Rotary Club of Ann Arbor Policies

Approved by the Board of Directors on May 19, 2026

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Introduction

The Rotary Club of Ann Arbor is responsible for maintaining institutional knowledge and consistent governance. Board leadership rotates annually, requiring a set of policies that guides budgeting, committee structure, and major policies. Committees shall set operational procedures. The goal is clarity, continuity, and operational flexibility.

Policy Administration

The Club's Secretary will maintain an index of all known Club policies as issued by either the Board or any of the Club's committees and make them easily available and accessible to club members.

From time to time, the Board and/or individual committees may wish to amend or revoke existing policies or create new policies. Board Members or Committee Chairs may submit proposed updates to the Secretary for review at the next Board meeting. The Board will promptly report the results of the review to the person submitting the request and communicate any changes or updates to club membership.

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Policy on Politics

No person who is a candidate, declared or otherwise, for political or judicial office may be invited or permitted to address the Rotary Club of Ann Arbor (hereafter the Club) about an election in which he/she is or may be a candidate.

Similarly, no person may be invited or permitted to address the Club either in support of or in opposition to any bond issue or ballot proposal; but upon recommendation of the Program Committee approved by the Board, official designated spokespersons for groups supporting and opposing such issues or proposals may appear together at a Club meeting and state their groups' positions in a debate or question and answer format moderated by a Club member designated by the President.

Written material promoting or opposing political or judicial candidacies or supporting or opposing bond issues or ballot proposals may not be distributed at Club meetings, nor should any member of the Club use or permit others to use the Club directory for mail, fax, or e-mail distribution of such materials or for telephone campaign solicitation.

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Fundraising Policy

The Rotary Club of Ann Arbor has had a longstanding position to limit the number of fundraising activities beyond the dues and other obligations of all members. The Board may approve one (or more) major fundraising projects (e.g. the annual Golf Outing) to support the Club's Foundation or another specific purpose. The Board may approve one or more external fundraising projects per year to benefit the Ann Arbor Rotary Endowment or to promote the goal of fellowship among members. These approvals and level of administrative support (labor/financial) will be voted on by the Board during budget preparation and other major fundraising distributions.

Club members, in addition to their dues, may make designated contributions to a Club service project or other worthy Rotary cause provided that the Board approves the contribution as being in the best interest of the Club. Examples of this type of gift are personal donations to the budget of an international humanitarian project, or funds to underwrite one or more of the Club's scholarships on a one-time, unendowed, basis.

When the Club actively solicits contributions to more than one beneficiary through a Board-approved fundraiser, a Club member can designate that his or her contribution go to one or more of the specified beneficiaries rather than to all of them. Whenever a designated contribution is made to a beneficiary of a fundraiser, the contribution shall be considered to be part of the money raised by that year's fundraiser. There shall be no internal solicitation of monetary contributions by members for any Club activity or project except through a Board-approved fundraiser.

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Policy Concerning Solicitations and Sharing of Non-Rotary-Related Information at Club Meetings or Otherwise Directed at Club Members

No member, speaker, guest or other person, group or organization shall sell products or tickets, solicit donations, or otherwise engage in overt fundraising activities directed at members of the Rotary Club of Ann Arbor at Club meetings or by mail, e-mail, or telephone using the Club's membership list, except to raise funds for the Club itself, the Ann Arbor Rotary Endowment, the Ann Arbor Rotary Foundation, or for activities (e.g., events, causes, fundraising drives) sponsored or officially sanctioned by the Club itself.

A "sponsored" activity is one that the Club, by and through its Board of Directors, has agreed to support financially. An "officially sanctioned" activity is one that has been specifically planned or approved by the Club, by and through its Board of Directors or one of the Club's Committees, by and through its Chair. In order for an activity to qualify to be "officially sanctioned", it must meet at least one of the following criteria:

- A private event planned exclusively for Club members (registration is open and/or tickets available to Club members only); it may or may not allow Club members to register/purchase tickets for family or friends as their guests;
- A public event intended to further a cause that is specifically and solely aligned with one of the Club's causes as outlined in its Strategic Plan;
- A cause or fundraising drive intended to benefit a nonprofit organization currently sponsored by the Club.

In no case should an activity that is political, or that an individual or for-profit organization will financially benefit from, be sponsored or officially sanctioned.

