



## ***5 Healthy Towns Foundation***

### **Finance Committee Meeting**

**~ September 20, 2016 ~  
5:00 pm**

### **AGENDA**

- I. Call to Order
- II. Introduce Ann Sinelli
- III. Approval of August 16, 2016 minutes\*
- IV. August Income and Expenses, Balance Sheet, Russell Statement
- V. Annual Investment & Spending policy review\*
  - a. Existing policy
  - b. Russell feedback (Darrin Hogshead's representation)

**[ *Internet and Password – 5healthytowns, 310nms203* ]**

\*Material available online

\*\*Material available at the meeting



**5 Healthy Towns Foundation  
Finance Committee Meeting Minutes  
August 16, 2016**

Present: Scott Broshar, Mark Royce, Jeff Wallace, Amy Heydlauff  
Absent: Tom Mann, Robert Stephens, Mike Willis

1. **Call to Order:** 5:05 p.m.
2. Approval of Minutes: Motion to approve June 21, 2016 minutes made, seconded and passed.
3. Reviewed Russell Investment reports for June, July and August. No questions or concerns.
4. 5HF Income and expense report and balance sheet
  - a. Line 65090 (facility charge) – Under Foundation rather than rents?
  - b. Line 65180 (\$40,000 excise tax) – is this actually a prepaid tax?
  - c. Line 66100 (salary and wages) – why over budget?
5. July Wellness Center operations reports
  - a. DWC membership numbers are confusing. We have a net loss of members compared to budget but it says we are 2% above budget.
  - b. The same issues exists for SWC, although in their case the net gain in members suggests we should be above, not below, budget.

**Action: A. Heydlauff will follow up on items 4. and 5.**

6. Finance Committee prefers transitioning to Rhemann Robson this fall.

Meeting adjourned at 6:10 pm  
Next meeting: September 20, 2016 @ 5:00 pm

Recorded by: Amy Heydlauff

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Jeff Wallace  
Treasurer, 5 Healthy Towns Foundation

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Date

August 16, 2016 addendum:

## 5 Healthy Towns Foundation Income & Expenses August 2016

	<u>Total Centers Total</u>		<u>The Rents</u>		<u>The Foundation</u>		<u>TOTAL</u>	
	<u>Aug 16</u>	<u>Budget</u>	<u>Aug 16</u>	<u>Budget</u>	<u>Aug 16</u>	<u>Budget</u>	<u>Aug 16</u>	<u>Budget</u>
<b>Ordinary Income/Expense</b>								
<b>Income</b>								
<b>45000 · Investments</b>								
45040 · Investment Manager Fees								
45020 · Interest Earned					7		7	
45100 · Securities Sales Realized (G)/L					28,210		28,210	
45300 · Securities - Unrealized (G)/L					195,427	152,497	195,427	152,497
<b>Total 45000 · Investments</b>					<u>223,644</u>	<u>152,497</u>	<u>223,644</u>	<u>152,497</u>
<b>46000 · Rentals</b>								
46060 · ATI Physical Therapy Rent			3,077	4,430			3,077	4,430
46030 · U of M Land Rental			3,292	2,500			3,292	2,500
46040 · POB Land Rental			2,771	2,771			2,771	2,771
46050 · Ortho/PT Rental			17,176	17,176			17,176	17,176
<b>Total 46000 · Rentals</b>			<u>26,316</u>	<u>26,877</u>			<u>26,316</u>	<u>26,877</u>
<b>47000 · Wellness Center Income</b>								
47202 · CWC Revenue	199,102	190,566					199,102	190,566
47204 · DWC Revenue	164,177	160,901					164,177	160,901
47203 · MWC Revenue	8,167	7,153					8,167	7,153
47205 · SWC Revenue	7,434	8,230					7,434	8,230
<b>Total 47000 · Wellness Center Income</b>	<u>378,880</u>	<u>366,850</u>					<u>378,880</u>	<u>366,850</u>
<b>Total Income</b>	378,880	366,850	26,316	26,877	223,644	152,497	628,840	546,224
<b>Cost of Goods Sold</b>								
51100 · Cost of Good Sold - WC								
<b>Total COGS</b>								

