Investment Policy Statement

Prepared for IM SAN BERNARDINO VALLEY COLLEGE
As of 06/27/2017

Introduction:

This Investment Policy Statement (IPS) is intended to be the governing document for Bank of America, N.A. (the "Investment Manager") to follow for the management of the investment portfolio entrusted to the Investment Manager, and as such details objectives, risk tolerance, and spending requirements. The information contained within the IPS will be used to formulate an appropriate and effective investment plan.

Portfolio Purpose and Background:

This portfolio was made for the San Bernardino Valley College Foundation. San Bernardino Valley Foundation mission is to provide high-quality education, innovation instruction, and services to a diverse community of learners. Their source of wealth comes from donations, grants, and endowments. The purpose of this portfolio is to generate growth and income through a diversified asset allocation model.

Overall Risk Tolerance and Investment Objective:

We recognize that no investment is free from risk, and have considered the following risk categories and definitions in the development of this Investment Policy Statement:

> Volatility Risk: Volatility Risk is the potential for loss in the value of the portfolio due to year-to-year fluctuations in return relative to the one-year expected return.
>
> Concentration Risk: Concentration Risk is the potential for loss in the value of the portfolio due to a substantial overweight in any sector(s), sub-sector(s), industry(ies), or security(ies).
>
> Credit Risk: Credit Risk is the potential for loss in the value of the portfolio due to a decline in the credit-worthiness of an investment.
>
> Inflation Risk: Inflation Risk is the loss of purchasing power due to the decline in value of the monetary unit on which the investment is based.
>
> Liquidity Risk: Liquidity Risk is the inability to sell an investment in a timely manner without offering a discount to its fair value.

The overall Investment Objective is **Balanced Return**:

> This objective focuses on capital appreciation with a secondary focus on current income through a higher allocation to equities than fixed income, and where appropriate, other asset classes.
>
> Risk level: Moderate/Aggressive. Investors with this objective should be willing to accept a moderately high level of portfolio volatility and risk of principal loss in seeking to achieve capital appreciation.

Time Horizon:

The time horizon for this portfolio is greater than ten years.

Liquidity Needs:

The portfolio has no specific requirements to maintain liquidity for short-term cash flow needs.

Distribution Needs:

There are no significant known distribution requirements for this portfolio.

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Income Tax Considerations:

This portfolio is constructed without a need to consider taxability of ordinary income and capital gains from investments. Unrelated business tax income may be a consideration.

Investment Authority:

The investment authority has been delegated to the Investment Manager who will be responsible for the investment management of the portfolio within the guidelines of this IPS.

Investment Philosophy:

At Bank of America, we believe several critical components drive investment management success. Our philosophy is embodied by a goals-based, proactive investment management approach, adherence to fiduciary standards, and ultimately, the use of our insights, strategies, and solutions. Our approach encompasses diversification among and within asset classes, allocating from the top down and the bottom up, within the context of strategic planning, tactical management and, when applicable, tax efficiency. Investments in individual securities, funds, and managed accounts are guided by our due-diligence process that draws insights from internal and external resources.

Investment Restrictions and Special Instructions:

Unless there are constraints described elsewhere in this document, none of the current portfolio assets are subject to a client defined restriction that prevents the Investment Manager from selling any assets in whole or in part.

The Investment Manager is restricted from purchasing investments in the following asset class(es): Real Estate and Private Equity.

The Investment Manager will be bound by its policies and procedures in making investments consistent with pursuing your investment objective, but you have not placed any additional restrictions on the Investment Manager of the following types: Security Type; Sector/Industry; Issuer; Country of Issuer; use of Hedging, Margins, Short Selling; Credit Quality; use of Un-Rated Municipal Bonds; Maximum Maturity; Government Issuer; limits by Sector/Industry; limits by Issuer; or Custom Restrictions.

Note: The Investment Manager may not be able to fully implement such restrictions when mutual funds and other pooled investment vehicles are utilized. Additionally, items such as market volatility, changes in company focus and foreign operating businesses result in a degree of subjectivity in classifications such as capitalization, sector or country. The Investment Manager intends to follow these restrictions as closely as possible given these constraints.

Client-imposed restrictions may affect the Investment Manager's ability to perform its stated investment strategy and, therefore, investment performance may deviate from that of other clients managed in accordance with the same strategy but absent such restrictions.

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Asset Allocation:

The portfolio will be invested in accordance within the Policy Maximum and Minimum Range for each asset category described below. The asset allocation, Strategic Target, and Policy Maximum and Minimum Range have been established in accordance with the overall risk and return objectives of the portfolio. These asset classes and ranges are reviewed regularly and may change over time without an immediate update to this investment policy statement.