Rotary Shares Table

In order to provide Club members an opportunity to share information on non-sponsored and non-sanctioned activities, a Rotary Shares Table (the "Table") is provided outside the meeting room at the Club's regular weekly meetings. Club members may use the Table to share information on events, publications, and products. Such information is not to be distributed to individuals during Club meetings or placed on the luncheon tables at Club meetings. The President will frequently remind members to check the Table. Club members who use the Table are also responsible for removing any remaining items/materials after the meeting; otherwise, they will be discarded.

Decisions to reject solicitations and/or information sharing may be appealed to the Board of Directors for a final determination.

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Policy on Club Publications

All electronic and printed communications, including posts to social media platforms are to meet criteria established under existing Club policies and guidelines to ensure professionalism, relevance, and compliance with current standards. Materials submitted for publications will be reviewed by the Editor-in-Chief of club publications, if one has been appointed.

While it is the responsibility of the Editor-in-Chief to be as accommodating as possible, they may, at their discretion, reject submitted materials for the following reasons:

- Material is not relevant. Material not closely related to Rotary, its affiliates, or its partners, may not be published in any club publication or posted to any electronic platform.
- Material is too long. If the Editor determines that a submitted piece is too long, they should work with the submitter to make it a reasonable length.
- Material does not adhere to Club style guidelines. If the Editor determines that submitted materials does not meet Club style guidelines, they should work with the submitter to make the necessary changes.
- Material covers a prohibited topic. Some topics are strictly prohibited from appearing in club publications. These include:
    - Politics. Posts for a political campaign of any nature are prohibited in any publication of the Club.
    - Solicitations for sales or donations. No member, speaker, guest or other person, group or organization shall sell products or tickets, solicit donations, or otherwise engage in overt fundraising activities directed at members in any club publications, either print or electronic, except to raise funds for the Club itself, the Ann Arbor Rotary Foundation, The Rotary Foundation of Rotary International, its partners, or for events, causes or fundraising drives sponsored or officially sanctioned by the Club or one of its affiliates.

Privacy and Confidentiality

Members must maintain the confidentiality of all personal and sensitive information. Articles and posts should not include member data unless necessary and permitted by the individual.

Appeals

Decisions by the Editor-in-Chief to reject submitted materials may be appealed to the Board of Directors or President, who will then have to decide if the materials in dispute meet Club policy.

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Duties and Responsibilities of Directors

The leadership of the Rotary Club of Ann Arbor is organized into three levels; Officers, Directors and Committee Chairs. Officers and Directors comprise the Board of Directors.

There are a total of six Directors. Each serves a two-year term beginning with the start of the program year. Three are elected each year. The selections are made by the Nominating Committee, confirmed with the selectee and finalized at the Club Assembly. This document describes their general and specific duties and responsibilities.

- Serve as the supervising/reporting director for each of their assigned committees, recruit committee chairs and co-chairs.
- Function as an ex-officio member of each assigned committee.
- Serve as the liaison between such committees and the Board of Directors.
- Attend all Board of Directors meetings, reporting committee activities and needs, and be an informed voting participants in all Board decisions and other actions.
- Attend meetings of committees as necessary and appropriate to support and encourage their actions consistent with the club's strategic plan and Board directives and to keep the Board fully and accurately informed of committee activities and needs.
- Participate in District Training and events that support club goals.
- Solicit budget requests from committee chairs as annual club operating and community service budgets are being prepared and forward them to president-elect and treasurers.
- Obtain yearly reports from committee chairs for the Club's Annual Report and forward them with, or as part of, the director's own service area report to the outgoing president.
- Provide for the president, club secretary and Executive Administrator descriptions and dates of committee events for inclusion in weekly meeting agendas, annual calendar and the Rotary Newsletter.

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Distinguished Service Awards

The Rotary Club of Ann Arbor annually recognizes members, non-members and community organizations with the Distinguished Service Award (DSA) status. The DSA is the Club's highest honor for those who have exemplified the Rotary motto of "Service Above Self" in their professional achievements, community involvement and contributions to local and international Rotary service. The DSA is presented at a regular Club meeting and is valued by awardees and presenters alike as a personal and professional honor.

The committee in charge of the selection and presentation process is chaired by the Immediate Past President. The DSA committee should be appointed by October, and a slate of prospective awardees (2-3) shall be given annually. Selection of individuals should include consideration of professional achievement, community service, and service to the Rotary Club.