## 5 Healthy Towns Foundation Income & Expenses August 2016

	<u>Total Centers Total</u>		<u>The Rents</u>		<u>The Foundation</u>		<u>TOTAL</u>	
	<u>Aug 16</u>	<u>Budget</u>	<u>Aug 16</u>	<u>Budget</u>	<u>Aug 16</u>	<u>Budget</u>	<u>Aug 16</u>	<u>Budget</u>
<b>Gross Income</b>	378,880	366,850	26,316	26,877	223,644	152,497	628,840	546,224
<b>Expense</b>								
<b>62100 - Contract Services</b>								
62110 - Accounting Fees					8,175	10,475	8,175	10,475
62140 - Legal Fees					34,766	33,333	34,766	33,333
62150 - Outside Contract Services					10,597	5,250	10,597	5,250
<b>Total 62100 - Contract Services</b>					<u>53,538</u>	<u>49,058</u>	<u>53,538</u>	<u>49,058</u>
<b>62800 - Facilities and Equipment</b>								
<b>62895 - Property Taxes</b>								
62840 - Equip Rental, Purch, Maint						83		83
62890 - Foundation/Rent, Utilities								
<b>Total 62800 - Facilities and Equipment</b>						<u>83</u>		<u>83</u>
<b>64000 - Grants</b>								
64003 - Grants - Gifts					5,000		5,000	
64001 - Grants to CCH (Ortho Lease)					8,588	8,588	8,588	8,588
64002 - Grants - Coalitions					28,362	31,875	28,362	31,875
<b>Total 64000 - Grants</b>					<u>41,950</u>	<u>40,463</u>	<u>41,950</u>	<u>40,463</u>
<b>65000 - Operations</b>								
65180 - Excise Taxes						2,667		2,667
65120 - Insurance - Liability, D and O					3,885	4,417	3,885	4,417
65099 - Over/Short	-4						-4	
65010 - Dues, Subscriptions, Reference						255		255
65020 - Postage, Mailing Service					72	40	72	40
65030 - Printing and Copying						250		250

## 5 Healthy Towns Foundation Income & Expenses August 2016

	<u>Total Centers Total</u>		<u>The Rents</u>		<u>The Foundation</u>		<u>TOTAL</u>	
	<u>Aug 16</u>	<u>Budget</u>	<u>Aug 16</u>	<u>Budget</u>	<u>Aug 16</u>	<u>Budget</u>	<u>Aug 16</u>	<u>Budget</u>
65040 - Supplies					595	415	595	415
65050 - Telephone, Telecommunications					344	333	344	333
65060 - Meals & Meeting Expenses					1,515	415	1,515	415
65070 - Advertising and Promotion					270	1,083	270	1,083
65080 - Miscellaneous Expense					737		737	
65082 - CWC Operating Expenses	176,740	182,000					176,740	182,000
65085 - MWC Operating Expenses	17,733	15,920					17,733	15,920
65088 - Start Up/ CTR Paid - DWC								
65089 - DWC Operating Expense	161,483	161,010					161,483	161,010
65091 - SWC Operating Expenses	16,969	19,170					16,969	19,170
<b>Total 65000 - Operations</b>	<u>372,921</u>	<u>378,100</u>			<u>7,418</u>	<u>9,875</u>	<u>380,339</u>	<u>387,975</u>
<b>66000 - Personnel Costs</b>								
66100 - Salaries and Wages					18,977	21,806	18,977	21,806
66200 - Benefits & FICA					3,846	3,827	3,846	3,827
66300 - CTO					2,172	2,208	2,172	2,208
66400 - Workers Compensation Insurance					100	40	100	40
66500 - Payroll Processing					417	417	417	417
66900 - Officer Compensation					545		545	
<b>Total 66000 - Personnel Costs</b>					<u>26,057</u>	<u>28,298</u>	<u>26,057</u>	<u>28,298</u>
<b>68300 - Travel and Meetings</b>								
68310 - Conference, Convention, Meeting					0	100	0	100
68320 - Travel						250		250
68330 - Meals and Entertainment					50	30	50	30
68300 - Travel and Meetings - Other						25		25
<b>Total 68300 - Travel and Meetings</b>					<u>50</u>	<u>405</u>	<u>50</u>	<u>405</u>
<b>Total Expense</b>	<u>372,921</u>	<u>378,100</u>			<u>129,013</u>	<u>128,182</u>	<u>501,934</u>	<u>506,282</u>