Since the Plan's total portfolio is expected to be broadly diversified with respect to asset classes and asset class managers, the Investment Manager is allowed latitude in constructing the components of the total portfolio, consistent with its style of management.

Asset Class	Strategic Target	Policy Range
Cash	**2.00%**	**0.00%-20.00%**
Equity	**57.00%**	**42.00%-72.00%**
U.S. Large Cap	19.00%	9.00%-72.00%
U.S. Mid Cap	13.00%	0.00%-18.00%
U.S. Small Cap	8.00%	0.00%-13.00%
International - Developed	12.00%	0.00%-17.00%
Emerging Markets	5.00%	0.00%-10.00%
Fixed Income	**30.00%**	**15.00%-45.00%**
Investment Grade	23.00%	13.00%-45.00%
International Developed Bonds	6.00%	0.00%-11.00%
High Yield	1.00%	0.00%-6.00%
Hedge Funds	**9.00%**	**0.00%-14.00%**
Tangible Assets	**2.00%**	**0.00%-7.00%**

Please refer to Asset Class Disclosures pages for asset class definitions.

Rebalancing Strategy:

Rebalancing the portfolio allocation with the Policy Strategic Target allocation ranges for the various asset classes serves the purpose of maintaining the risk and expected return of the portfolio within parameters stated in the Investment Policy Statement. Reallocations among asset classes and managers shall reflect the following considerations:

1) Generally allocated toward maintaining the strategic allocation targets over time; and/or

2) The Investment Manager will rebalance the portfolio with the asset allocation ranges stated herein when the risk and expected reward potential is perceived to be such that an asset class weighting should be tilted toward the approved policy maximum or minimum.

Performance Benchmarks and Measurement:

Performance will be reviewed monthly.

Investment performance will be compared against a Policy benchmark based on the investment objective. The Policy benchmark against which the portfolio's performance will be measured is 60% S&P & 40% Bloomberg Barclays US Aggregate.

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Updating Information:

This Investment Policy Statement shall be reviewed at least once annually. This Investment Policy Statement may be modified in whole or in part at any time, and the changes shall be communicated to the Investment Manager in writing and signed by a duly appointed representative of the organization.

The Investment Manager will make adjustments to this IPS consistent with our understanding of the purpose, return objectives, and risk tolerance appropriate for this portfolio. When those changes are material we will deliver a revised copy of this IPS and if appropriate ask for your confirming signature. The Investment Manager will seek to affirm verbally that this IPS is still valid and correct on at least an annual basis. Every three years the Investment Manager will supply the current version of the IPS and ask for your confirming signature.

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Acknowledgement

This Investment Policy Statement is acknowledged and adopted as of the date below:

Scott Stark	Date	Richard Beemer	Date
Brian Townsend	Date	Michael H. Tagami, CAIA Managing Director, Senior Portfolio Manager	Date

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Investment Objective Descriptions

Your IPS lists the portfolio's current investment objective of record. Investment objectives range from those that are more conservative and have potentially less investment risk and more inflation risk, to those that are more aggressive and have potentially more investment risk and less inflation risk. The investment objective may be listed as one of the following.

All Fixed Income
This objective emphasizes current income generation. Due to its focus on fixed income securities, and other appropriate asset classes, general stability of principal value should be obtained, but is not guaranteed.

Current Income
This objective focuses on current income generation with a modest potential for capital appreciation. Investments are primarily in fixed income securities, with a modest allocation to equities and, where appropriate, other asset classes.

Balanced Income
This objective focuses on current income generation with a secondary focus on capital appreciation through a higher allocation to fixed income than equities and, where appropriate, other asset classes.

Balanced
This objective offers the potential for both current income and capital appreciation, with corresponding allocations to fixed income and equities, and where appropriate, other asset classes.

Balanced Return
This objective focuses on capital appreciation with a secondary focus on current income through a higher allocation to equities than fixed income, and where appropriate, other asset classes.

Balanced Appreciation
This objective focuses on capital appreciation with a potential for current income through a higher allocation to equities than fixed income and, where appropriate, other asset classes.

Appreciation
This objective emphasizes capital appreciation with a modest potential for current income generation. Investments are primarily in equities with a modest allocation to fixed income securities, and where appropriate, other asset classes.

All Equity
This objective emphasizes long term growth and capital appreciation. Due to its focus on equities and other appropriate asset classes, this objective is an aggressive strategy and short term performance may be volatile.

