



Michigan Garden Clubs, Inc
Investment Funds Policy
Draft

Background:

The mission of Michigan Garden Clubs, Inc (“MGC, Inc.”) is to provide leadership in education, resources and networking opportunities for its members to promote love of gardening, floral design, landscape design and civic environmental responsibility.

In April 2017 a five year strategic plan for self sustaining scholarships was developed to more effectively manage the balance sheet funds restricted for scholarships by investing the funds to generate better returns than were currently being realized in bank savings accounts.

To that end in June 2017 the MGC Board of Directors approved the following motion: Invest approximately \$177,000, currently residing in five separate balance sheet accounts restricted for scholarships, with Morgan Stanley Wealth Management following the successful investment model used by the Kalamazoo Garden Council.

The motion was approved and in July 2017 accounts were established with Morgan Stanley Wealth Management (277 S. Rose St, Suite 3100, Kalamazoo, MI 49007, 269-373-2650). Thomas Scampini, First Vice President and Senior Management Consultant is the advisor.

Three separate accounts were established as follows:

<u>Account</u>	<u>Initial Funds Invested</u>
Scholarships	\$63,081
Lifetime	\$93,320
Delano	\$14,056
Total:	\$170,457

The investment instruments are mutual funds selected by the Morgan Stanley advisor.

Responsibility and Oversight:

The MGC Board of Directors has the ultimate fiduciary responsibilities regarding the proper management of the MGC funds invested with Morgan Stanley. The MGC Board has chosen to delegate the responsibility to oversee the funds to the MGC Finance Committee.

In June 2017 the Finance Committee formed a subcommittee to meet with Morgan Stanley to oversee the establishment and monitoring of the accounts. The subcommittee includes:

- MGC Treasurer
- MGC Finance Chair
- Former MGC President who is a member of the MGC Advisory Council.

The subcommittee will meet with Morgan Stanley twice a year to review the performance of each of the three accounts, evaluate any recommendations made by Morgan Stanley and make changes in the investments after evaluating the recommendations. The performance of the two main asset classes will be evaluated against the following commonly accepted benchmarks:

Equities:	S&P 500 Index: Goal to exceed the average annual return of the index including fees over a full market cycle (3-5 years)
Fixed Income:	Lehman Brothers Government/Corporate Index: Goal to exceed the average annual return of the index including fees over a full market cycle (3-5 years)

A summary of those review meetings will be provided to the MGC Finance and Executive Committee and the Board of Directors as part of the Finance Committee report. The accounts' balances and performance will be provided to the MGC Board of Directors as a part of the quarterly MGC Treasurer's report.

At the June MGC Board of Directors meeting any changes in the investment policies or objectives will be presented to the board for approval.

General Investment Principles and Guidelines

1. The **Scholarships Fund** is a restricted fund for the purposes of providing scholarships to Michigan state universities. The investment strategy has been established using the following parameters:
 - a. Risk Level: Moderate
 - b. Investment Objective: Capital Appreciation and income
 - c. Time Horizon: Five Years

Investment income will be reinvested in year one and thereafter a portion of the investment income will be used for scholarships based on the performance of the fund.

2. The **Lifetime Fund** is a restricted fund for the purposes of providing scholarships to Michigan state universities. The investment strategy has been established using the following parameters:
 - a. Risk Level: Moderate
 - b. Investment Objective: Capital Appreciation and income
 - c. Time Horizon: Five Years

Investment income will be reinvested in year one and thereafter a portion of the investment income will be used for scholarships.

3. The **Delano Fund** is a restricted endowment fund for the purpose of providing scholarships to Western Michigan University. The investment strategy has been established using the following parameters:
 - a. Risk Level: Moderate
 - b. Investment Objective: Capital Appreciation and income
 - c. Time Horizon: Five Years

Investment income will be reinvested in year one and thereafter a portion of the investment income will be used for Western Michigan University Scholarships.

Risk Parameters

In the event of a market downturn greater than 15% the advisor will make recommendations as necessary to preserve the original investment amount by notifying the Finance Chair who will give any needed approvals for changes.