Telluride Foundation
Investment Spending Policy & Guidelines

(Board approval August 5, 2005; Revised December 2014)

PURPOSE

The purpose of this policy statement is to guide the Board of Directors and the Investment & Finance Committee (“IFC”) in effectively managing, monitoring and evaluating the Telluride Foundation’s investable assets.

This policy statement will detail the following:

1. The guidelines for investable assets as set forth by the Investment & Finance Committee and the Board of Directors.
2. The structure for managing the assets. This includes division of assets, roles and responsibilities, asset allocation, benchmarks and desired risk/return profiles.
3. The spending (disbursement) policy for endowed assets.
4. How to amend this policy.

INVESTMENT PORTFOLIO

Investment Objectives
The Board of Directors of the Telluride Foundation and the IFC will utilize our strong financial position, satisfactory current liquidity and the need to grow the principal of the Foundation to enhance income and grant capability in the future.

1) To provide reasonable investment choices for the different investment scenarios as they are needed. Currently the investment allocations are short-term (less than one year) and mid-term investments (one to seven years duration) and long-term (seven years and longer) investment choice.

2) To earn a portfolio return net of all fees and expenses equal to or exceeding the inflation rate as measured by the Consumer Price Index plus an incremental amount depending on the objective of the fund.

3) To invest in a manner that is efficient as prudent on a risk-adjusted basis.

4) To further the Telluride Foundation’s mission, when appropriate, through Mission Related Investments (MRIs) with the intention of creating a risk-adjusted financial return and positive social impact.

Time Horizon
These investment guidelines are based on an investment horizon appropriate to their purpose. If the time horizon were to change then the target allocations will also need to be adjusted. See Article I for the time horizon of our investment choices.
**Risk Tolerance**
The IFC will consider different investment options for different levels of risk tolerance. Each investment choice will have a level of risk associated with it as defined in Article I.

**Performance Expectations**
Over the mid-term and longer we think our return goals are reasonable and achievable based on historical returns (see Article I). At the same time it is recognized that short-term performance is unpredictable at best.

**Asset Allocation**
We recognize that asset allocation will have the single biggest impact on risk and returns. Each investment “fund” will have its own asset allocation targets as identified in Article I.

**Multi Asset Funds**
In addition to the Asset Classes listed in Article I the IFC from time to time may decide to utilize multi-asset funds. Only through multi-asset funds, will “alternative equities” and alternative investment strategies such as hedging, commodities and derivatives will be utilized at this time.

When utilized these funds should be considered as a whole and by their individual components for purposes of asset allocation and performance monitoring.

**DIVISION OF RESPONSIBILITIES**

**Board of Directors**
The Board of Directors has delegated to the IFC full power and authority to make decisions related to the investments of the Telluride Foundation. The Board of Directors elects members of the IFC and the Executive Committee designates a Chairperson. The Chairperson will report periodically to the Board of Directors at scheduled meetings or as needed.

**Investment & Finance Committee**
The IFC will establish and approve appropriate investment and spending policies, objectives and strategies for all Telluride Foundation assets. It will regularly review the implementation of this Investment & Spending Policy and monitor the achievements of its objectives.

**Consultants and other Professionals**
The IFC may choose to hire consultants or other professionals to help evaluate and implement this Investment and Spending policy.

**ALLOCATION OF RESPONSIBILITIES**
The table below outlines the division of responsibility between the IFC and the Board of Directors.

<table>
<thead>
<tr>
<th>Policy &amp; Guidelines</th>
<th>IFC</th>
<th>Board</th>
<th>Executive Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formulation and Revision</td>
<td></td>
<td>X</td>
<td></td>
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<tr>
<td>Approval of Proposed Policy Guidelines</td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td><strong>Investment Selection, Managers and Funds</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Initial Screening</td>
<td></td>
<td>X</td>
<td></td>
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<td>Interviews</td>
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<td>X</td>
<td></td>
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<tr>
<td>Approval</td>
<td></td>
<td>X</td>
<td></td>
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<tr>
<td>MRI Approval</td>
<td></td>
<td>X</td>
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</tr>
</tbody>
</table>
Fee Negotiations X
Ongoing Monitoring X
Manager, Consultant Replacement X
Quarterly Performance Review X X
Semi-Annual Performance Review X X

Portfolio Structure
Approval of Allocation X
Rebalancing within approved ranges X
Propose revisions in allocation X
Approvals of revision to allocations X

INVESTMENT & SPENDING POLICIES AND GUIDELINES

Rebalancing
Rebalancing will be achieved over time with cash flows. If there have been no new cash flows for more than two quarters then an attempt should be made to rebalance the investment choice back to its target allocations as defined in Article I. The IFC may use their judgment as to how to accomplish this and when rebalancing should be deferred to avoid investment fees.

Spending Policy
1) For Non-Endowed Funds:
   a) Income available for spending is determined by the Board of Directors.

2) For Endowed Funds:
   a) Income available for spending is determined by a "total return" spending policy and is stated as follows:
      i) Each year a twelve quarter rolling average of the market value is determined.
      ii) The amount to be spent will be no greater than 5% of the market value calculated in (a) above.

The income that may be spent, as determined in this paragraph, may be drawn from both ordinary income earned (dividends, interest, rents, royalties, etc.) and appreciation, both earned and unearned.

Proxy Voting
Where ever possible the IFC will delegate the responsibility to the appropriate investment managers who will be instructed to vote in accordance with the Telluride Foundation’s guidelines. All proxy voting should be carried out with the intention of maximizing shareholder value.

Commissions, Fees
The IFC intends to monitor fees paid or earned by service providers that work with the IFC and compare them to industry norms.

Exceptions
All exceptions to this Investment Policy must be approved by a majority of IFC and submitted to the Executive Committee for approval.

Records
Each copy of the investment policy statement should have its effective date clearly noted on each page of the document.
Change in Policy
Recommended changes in the Investment & Spending Policy will be brought to the Investment & Finance Committee for consideration. After approval by a majority vote of the Investment & Finance Committee its recommendation will be forwarded to the Board of Directors for review and approval.
### ARTICLE I

#### Time Horizon and Asset Allocation Objectives

<table>
<thead>
<tr>
<th>Fund Type</th>
<th>Time Horizon</th>
<th>Equity</th>
<th>Bond</th>
<th>Cash, Cash Equiv., CD’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-Term</td>
<td>&lt;365 days</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>Mid-Term</td>
<td>1-7 (duration) years</td>
<td>0-50%</td>
<td>0-75%</td>
<td>0-100%</td>
</tr>
<tr>
<td>Long-Term</td>
<td>7+ years</td>
<td>0-75%</td>
<td>0-50%</td>
<td>0-100%</td>
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