMS AND OPERATIONS: The ESC Board desires to establish a conservative guideline for the amount and schedule of regular distributions for ESC programs and operations. In that regard we anticipate limiting distributions for ESC programs and operations to a range of 3% to 6% annual payout of the average value of the ESC

Endowment the prior year to be paid out on regular schedule (typically on a monthly or quarterly basis) for ESC expenditures to be approved by the Executive Director.

PROGRAM DEVELOPMENT INVESTMENTS: From time to time, the ESC will identify exceptional opportunities to invest in new program opportunities that require seed capital to initiate. To support these opportunities, the ESC Board may choose to payout an additional portion from the Endowment Fund to invest in exceptional program development opportunities that both further the mission of the ESC and contribute in positive ways to ESC's future financial sustainability. These Program Development Opportunities should draw down no more than 10% of the principal in any given year and will require an approval of 2/3 of the board.

5. Investment Policy:

The ESC Board desires to pursue a balanced and diversified investment portfolio that is likely to produce sufficient income to meet 3% to 6% distribution objective. In this regard, the ESC Board may choose to engage the services of one or more investment advisors to provide advice and guidance regarding the investment of the Endowment Fund. The Endowment Fund assets should be invested in a diversified portfolio using an asset allocation strategy intended to grow principal, maintain purchasing power, and ultimately provide supplementary funding for ESC's programs and activities as provided in this Policy.

The asset allocation strategy and the selection of individual investments should be established and reviewed at least annually with the ESC Board and if appropriate with the advice of the ESC's investment advisors. In that regard, until modified or supplemented by the ESC Board, the investment strategy should be guided by the following criteria:

- Investing for the long-term without endeavoring to time the market or pick individual stocks
- Diversifying investments across asset classes and investment instruments to mitigate the risks associated with any one asset class or individual investment
- Limiting fees and transaction costs to reasonable levels
- Achieving market-based returns that can be benchmarked against published indices
- Providing for the ESC Endowment Fund's cash needs as determined by the ESC Board

It is anticipated that these investment objectives can be most easily and efficiently met by investing in a small number of low-cost mutual funds that align with these investment goals.

6. Monitoring Portfolio Investments and Performance:

The ESC Board shall monitor and establish performance criteria from time to time to measure the performance of the Endowment Fund portfolio, and to make adjustments as needed in the investment portfolio. The ESC Board should review both annual performance and investment portfolio at least annually.

7. Prohibited Investment Activities:

The following investment activities should be prohibited unless and until modified by the Foundation Board:

- Margin purchases
- Private placements
- Non-public securities

8. Plan Review:

The Foundation Board should review this Endowment Fund Policy at least annually with a view to ensuring that it remains valid and relevant to the needs and objectives of the ESC, and make any adjustments as determined by the ESC Board.

9. Gift Acceptance Policy: Unless approved by the ESC Board, the Endowment Fund should accept only gifts of cash and marketable securities, it being recognized that gifts of other items such as real estate, vehicles, tangible property require monitoring and administration that the Foundation may not be able to effectively provide.

10. Named Endowments: Unless approved by the ESC Board, named endowments should not be accepted unless the named endowment contributions are donated without restrictions as to investment or use.

This Policy as set forth above is effective as of July 21st, 2021, being the date approved by the ESC Board.