For qualified investors, in addition to utilizing cash and equivalents, equities and fixed income investments, other asset classes such as hedge funds, private equity funds, real estate and tangible investments may also be utilized. In addition to the above objectives, individual client circumstances may dictate a unique investment objective. In such circumstances, the objective may be listed as Customized Objective. In addition, other circumstances may result in a specialty objective being used, including Principal Preservation, All Real Estate or All Oil and Gas.

The above descriptions are presented for comparative purposes only. In addition, from time to time, tactical decisions may result in your actual asset holdings differing from your long term investment objective. Asset class ranges for each portfolio objective are reviewed regularly and may change over time.

STRATEGIC ASSET ALLOCATION GUIDELINES DISCLOSURE - LOW TAX SENSITIVITY

	ALL FIXED INCOME	CURRENT INCOME	BALANCED INCOME	BALANCED	BALANCED RETURN	BALANCED APPRECIATION	APPRECIATION	ALL EQUITY
	Strategic Range	Strategic Range	Strategic Range	Strategic Range	Strategic Range	Strategic Range	Strategic Range	Strategic Range
CASH	0%-20%	0%-34%	0%-20%	0%-20%	0%-20%	0%-20%	0%-20%	0%-20%
EQUITY	0%-0%	4%-34%	15%-45%	26%-56%	39%-69%	49%-79%	65%-95%	80%-100%
U.S. Large Cap	0%-0%	0%-34%	1%-45%	4%-56%	8%-69%	10%-79%	15%-95%	26%-100%
U.S. Mid Cap	0%-0%	0%-9%	0%-12%	0%-14%	0%-18%	0%-19%	0%-24%	0%-27%
U.S. Small Cap	0%-0%	0%-8%	0%-9%	0%-11%	0%-12%	0%-14%	0%-16%	0%-12%
International - Developed	0%-0%	0%-9%	0%-11%	0%-14%	0%-16%	0%-20%	0%-22%	0%-29%
Emerging Markets	0%-0%	0%-6%	0%-7%	0%-8%	0%-10%	0%-11%	0%-13%	0%-14%
FIXED INCOME	80%-100%	30%-60%	32%-62%	21%-51%	8%-38%	0%-26%	0%-15%	0%-0%
Investment Grade	54%-100%	20%-60%	21%-62%	14%-51%	7%-38%	0%-26%	0%-15%	0%-0%
International Developed Bonds	0%-29%	0%-16%	0%-17%	0%-14%	0%-10%	0%-5%	0%-5%	0%-0%
High Yield	0%-15%	0%-9%	0%-9%	0%-8%	0%-6%	0%-6%	0%-5%	0%-0%
HEDGE FUNDS	0%-0%	0%-12%	0%-14%	0%-15%	0%-14%	0%-16%	0%-14%	0%-0%
PRIVATE EQUITY	0%-0%	0%-0%	0%-0%	0%-0%	0%-0%	0%-0%	0%-0%	0%-0%
REAL ESTATE	0%-0%	0%-12%	0%-14%	0%-14%	0%-15%	0%-16%	0%-14%	0%-0%
TANGIBLE ASSETS	0%-0%	0%-8%	0%-8%	0%-7%	0%-7%	0%-6%	0%-5%	0%-0%
Expected Return	4.00%	4.80%	5.70%	6.20%	6.80%	7.40%	7.90%	8.30%
Expected Risk	4.70%	4.80%	6.50%	8.20%	10.20%	12.10%	14.10%	17.00%
Expected Yield	3.90%	2.70%	2.90%	2.70%	2.50%	2.40%	2.20%	2.20%
Expected Sharpe Ratio	0.35	0.53	0.52	0.48	0.44	0.42	0.40	0.35

Strategic Range - Strategic and tactical asset allocation recommendations will fall within these defined ranges.
Expected Return* - The average annual total return the strategic target can be expected to generate over a 15-year horizon.
Expected Risk* - A measure of the dispersion of a set of data from its mean. Also known as standard deviation. Applied to the periodic rate of return of an investment to measure its volatility. The more spread apart the data are, the higher the volatility of that investment
Expected Yield* - The average annual income the strategic target can be expected to generate over a 15-year horizon.
Expected Sharpe Ratio* - A risk-adjusted measure calculated using standard deviation and excess return (above cash) to determine reward per unit of risk. Higher Sharpe ratios translate into better risk-adjusted performance.
This material is current as of the date noted, is for informational purposes only, and does not contend to address the financial objectives, situation, or specific needs of any individual investor. The information is for illustrative purposes only. It is not intended to serve as investment advice since the availability and effectiveness of any strategy is dependent upon your individual facts and circumstances. Results will vary, and no suggestion is made about how any specific solution or strategy performed in reality.
* Based on U.S. Trust's 2016 Capital Market Assumptions for the period January 2017 to January 2032.
Clients' performance and risk tolerance preferences may require deviation from this guidance when implementing investment solutions.
Accounts subject to laws that may be more restrictive as to permissible investments require portfolio manager review.
Source: U.S. Trust Global Portfolio Solutions & Institutional. As of December 2016, Effective January 2017.