**5 Healthy Towns Foundation**  
**Income & Expenses**  
August 2016

	<u>Total Centers Total</u>		<u>The Rents</u>		<u>The Foundation</u>		<u>TOTAL</u>	
	<u>Aug 16</u>	<u>Budget</u>	<u>Aug 16</u>	<u>Budget</u>	<u>Aug 16</u>	<u>Budget</u>	<u>Aug 16</u>	<u>Budget</u>
<b>Net Ordinary Income</b>	5,959	-11,250	26,316	26,877	94,631	24,315	126,906	39,942
<b>Other Income/Expense</b>								
<b>Other Expense</b>								
65090 · Facility Charge	111,835	111,836	-111,836	-111,836			-1	
65081 · Allocation from W.C. (Fit/Env)			7,156	7,698			7,156	7,698
72100 · Interest Expense					26,149	24,490	26,149	24,490
71100 · Depr and Amort - Allowable	21,850	21,850			60,662	60,062	82,512	81,912
<b>Total Other Expense</b>	<u>133,685</u>	<u>133,686</u>	<u>-104,680</u>	<u>-104,138</u>	<u>86,811</u>	<u>84,552</u>	<u>115,816</u>	<u>114,100</u>
<b>Net Other Income</b>	<u>-133,685</u>	<u>-133,686</u>	<u>104,680</u>	<u>104,138</u>	<u>-86,811</u>	<u>-84,552</u>	<u>-115,816</u>	<u>-114,100</u>
<b>Net Income</b>	<u><u>-127,726</u></u>	<u><u>-144,936</u></u>	<u><u>130,996</u></u>	<u><u>131,015</u></u>	<u><u>7,820</u></u>	<u><u>-60,237</u></u>	<u><u>11,090</u></u>	<u><u>-74,158</u></u>

**5 Healthy Towns Foundation**  
**Balance Sheet Prev Year Comparison**  
 As of August 31, 2016

	<u>Aug 31, 16</u>	<u>Aug 31, 15</u>	<u>\$ Change</u>
<b>ASSETS</b>			
<b>Current Assets</b>			
Checking/Savings			
10000 - Cash	511,253.39	632,453.90	-121,200.51
<b>Total Checking/Savings</b>	<u>511,253.39</u>	<u>632,453.90</u>	<u>-121,200.51</u>
Accounts Receivable			
12000 - Accounts Receivable	14,742.83	70,090.26	-55,347.43
<b>Total Accounts Receivable</b>	<u>14,742.83</u>	<u>70,090.26</u>	<u>-55,347.43</u>
Other Current Assets			
14000 - Prepaid Expense	314,853.77	185,381.41	129,472.36
13000 - Inventory	21,105.23	17,452.55	3,652.68
<b>Total Other Current Assets</b>	<u>335,959.00</u>	<u>202,833.96</u>	<u>133,125.04</u>
<b>Total Current Assets</b>	861,955.22	905,378.12	-43,422.90
<b>Fixed Assets</b>			
16500 - Accum Depr Estimates	-109,250.00	-118,000.00	8,750.00
15000 - Building & Bldg Improvements	21,792,560.52	21,558,788.87	233,771.65
15200 - Moveable Equipment	1,512,486.06	1,566,845.42	-54,359.36
15400 - IT Equipment & Software	404,815.09	407,428.78	-2,613.69
15500 - Land	3,101,000.00	3,101,000.00	0.00
16000 - Accum. Depr. Bldg & Improve	-3,880,840.52	-3,123,987.84	-756,852.68
16200 - Accum. Depr. Moveable Equip.	-774,160.92	-672,355.66	-101,805.26
16400 - Accum. Depr. - IT Equip. & Soft	-266,031.15	-254,148.97	-11,882.18
<b>Total Fixed Assets</b>	<u>21,780,579.08</u>	<u>22,465,570.60</u>	<u>-684,991.52</u>
<b>Other Assets</b>			
18200 - LT Investments-Russell	24,801,952.59	25,966,961.80	-1,165,009.21
<b>Total Other Assets</b>	<u>24,801,952.59</u>	<u>25,966,961.80</u>	<u>-1,165,009.21</u>
<b>TOTAL ASSETS</b>	<u><u>47,444,486.89</u></u>	<u><u>49,337,910.52</u></u>	<u><u>-1,893,423.63</u></u>

**5 Healthy Towns Foundation**  
**Balance Sheet Prev Year Comparison**  
 As of August 31, 2016

	<u>Aug 31, 16</u>	<u>Aug 31, 15</u>	<u>\$ Change</u>
<b>LIABILITIES &amp; EQUITY</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
<b>Accounts Payable</b>			
24000 · Accounts Payable	256,729.77	174,604.98	82,124.79
<b>Total Accounts Payable</b>	<u>256,729.77</u>	<u>174,604.98</u>	<u>82,124.79</u>
<b>Other Current Liabilities</b>			
25000 · Accounts payable-Wellness Ctrs	371,289.69	313,958.61	57,331.08
26100 · Accrued Liabilities 5HT	157,836.54	181,263.67	-23,427.13
26500 · Current Portion of Deferred Rev	337,418.36	361,351.23	-23,932.87
<b>Total Other Current Liabilities</b>	<u>866,544.59</u>	<u>856,573.51</u>	<u>9,971.08</u>
<b>Total Current Liabilities</b>	1,123,274.36	1,031,178.49	92,095.87
<b>Long Term Liabilities</b>			
28000 · Mortgage Payable	10,681,040.81	11,194,748.81	-513,708.00
29000 · Intercompany	-2,979.42	0.00	-2,979.42
<b>Total Long Term Liabilities</b>	<u>10,678,061.39</u>	<u>11,194,748.81</u>	<u>-516,687.42</u>
<b>Total Liabilities</b>	11,801,335.75	12,225,927.30	-424,591.55
<b>Equity</b>			
32000 · Unrestricted Net Assets	35,081,810.90	39,414,178.97	-4,332,368.07
Net Income	561,340.24	-2,302,195.75	2,863,535.99
<b>Total Equity</b>	<u>35,643,151.14</u>	<u>37,111,983.22</u>	<u>-1,468,832.08</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>47,444,486.89</u></u>	<u><u>49,337,910.52</u></u>	<u><u>-1,893,423.63</u></u>