Selected DSA Nominees will be presented at a board meeting prior to award receipt.

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Guidelines for Programs and Speakers

The Rotary Club of Ann Arbor has many facets and levels of engagement with the community on a regional, national, and international level, and the speaker program supports these initiatives.

Speaker nominations are submitted through the website and are reviewed monthly by the Program Committee. Three major limitations exist for potential candidates.

1. **Politics.** Current holders of political offices may speak — and it is in the club members' interest that they do speak -- except during the 12 months prior to the next election relative to that political office.

   Political candidates, appointed officials, and proponents of pending ballot proposals may not speak during that 12-month period.

2. **Promotion.** Selling or promoting of products, tickets, donations, etc., is not permitted. At the discretion of the Program Committee, book signing and selling will be reviewed on a case by case basis.

3. **Controversy.** The program committee has a dual responsibility regarding topics that may appear to be controversial or divisive: the primary responsibility is to present programs that address important topics and speakers, including those with whom members may or may not entirely agree. The exception: to avoid programs that might be so offensive, for any reason, as to have a significant impact on attendance or membership.

Any questions or comments relative to the Program Committee guidelines above should be directed to the Program Committee Chair or Club President.

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Attendance Policy

Weekly attendance at club meetings is encouraged but not mandated. Attendance is taken to foster member engagement, ensure smooth communication of club projects, and measure the overall health and vibrancy of the club. Consistent participation ensures members remain up to date on community initiatives and benefit fully from networking. In addition to attendance at weekly meetings, other forms of engagement include, but are not limited to: serving on one of the club's committees; participating in club service activities or attendance at a club event; attending district or Rotary International events and programs; and participating in other Rotary activities that support the club's mission.

Attendance will be taken for weekly meetings, committee, and board meetings for monthly reporting to the district. Committee chairs shall promptly report meeting or event attendance to the Club Secretary via email or other approved communication methods.

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Membership Policy

Eligibility

Membership in the Rotary Club of Ann Arbor is open to individuals who embrace the Rotary International motto, "Service Above Self," and who are committed to making a positive impact in our local and global communities.

The Membership Committee plays a vital role in both recruiting new members and fostering meaningful engagement and connection among current members to support long-term retention. The committee also oversees initiatives such as Rotary Cares and the Social Committee, helping to cultivate a welcoming, supportive, and vibrant club culture.

Membership Categories

The Club uses five membership categories for dues purposes:

- Age 40 and under
- Age 41 through 69
- Age 70 and over
- Emeritus (age 80+ with 20 years in any Rotary Club)
- Corporate Member (from a for-profit, non-profit, or governmental entity)

Corporate Memberships

Corporate Member status is available to "for profit" businesses, nonprofit businesses, and governmental entities. Each Corporate membership shall include two members; these members are to be vetted by the same procedure as individual members, including board review and approval for club membership. The individuals within each Corporate membership are eligible to serve as officers of the club; their names will be reported to RI as part of the club roster. Each person in the corporate membership shall also pay the CSA fee as paid by other members.

Membership Transfer or Re-Instatement

The club has no special policy or procedure for the invitation or approval of individuals who wish to transfer from another Rotary club. Those club members who are interested in assisting an individual in this circumstance are asked to follow the club practice for new member consideration and proposal. Reinstatement of previous members of RCAA, who left in good standing, is at the discretion of the Board of Directors, and such requests should be referred through the Membership Development Committee.

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Policy Concerning Emeritus Status

Emeritus Members

The Membership Chair will administer an Emeritus award program and will submit nominees for Board approval based on consideration of the following factors:

- Membership in good standing; with no outstanding dues or other delinquencies,
- Age of at least 80 and Rotary membership of at least 20 years (including other clubs), and
- Member has been an active participant in one or more programs of RCAA.

Nominees approved by the Board will be recognized in an Emeritus award ceremony at a regular weekly meeting, if feasible for the honoree. Otherwise, the presentation will be done at a time and place agreeable to the honoree. Each year, the Board will approve the number of members who will be granted Emeritus status and the financial obligations (commonly less than those for senior active members) for that status. It is expected that no more than 5-7 members be awarded Emeritus status each fiscal year.

At the time of the award, Emeritus members can request Active or Inactive status as explained below. At any time, subsequent to the award, recipients or their caregivers can petition the MC to change from one emeritus category to the other.