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Asset Class Disclosures

Equities: Investments in equities are subject to the risks of fluctuating stock prices, which can generate investment losses. Equities have historically been more volatile than alternatives such as fixed income securities. International investments are subject to additional risks such as currency fluctuation, political instability and the potential for illiquid markets. Emerging markets bear similar but accentuated risks.

Large Cap Stocks: This asset class is comprised of companies domiciled in the Unites States and generally viewed as having market capitalizations in excess of $10 billion. Representative indices include the S&P 500, Russell 1000, and Russell Top 200.

Small/Mid Cap: Stocks of small and mid-cap companies pose special risks, including possible illiquidity and greater price volatility than stocks of large, more established companies. Representative indices include the S&P Midcap 400, Russell Midcap, S&P Small Cap 600, and the Russell 2000.

International: International investing involves special risk including foreign taxation, currency risks, risks associated with possible differences in financial standards and other risks associated with future political and economic developments. Representative indices include the MSCI EAFE and MSCI World ex US.

Emerging Markets: Investing in emerging markets may involve greater risks than investing in more developed countries. In addition, concentration of investments in a single region may result in greater volatility. Representative indices include MSCI Emerging Markets.

Fixed Income: Fixed income investments fluctuate in value in response to changes in interest rates and credit risk. Callable and Mortgage backed securities are also subject to risk of call or prepayment, so that portfolio management may be faced with replenishing the portfolio in a possibly disadvantageous interest rate environment. Representative indices include Bloomberg Barclays U.S. Aggregate Bond Index and Bloomberg Barclays Government/Corporate.

Tax-exempt: Tax-exempt investing offers current tax exempt income, but it also involves special risks. Single-state municipal bonds pose additional risks due to limited geographical diversification. Interest income from certain tax-exempt bonds may be subject to certain state and local taxes and, if applicable, the alternative minimum tax. Any capital gains distributed are taxable to the investor. Representative indices include Bloomberg Barclays Municipal Bond and Bloomberg Barclays Quality Intermediate.

High Yield: Investments in high-yield bonds (sometimes referred to as "junk bonds") offer the potential for high current income and attractive total return, but involves certain risks. Changes in economic conditions or other circumstances may adversely affect a junk bond issuer's ability to make principal and interest payments. Representative indices include Bloomberg Barclays Global High Yield, Merrill Lynch High Yield, and Bloomberg Barclays High Yield Municipal.

Alternative investments such as derivatives, hedge funds, private equity funds and funds of funds can result in higher return potential but also higher loss potential. Changes in economic conditions or other circumstances may adversely affect your investments. Before you invest in alternative investments, you should consider your overall financial situation, how much money you have to invest, your need for liquidity and your tolerance for risk.

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Asset Class Disclosures (continued)

Hedge Funds: An investment in a hedge fund involves a substantially more complicated set of risk factors than traditional investments in stocks or bonds, including the risks of using derivatives, leverage, and short sales which can magnify potential for losses or gains. Restrictions exist on the ability to redeem units in a hedge fund. Hedge funds are speculative and involve a high degree of risk. Representative indices include Dow Jones Credit Suisse Hedge Fund and various HFRI indices.

Private Equity: An investment in private equity involves risks that differ from traditional equity investments including illiquidity, leverage and lack of transparency. Private equity investments generally require long time commitments. Representative indices include Cambridge Associates US Private Equity and Venture Economics Private Equity.

Real Estate: Investments in real estate securities can be subject to fluctuations in the value of the underlying properties, the effect of the economic conditions on real estate values, changes in interest rates, and risks related to renting properties, such as rental defaults. Representative indices include FTSE NAREIT and NAREIF.

Commodities: Commodities investments are highly volatile and are speculative. Commodities prices may be affected by overall market movements, changes in interest rates and other factors such as weather, disease, embargoes, and international political and economic developments. Representative indices include the Bloomberg Commodity TR and the S&P GSCI.