# ACCOUNT STATEMENT

## CHELSEA - AREA WELLNESS FOUNDATION INVESTMENT ACCOUNT

Account: SIMX

For the period August 1, 2016 through August 31, 2016

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**EXECUTIVE SUMMARY**  
**CHELSEA-AREA WELLNESS FDN**  
**INVESTMENT ACCOUNT**

09/06/2016 08:11:PM

Account: SIMX

For the period August 1, 2016 through August 31, 2016

	<b>Current Period Market Value</b>	<b>Year to Date Market Value</b>
<b>Beginning Balance</b>	24,928,315.42	24,544,087.31
Cash Receipts	0.00	0.00
Cash Disbursements	-350,000.00	-1,275,000.00
Expenses Paid	0.00	-95,611.00
Investment Gain/Loss	223,637.17	1,628,476.28
<b>Ending Balance</b>	<u>24,801,952.59</u>	<u>24,801,952.59</u>

**ACCOUNT RECONCILIATION**  
**CHELSEA-AREA WELLNESS FDN**  
**INVESTMENT ACCOUNT**

09/06/2016 8:11 PM

Account: SIMX

For the period August 1, 2016 through August 31, 2016

	<b>Current Period Market Value</b>	<b>Year to Date Market Value</b>
<b>Beginning Balance</b>	24,928,315.42	24,544,087.31
<b>Cash Receipts</b>	0.00	0.00
<b>Cash Disbursements</b>	-350,000.00	-1,275,000.00
<b>Expenses Paid</b>		
Investment Management Expense	0.00	-95,611.00
Total Expenses Paid	<u>0.00</u>	<u>-95,611.00</u>
<b>Investment Gain/Loss</b>		
Realized Gain/Loss	28,210.16	63,131.02
Unrealized Gain/Loss	195,427.01	1,565,345.26
Total Investment Gain/Loss	<u>223,637.17</u>	<u>1,628,476.28</u>
<b>Ending Balance</b>	<u><u>24,801,952.59</u></u>	<u><u>24,801,952.59</u></u>

# SUMMARY OF ASSETS AND LIABILITIES

## CHELSEA-AREA WELLNESS FDN

### INVESTMENT ACCOUNT

Account: SIMX

For the period August 1, 2016 through August 31, 2016

09/06/2016 08:11 PM

	Starting Balance	Net Activity	Ending Balance
<b>Assets</b>			
Total Cost Of Investments	23,579,026.78	-321,789.84	23,257,236.94
Cash	0.00	0.00	0.00
Dividend Receivable	0.00	0.00	0.00
Interest Receivable	0.00	0.00	0.00
Tax Reclaim Receivable	0.00	0.00	0.00
Receivable For Investments Sold	0.00	0.00	0.00
Total Cost of Assets	23,579,026.78	-321,789.84	23,257,236.94
<b>Liabilities</b>			
Payable For Investments Purchased	0.00	0.00	0.00
Total Cost of Liabilities	0.00	0.00	0.00
Total Net Cost of Assets	23,579,026.78	-321,789.84	23,257,236.94
Unrealized Gain / Loss	1,349,288.64	195,427.01	1,544,715.65
<b>Market Value of Assets</b>	24,928,315.42	-126,362.83	24,801,952.59

# HOLDINGS

## CHELSEA-AREA WELLNESS FDN INVESTMENT ACCOUNT

09/06/2016 08:11 PM

Account: SIMX

As of August 31, 2016

Base Currency: USD - US DOLLAR				Rate	Maturity Date				
Asset ID	Asset Description		Unit	Total		Market	Unrealized	% Curr	
	Units	Fund	Cost	Cost	Unit Price	Value	Gain/Loss	% Comp	

### EQUITY

#### US DOLLAR

Exchange Rate:

1.000000

78249Q810	RUSSELL INSTL FDS LLC MULTI ASSET CORE PLUS FD								
	1,425,816.825	SIMX	Local	12.024409	17,144,605.23	13.070000	18,635,425.90	1,490,820.67	75.14
			Base	12.024409	17,144,605.23	13.070000	18,635,425.90	1,490,820.67	75.14
78249Q877	RUSSELL INSTL FDS LLC CORE BD FD								
	215,550.742	SIMX	Local	15.368222	3,312,631.71	16.430000	3,541,498.69	228,866.98	14.28
			Base	15.368222	3,312,631.71	16.430000	3,541,498.69	228,866.98	14.28
ACIOCL328	RUSSELL TTL RETURN Q CL B SRS 6								
	2,800.000	SIMX	Local	1,000.000000	2,800,000.00	937.510000	2,625,028.00	-174,972.00	10.58
			Base	1,000.000000	2,800,000.00	937.510000	2,625,028.00	-174,972.00	10.58
<b>US DOLLAR Total</b>									
	1,644,167.567		Local		23,257,236.94		24,801,952.59	1,544,715.65	100.00
			Base		23,257,236.94		24,801,952.59	1,544,715.65	100.00
<b>EQUITY Total</b>									
	1,644,167.567		Base		23,257,236.94		24,801,952.59	1,544,715.65	100.00

& Issue has redenominated but Local is not converted

# Issue has not been redenominated but Local is converted

# HOLDINGS

## CHELSEA-AREA WELLNESS FDN INVESTMENT ACCOUNT

09/06/2016 08:11 PM

Account: SIMX

As of August 31, 2016

Base Currency: USD - US DOLLAR				Rate	Maturity Date				
Asset ID	Asset Description		Unit Cost	Total Cost	Unit Price	Market Value	Unrealized Gain/Loss	% Curr % Comp	
	Units	Fund							
<b>COMPOSITE Total</b>									
	1,644,167.567	Base		23,257,236.94		24,801,952.59	1,544,715.65	100.00	

### MARKET VALUE SUMMARY

Total Market Value	24,801,952.59
Total Market Value of Assets	<u>24,801,952.59</u>

& Issue has redenominated but Local is not converted

# Issue has not been redenominated but Local is converted

# CASH TRANSACTIONS

## CHELSEA-AREA WELLNESS FDN

09/06/2016 08:11 PM

### INVESTMENT ACCOUNT

Account: SIMX

Currency: US DOLLAR

For the period August 1, 2016 through August 31, 2016

Base Currency: USD - US DOLLAR						
Settled	Acct	Asset ID	Par/Shares/Contracts	Security Description Rate      Maturity Date		Amount
08/01/2016				<b>BEGINNING BALANCE</b>		<b>0.00</b>
<b>CASH TRANSFER DELIVERED</b>						
08/11/2016	SIMX			OPERATING CASH		-100,000.00
08/31/2016	SIMX			OPERATING CASH		-250,000.00
<b>TOTAL</b>	<b>CASH TRANSFER DELIVERED</b>					<b>-350,000.00</b>
<b>SECURITIES SOLD</b>						
08/11/2016	SIMX	78249Q810	7,662.835	RUSSELL INSTL FDS LLC MULTI ASSET CORE PLUS FD		100,000.00
08/31/2016	SIMX	78249Q810	19,098.549	RUSSELL INSTL FDS LLC MULTI ASSET CORE PLUS FD		250,000.00
<b>TOTAL</b>	<b>SECURITIES SOLD</b>					<b>350,000.00</b>
08/31/2016				<b>LEDGER ENDING BALANCE</b>		<b>0.00</b>

# ASSET SALES

## CHELSEA-AREA WELLNESS FDN

09/06/2016 08:11 PM

INVESTMENT ACCOUNT

Account: SIMX

For the period August 1, 2016 through August 31, 2016

Base Currency: USD - LAR

Asset ID	Security Name/Description	Trd Date	Stl Date	Fail Days	Broker Name	Stl Cur/Loc	Comm Per Shr
Shares/Par/Contracts	Exchange Rate Fund	Price	Interest	Commissions	Taxes/Fees/Other	Net Proceeds	
Units/Original Face							