1. Active Emeritus Members continue to be active in terms of the club and the RI roster. Financial obligations are to be determined by the Board each year.
2. Inactive Emeritus Members will no longer be on the RI roster but will continue to be listed in the Club Directory and be welcomed at all Club events and activities. Inactive Emeritus Members have no financial obligations to RCAA.

On occasion a club member may become incapacitated and can no longer perform Activities of Daily Living (ADL) as confirmed by the member's caregiver. If that person has been a member for a minimum of 20 years but is not yet 80 years of age, they are not yet eligible for Emeritus status. In such cases, the MC can consider the situation and make a recommendation to the board regarding the award of Inactive Emeritus status. This member will have the same rights and privileges as other Inactive Emeritus members.

Honorary Membership

The RCAA Membership Committee will administer an Honorary membership program and will submit nominees for Board approval. Nominees will be persons who have distinguished themselves by meritorious service in the furtherance of Rotary ideals and those considered friends of Rotary for their support of Rotary's cause. The term of such membership shall be fixed as determined by the Board of the club and reviewed periodically. Honorary members shall be exempt from financial obligations, shall

have no vote and shall not be eligible to hold any office in the Club. Such members shall not hold classifications but shall be entitled to attend all meetings and enjoy all the other privileges of the Club

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Non-Discrimination Policy

Rotary International (RI) maintains a strict non-discrimination and harassment-free policy, prohibiting bias based on age, ethnicity, race, color, disabilities, religion, socioeconomic status, culture, sex, sexual orientation, family status or gender identity. RI expects all members to foster an inclusive environment, and it has zero tolerance for abuse.

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Archival Policy

Purpose

The Rotary Club of Ann Arbor deposits materials in the Bentley Historical Library which document its history, scope and activities so that Club members, community members and interested researchers can access documentation of the Club. In addition, the Club deposits its digital materials in a variety of sites, including ClubRunner and DropBox.

Records Deposited

The Club retains and deposits, in paper and/or digital format:

- Annual Report
- Board Minutes
- Certificates, commendations, awards
- Weekly newsletter
- Member Directory
- Selected Correspondence
- Special Programs and Committee materials as appropriate
- Strategic Plans
- Visual material

Time of Deposit

Records will be deposited annually within six months of the close of the Club's year.

Responsible Position

The Club's Archivist works with the Club's officers and Club Administrator to assure compliance with the Archival Policy and timely deposit of the materials.

Note

Club Website: parts of the Rotary Club of Ann Arbor's website (http://www.annarborrotary.org) are archived in the Internet Archive's "Wayback Machine" (http://www.archive.org).

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Records Retention Policy

The Rotary Club of Ann Arbor shall maintain an organized system for the retention, archival, and preservation of official club records to ensure institutional continuity, legal compliance, and historical stewardship. Records shall include, but are not limited to, governing documents; board and committee agendas and minutes; financial statements; tax filings; audit materials; grant documentation; membership records; strategic plans; policies and procedures; contracts; and materials of historical significance to the club.

Official records shall be retained in accordance with applicable legal, financial, and nonprofit recordkeeping requirements, with permanent retention for articles of incorporation, bylaws, board minutes, annual financial reports, tax filings, strategic plans, and significant historical archives. Committee chairs and officers are responsible for submitting final meeting minutes, reports, and related documents to the club's designated records administrator or secretary within a timely manner following each meeting or project completion.

The Board of Directors shall designate and periodically review secure physical and/or digital archival systems to protect records from loss, unauthorized access, or destruction. Historical records, including photographs, publications, correspondence, and documentation of major club milestones, awards, and service initiatives, shall be preserved as part of the club's institutional archive. The Secretary, in coordination with the Treasurer and committee leadership, shall oversee compliance with this policy and provide for orderly transfer of records during officer transitions.

Specific requirements for each area of club records is detailed in archival procedures (LINK).

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Statement of Conduct for Working with Youth

All club members shall abide by the following policies and guidelines in all their interactions with children and youth in connection with club programs and projects. ***The safety and well-being of our youth should always be the first priority.***

Rotary Tutors & Other Involvement with Children

No member volunteer shall be alone with a single child or group of children where they cannot be observed by others --- except, when necessary, such as in tutoring and transporting or in other club sanctioned youth activities.

Members shall abide with any and all rules of the school.

Members involved in projects with children shall never leave a child unsupervised.

Members shall not abuse children in any way, including but not limited to:

- Physical abuse – do not strike, spank, shake or slap
- Verbal abuse – do not humiliate, degrade or threaten
- Sexual abuse – do not inappropriately touch or use inappropriate language
- Mental abuse – do not shame, withhold love or respect, or be cruel in any way.

Treat all children respectfully, equally and with humane consideration regardless of gender, race, religion, ethnicity, sexual orientation or cultural background.

Use positive techniques of guidance, including redirection, positive reinforcement and encouragement; avoid competition, comparison or criticism; and establish and maintain age-appropriate expectations and environments that minimize need for discipline.

Do not smoke, use smokeless tobacco products, or use, possess or be under the influence of alcohol or illegal drugs in the presence of children.

Do not use profane language, tell inappropriate jokes, share intimate personal life details or engage in any kind of harassment in the presence of children or their parents.

Always be a positive role model for children with an attitude of respect, dignity, loyalty, patience, courtesy, tact and maturity.

If a club member observes any activity by another club member or other adult involved in a club program or project with children that he/she believes may violate this policy, he/she shall promptly report it. (See Club Resolution Procedures).

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STRIVE Scholarship Budgeting Policy

Purpose and Oversight

The Ann Arbor Rotary Club Board and membership strongly support the STRIVE Scholarship Program and the work of the STRIVE Committee. The Committee operates under the financial oversight of the Board.

The STRIVE Committee must obtain Board approval before making any financial commitments and may not commit funds beyond its approved annual budget without prior Board authorization.

Budgeting Cycle

The Club establishes its annual budget in May or June for the Rotary year beginning July 1.

The STRIVE budget approved in June funds scholarships that will be awarded the following May, as well as related program expenses (such as award ceremonies) occurring during that budget year.

Reservation of Scholarship Funds

Although STRIVE scholarships are awarded in May, they are typically used during the following academic year, and in some cases may be deferred to a second year.

Funds allocated for each scholarship cohort will therefore be reserved or escrowed until all eligible recipients have exhausted their scholarship options under STRIVE policies.

An individual account will be maintained for each scholarship recipient until eligibility ends. Any funds remaining after a student's eligibility has expired will be returned to the Community Service fund balance for general Club use as directed by the Board.

Eligible Use of Scholarship Funds

STRIVE scholarships are intended to support tuition, books, and student fees for coursework at Washtenaw Community College (WCC) during the academic year immediately following the award.

Because student circumstances vary, scholarships may be used in the following ways:

- **Deferral:** A student may request a one-year deferral of the full scholarship through established STRIVE procedures.
- **Unused Balance:** If a student completes coursework but does not use the full award, the remaining balance may be applied to coursework in the following academic year.
- **Second-Year Support:** Students who successfully complete their first year and fully utilize their initial award may be eligible for additional second-year support, subject to available STRIVE funds not otherwise committed.

Successful Completion Requirement

For continued eligibility or second-year support, a student must:

- Receive passing grades in all completed courses, and

- Withdraw from no more than one course during the academic year covered by the original scholarship.

Approved by the Board of Directors on May 19, 2026

Policy on Internal Club & Endowment Financial Procedures, Establishment of Permanent Internal Financial Procedures Committee (IFPC)

An Internal Financial Procedures Committee is established as a permanent, standing committee, chaired by the club's immediate past president, with at least three additional members appointed by club board of directors, and the following procedures are adopted for the management, recording and oversight of the financial affairs of the Club and Ann Arbor Rotary Endowment: that all financial reports be dated and clearly labeled; that fiscal-year-end financial reports of the treasurers, supplemented by balance sheets, continue to be in the club's annual report, preparation of which is coordinated by immediate past president; that the specific procedures below be implemented July 1, 2006, with annual amendment of bank signature cards and investment account designations/restrictions each succeeding July 1, or as necessary at other times, to reflect changes of officers; and that the IFPC review compliance with these procedures quarterly and report results of such review to the club's Board of Directors.

The procedure details to support this policy are identified in the IFPC Procedures Manual (LINK).