### EQUITY

#### US DOLLAR

78249Q810	RUSSELL INSTL FDS LLC	MULTI ASSET CORE PLU	10 Aug 2016	11 Aug 2016	FRANK RUSSELL	USD/BOS	
	7,662.835	1.000000 SIMX	Local	13.050000	0.00	0.00	100,000.00
			Base	13.050000	0.00	0.00	100,000.00
				30 Aug 2016	31 Aug 2016	FRANK RUSSELL	USD/BOS
	19,098.549	1.000000 SIMX	Local	13.090000	0.00	0.00	250,000.00
			Base	13.090000	0.00	0.00	250,000.00
<b>78249Q810 Total</b>							
	26,761.384		Local		0.00	0.00	350,000.00
			Base		0.00	0.00	350,000.00
<b>US DOLLAR Total</b>							
	26,761.384		Local		0.00	0.00	350,000.00
			Base		0.00	0.00	350,000.00
<b>EQUITY Total</b>							
	26,761.384		Base		0.00	0.00	350,000.00
<b>ASSET SALES Total</b>							
	26,761.384		Base		0.00	0.00	350,000.00



# REALIZED GAINS AND LOSSES

## CHELSEA-AREA WELLNESS FDN

09/06/2016 8:11 PM

### INVESTMENT ACCOUNT

Account: SIMX

For the period August 1, 2016 through August 31, 2016

Base Currency: USD - US DOLLAR

Fund	Asset ID	Security Name	Security Description	Maturity Date	Rate	Trd Date	Stl Date	Sell Rate
SSB Trade ID	Lot	Shares/Par	Principal Net	Cost	Security	Gn/Ls	Curr Gn/Ls	Net Gn/Ls

### EQUITY

#### US DOLLAR

SIMX	78249Q810	RUSSELL INSTL FDS LLC	MULTI ASSET CORE PLUS FD			10 Aug 2016	11 Aug 2016	1.000000
	16HIKBBSJDS	140	7,662.835	Local	100,000.00	92,141.07		7,858.93
				Base	100,000.00	92,141.07		7,858.93
							0.00	7,858.93
SIMX	78249Q810	RUSSELL INSTL FDS LLC	MULTI ASSET CORE PLUS FD			30 Aug 2016	31 Aug 2016	1.000000
	16HWKBBTXQN	142	19,098.549	Local	250,000.00	229,648.77		20,351.23
				Base	250,000.00	229,648.77		20,351.23
							0.00	20,351.23
	<b>78249Q810 Total</b>			Local	350,000.00	321,789.84		28,210.16
				Base	350,000.00	321,789.84		28,210.16
							0.00	28,210.16
<b>US DOLLAR Total</b>			26,761.38	Local	350,000.00	321,789.84		28,210.16
				Base	350,000.00	321,789.84		28,210.16
							0.00	28,210.16
<b>EQUITY Total</b>				Base	350,000.00	321,789.84		28,210.16

# REALIZED GAINS AND LOSSES

CHELSEA-AREA WELLNESS FDN

09/06/2016 8:11 PM

## INVESTMENT ACCOUNT

Account: SIMX

For the period August 1, 2016 through August 31, 2016

Base Currency: USD - US DOLLAR

Fund	Asset ID	Security Name	Security Description	Maturity Date	Rate	Trd Date	Stl Date	Sell Rate
SSB Trade ID	Lot	Shares/Par	Principal Net	Cost	Security Gn/Ls	Curr Gn/Ls	Net Gn/Ls	

**COMPOSITE Total**

Base	350,000.00	321,789.84	28,210.16	0.00	28,210.16
------	------------	------------	-----------	------	-----------

# OPEN TRADES - PURCHASES AND SALES

CHELSEA-AREA WELLNESS FDN

09/06/2016 08:11 PM

## INVESTMENT ACCOUNT

Account: SIMX

As of August 31, 2016

Base Currency: USD - USD

Asset ID	Security Description	Rate	Mat Date	Trd Date	Cont Stl Date	Fail Days	Broker	Trade Curr	
SSB Trade ID		Shares/Par/Contracts			Interest		Net Amount	Current Value	Unreal Gn/Ls
Fund	SSELL/BTC	Adjustment							

\*\*\*\*\* No Activity for This Period \*\*\*\*\*

**EARNED INCOME - DIVIDENDS**  
**CHELSEA-AREA WELLNESS FDN**  
**INVESTMENT ACCOUNT**

09/06/2016 08:11 PM

Account: SIMX

For the period August 1, 2016 through August 31, 2016

Base Currency: USD - USD

Asset ID	Security Description	Ex Date	Rec Date	Pay Date	NRA Tax Ctry	Dividend Rate	Ticker		
Tran Type	Fund	Report Date	Shares	Gross Income	Whhld Income	Reclaim	Net Income	Paid Income	Real Gain/Loss

\*\*\*\*\* No Activity for This Period \*\*\*\*\*

# EARNED INCOME - INTEREST

CHELSEA-AREA WELLNESS FDN

09/06/2016 08:11 PM

## INVESTMENT ACCOUNT

Account: SIMX

For the period August 1, 2016 through August 31, 2016

Base Currency: USD - USD										
Fund	Asset ID	Security Description						Rate	Maturity Date	
Acct	Lot	Gross Income	Income Tax Exp	Income Curr Gn/Ls	Tax Exp Curr Gn/Ls	Net Income	Net Amortization	Amort Curr Gn/Ls		

\*\*\*\*\* No Activity for This Period \*\*\*\*\*

**DIVIDEND RECEIVABLE**  
**CHELSEA-AREA WELLNESS FDN**  
**INVESTMENT ACCOUNT**

09/06/2016 08:11 PM

Account: SIMX

As of August 31, 2016

Base Currency: USD - USD

Asset ID	Security Description			Dividend Rate	Ex Date	Payable Date	Past Due
Fund	Shares	Dividends	Tax Reclaim Rec	Tax Withheld	Net Total	Current Net	Unrealized Gn/Ls

\*\*\*\*\* No Activity for This Period \*\*\*\*\*

**INTEREST RECEIVABLE**  
**CHELSEA-AREA WELLNESS FDN**  
**INVESTMENT ACCOUNT**

09/06/2016 8:11 PM

Account: SIMX  
As of August 31, 2016

Base Currency:USD - USD

Fund	Asset ID	Security Description Par	Interest	Tax Withheld	Int Rate	Maturity Date Net Total	Payable Date Current Net	Past Due Unreal Gn/Ls
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\*\*\*\*\* No Activity for This Period \*\*\*\*\*

**TAX RECLAIM RECEIVABLE  
CHELSEA-AREA WELLNESS FDN  
INVESTMENT ACCOUNT**

09/06/2016 08:12 PM

Account: SIMX

As of August 31, 2016

Base Currency: USD - USD

Asset ID	Security Description
Fund	Shares/Par

Tax Withheld Rate
Tax Reclaim

Reclaim Rate
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Div/Int Rate	EX/Mat Date
Current Value	

Pay Date
Unreal Gn/Ls

\*\*\*\*\* No Activity for This Period \*\*\*\*\*



# TRANSACTION ADJUSTMENTS

CHELSEA-AREA WELLNESS FDN

09/06/2016 08:11 PM

## INVESTMENT ACCOUNT

Account: SIMX

For the period August 1, 2016 through August 31, 2016

Base Currency: USD - US DOLLAR

Asset ID	Security Name	Description	Lot	Trade Date	Settle Date	Share Adjustment
Fund	Comment	Broker Name	Exch Rate		Settle Currency/Location	Net Proceeds

\*\*\*\*\* No Activity for This Period \*\*\*\*\*

August 31, 2016

RE: Certification of Information to Plan Administrator

Russell Trust Company hereby certifies that the information contained in the enclosed report is complete and accurate.

For entities subject to ERISA, this certification is provided pursuant to 29 CFR 2520.103-8.

If you have any questions, please do not hesitate to contact your Russell Client Service Team at 1-800-455-3782.

Sincerely,



C.W. Herchold  
Director – Client Service  
Americas Institutional

CH:hp

Investment Policy  
for  
5 Healthy Towns Foundation

<b><i>Title: Investment Policy</i></b>				<b><i>Length: 10 pages</i></b>		
<b><i>Approved</i></b>	<b><i>8/2009</i></b>	<b><i>9/21/10</i></b>	<b><i>9/23/13</i></b>	<b><i>11-23-15</i></b>		
<b><i>Reviewed</i></b>	<b><i>(8/2010)</i></b>	<b><i>9/2013</i></b>	<b><i>9/14/15</i></b>			
<b><i>Revised</i></b>	<b><i>9/12/13</i></b>		<b><i>10/15/15</i></b>			

# Chelsea-Area Wellness Foundation

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## Investment Policy

### I. PURPOSE

This policy statement provides a framework for the management of the non-charitable assets of 5 healthy towns foundation. Its purpose is to assist the Board of Directors in effectively supervising and monitoring the investments of the asset pool (“Pool”). The following investment objectives and directions are to be judged and understood in light of that overall sense of financial and mission stewardship. In that regard, the basic investment standards shall be those of a prudent investor as articulated in applicable state laws. The guidance outlined in this policy is designed to allow for sufficient flexibility in the management oversight process to capture investment opportunities as they may occur, while at the same time setting forth reasonable risk control parameters to ensure prudence and care in the execution of the investment program.

This policy will establish appropriate risk and return objectives in light of the Pool’s risk tolerance and investment time horizon. These objectives, as well as asset allocation guidelines, suitable investments, and responsibilities of the investment manager(s), are outlined below.

### II. OBJECTIVES OF THE POOL

It is the general policy of Chelsea-Area Wellness Foundation to invest the Pool to achieve growth in principal value over time sufficient to preserve the purchasing power of the Pool, thus protecting the Pool against inflation.