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Budget Administration

The Rotary Club of Ann Arbor shall maintain sound financial management practices to ensure transparency, accountability, and stewardship of all funds. The Treasurer, in coordination with the President and Board, is responsible for maintaining accurate financial records, processing receipts and disbursements, and presenting regular financial reports to the Board and membership. All expenditures must align with the approved annual budget or receive prior Board authorization.

Club funds shall be distributed in approved financial accounts in the club's name, with at least two authorized signatories designated by the Board. Financial records shall be reviewed regularly, and an annual independent review or audit shall be conducted in accordance with club bylaws and applicable Rotary guidelines.

The Club budget is prepared for board approval in February of each fiscal year, and the Foundation budget is prepared for board approval in May of each fiscal year.

The procedure details to support this policy are identified in the Financial Procedures Manual (LINK).

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Policy Regarding Members with Past Due Financial Obligations

Every year the Club's Board of Directors develops a budget based on anticipated revenues, which determines the levels of Club activities and service projects that can be undertaken for the succeeding fiscal year.

The Club's principal sources of revenue are dues and the Community Service Assessment from individual members, the annual fundraiser(s) and annual distribution from the Club's Permanent Endowment.

It is incumbent on each member to be fiscally responsible and to meet his/her financial obligations by the due date. In some cases, such as the per capita assessments our Club owes to Rotary International (RI) and District 6380, the timing is such that we must pay invoices based on our number of members on July 1 and January 1. Therefore, the Board has decided that any members who have not paid or made a plan for payment of their dues by June 30 will be terminated.

The Rotary Club of Ann Arbor dues and all local club assessments are established annually by the Board of Directors as part of the approved operating budget. Membership dues are payable according to the schedule communicated by the club and are the financial responsibility of each active member. Members are expected to remit dues by the stated deadline to ensure the club can meet its obligations to Rotary International, the district, and local operations. Any member with outstanding dues beyond the designated payment period may be contacted by the Treasurer or club leadership to arrange payment. Continued nonpayment may result in suspension or termination of membership in accordance with club bylaws and the policies of Rotary International.

The procedure details to support this policy are identified in the Financial Procedures Manual (LINK).

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Endowment Investment Policy Statement

Process & Objectives

1. The purpose of this Foundation is to provide annual distributions which support the "service above self" philosophy of Rotary. Current policy is that the distribution amounts to 4.25% of the Permanent Endowment's market value. This distribution is based on a twenty- quarter rolling average using the market values at the end of each quarter. Use of this twenty- quarter rolling average, instead of a current market value, insulates the Permanent Endowment distributions from temporary market swings.

2. The Club's fiscal year ends June 30. To support the budgeting process for the new fiscal year beginning July 1, the annual distribution is calculated beginning with the March 31 quarter end value**.** This calculation is to be completed by the Endowment Treasurer and provided to the President and/or President elect for inclusion in the next fiscal year's budget.

3. The disbursement policy and decision-making about allocation of funds disbursed to support worthy organizations and their missions are vested in the Board of Directors of the Rotary Club of Ann Arbor, subject to annual review and affirmation by that Board.

4. The long-term investment strategy of the Foundation is to preserve & protect the original value of the principal, while also allowing for growth of the principal in real dollars. Assuming an inflation rate of 3% and an annual distribution rate of 4.25%, the minimum investment total return should approximate 7.25%. This objective, by definition, implies an asset allocation that is weighted toward equities in order to allow the Permanent Endowment to meet the 4.25% distribution and provide for inflation- adjusted growth over the long term.

5. The Foundation Trustees will utilize the following five asset classes listed below as the "benchmark" for measurement of investment performance results within each of the minor asset classes; Large cap stocks, Small cap stocks etc.
   a) Large capitalization equity (S&P 500)
   b) Small/Mid capitalization equity (DJ US Completion Index)
   c) Mid capitalization equity (S&P 400 Mid Cap Index)
   d) Small capitalization equity (Russell 2000)
   e) International equity (MSCI EAFE)
   f) Fixed Income (Barclays Capital Aggregate Bond)

6. In keeping with the goal of a long-term investment strategy for the total portfolio, as defined in #4, emphasis will be placed on long term investment performance results for the entire portfolio; i.e. rolling 3, 5, and 10 year performance. As such performance for the total portfolio will be compared against a benchmark of 50% Russell 3000, 30% MSCI EAFE, 5% MSCI Emerging Markets, and 15% Barclays Aggregate Bond Index. Prior to December 31, 2013, the benchmark utilized was 85% MSCI World Stock Index and 15% Barclays Aggregate Bond Index.

7. Beginning in 2009, the Endowment Trustees purchased custodial, record keeping and performance measurement services from a local financial institution. At some point in the future, depending on resources available, the Endowment Trustees may need to purchase certain additional services that are currently provided, without charge, by Trustees serving as Investment Sub-committee members.

Policies

Use only mutual funds or exchange traded funds for investment management. The criteria for selection and retention of mutual funds utilized in the management of the endowments funds follows:

While the Fund is administered by the Endowment (Foundation) Trustees, the emphasis will be to utilize Index funds that meet the objectives identified in Paragraph 5 above**.** (This would obtain exposure to the different asset classes which is where much of the total return is derived **from but** reduce the research and monitoring requirements.)

Mutual funds utilized by the Ann Arbor Rotary Foundation will be selected and retained based upon their adherence to their stated objective and investment style as well as their performance over multiple time periods versus peer benchmarks. In selecting and recommending a mutual fund for addition to the Endowment Fund, the Endowment Committee will consider the following criteria:

Selection Guidelines

Should mutual funds which are actively managed be considered, they should meet the following criteria:

a) The fund needs to have at least 5 years of performance history; longer is preferable.
b) Management tenure should be 3 years or since inception, whichever is lesser.
c) The manager needs to adhere to its investment style consistently as measured by the Morningstar Universe.
d) Investment performance should be in the top 50% of their peer group for 70% of the annual time periods measured as provided by the Morningstar Universe.
e) The fund's annualized return should rank in the top 33%ile in the 1, 3, 5, and 10 year periods.
f) Expense ratios should be below average relative to their peer group.
g) A Category Risk rating that is average or below average relative to its peer group as provided by the Morningstar Universe.
h) Derivatives can be used within the fund, but it still must adhere to the Category Risk Rating requirements.
i) Other factors to consider when comparing funds will be that fund's Alpha, Beta, and R-Squared relative to the "Best Fit" Index.

Retention

1. Every fund that is currently being utilized by the Rotary Foundation should be evaluated by the Endowment Committee at least every six months based on the criteria established above**.** Failure to meet any of these criteria will not automatically be cause for sale from the portfolio**.** Rather, the Committee will need to evaluate the importance of each of these violations with respect to the other criteria and make a determination as to continued sale or continued retention.

2. If individual issue securities are donated in-kind to Endowment, they will be sold as soon as administratively feasible. Acceptance of other investments, i.e., Real Estate, **closely held** business interests, etc. are covered by a separate Ann Arbor Rotary Endowment "Gift Acceptance" Policy.
3. Maintain prudent diversification between asset classes and within asset classes. Equity exposure should include a balance of core, value, and growth disciplines. Fixed income exposure should also include a balance of indexed exposure, and should an actively managed fund be considered, it should be with a focus (but not a limitation) on high quality.
4. The Investment Sub-committee meets and reports performance quarterly to the Board of Trustees, making any recommendations for rebalancing the portfolio at that time.
5. Rebalancing may occur when actual versus target allocations vary by **5% and** should occur when asset class range limits have been reached or exceeded.
6. Indexed Funds' investment objectives are defined by benchmark indexes (S&P 500, etc.) given in the Objectives section above.
7. Index Funds or Exchange Traded Funds may be utilized for specific style exposure ("growth" or"value") within an asset **class but** shall not reduce Minimum Indexed allocations specified in the Asset Allocation Guidelines (see below).
8. The number of "actively managed" funds within an asset class should not exceed four funds.
9. Morningstar's "style box" data will be utilized for Asset Class and Style classifications analysis purposes.
10. Changes to this INVESTMENT POLICY STATEMENT must be ratified by 75% of Ann Arbor Rotary Foundation Board of Trustees (currently 10 out of 13 Trustees) and affirmed by the Board of Directors of the Rotary Club of Ann Arbor

Asset Allocation Guidelines

	Range	***Target***	***Indexed Minimum***
Equities			
Large Capitalization	30-40%	35%	15%
Small/Mid Capitalization	10-20%	15%	6%
International	30-40%	35%	14%
Fixed Income			
Domestic Bonds	5-15%	10%	5%
International Bonds	0-10%	5%	
Cash	0-5%	0%	0%
TOTALS		100%	40%