### III. PERFORMANCE GOALS

The performance goals of the Pool shall be defined as follows:

- The absolute objective of the Pool is to seek an average total annual return net of fees that exceeds the average annual spending/payout rate of 5 percent, plus inflation. The inflation measure is the U.S. Bureau of Labor Statistics consumer price index (CPI) (<http://www.rateinflation.com/inflation-rate/usa-historical-inflation-rate>). This objective shall be measured over an annualized, rolling 5-year period; the intent of this objective is to preserve, over time, the original principal value of the assets as measured in real, inflation adjusted (CPI) terms.
- The relative objective of the Pool is to seek competitive investment performance versus appropriate capital market measures, such as securities indices. This objective shall be measured primarily by comparing investment results, over rolling annualized three-year and five-year time periods.
- The comparative performance objective of the Pool is to achieve
  - A total rate of return that is above the median performance of a 75% equity, 25% bond portfolio.
  - Performance in excess of market indices weighted to reflect the policy asset allocation of the pool as measured quarterly

The Pool has a long-term, indefinite time horizon that runs concurrent with the endurance of the institution, in perpetuity. As such, the Pool can assume a time horizon that extends well beyond a normal

# Chelsea-Area Wellness Foundation Investment Policy

market cycle (four years), and can assume an above-average level of risk as measured by the standard deviation of annual returns. It is expected, however, that both professional management and sufficient portfolio diversification will smooth volatility and help ensure a reasonable consistency of return.

The assets will be managed on a total return basis. While the institution recognizes the importance of preservation of capital, it also adheres to the principal that varying degrees of investment risk are generally rewarded with compensating returns. It is not a breach of fiduciary responsibility to pursue riskier investment strategies if such strategies are in the Pool's best interest on a risk-adjusted basis. Risk management of the investment program is focused on understanding both the investment and operational risks to which the Pool is exposed. The objective is to minimize operational risks and require appropriate compensation for investment risks which the Pool is willing to accept.

## IV. INVESTMENT PROGRAM STRATEGY

To achieve its investment objectives, the Pool shall be allocated among a number of asset classes. The purpose of allocating among asset classes is to ensure the proper level of diversification with the fund. Due to the fluctuation of market values, positioning within a specified range is acceptable and constitutes compliance with the policy. It is anticipated an extended period of time may be required to fully implement the asset allocation policy, and periodic revisions will occur.

The following target asset class table defines the fund's target asset allocation, the minimum and maximum allocation limits of each asset class.

Target Long-Term Asset Allocation Table

<u>INVESTMENT STRATEGIES</u>	<u>ASSET CLASS</u>	<u>MINIMUM</u>	<u>TARGET</u>	<u>MAXIMUM</u>	<u>BENCHMARK</u>
<b>Growth Portfolio</b>					
	Multi-Asset Core Plus	65.0%	<b>75.0%</b>	85.0%	Multi-Asset Core Plus Composite Index <sup>1</sup>
<b>Return Enhancement/Diversifying</b>					
	Total Return Hedge Fund	0.0%	<b>10.0%</b>	15.0%	HFRI Fund of Funds Diversified Index
<b>Capital Preservation Portfolio</b>					
	Core Fixed Income	10.0%	<b>15.0%</b>	25.0%	Barclays US Aggregate Index
<b>Policy and Traditional Portfolio Benchmarks</b>					
<b>POLICY BENCHMARK</b>	<b>75% Multi-Asset Core Plus Composite Index<sup>1</sup>, 10% HFRI Fund of Funds Diversified Index, 15% Barclays US Aggregate Index</b>				
<b>TRADITIONAL BENCHMARK</b>	<b>75% Russell Global Index, 25% Barclays Aggregate Index</b>				
	<sup>1</sup> Multi-Asset Core Plus Composite consists of 75% Russell Global Index (50% hedged), 4% S&P Global Infrastructure Index (Net), 4% FTSE EPRA/NAREIT Developed Real Estate Index, 4% Bloomberg Commodity Index, 5% BofA ML Global High Yield 2% Constrained Index, 5% JP Morgan EMBI Global Diversified Index, 3% Barclays US 1-3 Month Treasury Bill Index.				

The investment returns achieved by the investment manager(s) will be compared to the investment returns achieved by a policy benchmark. The policy benchmark will consist of the weighted returns of the target investment strategies representative index.

The general policy shall be to diversify investments among growth, return enhancement/diversifying and capital preservation so as to provide a balance that will enhance total return while avoiding undue risk

# Chelsea-Area Wellness Foundation

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## Investment Policy

concentration in any single asset class or investment category. The asset allocation policy will be implemented through the use of qualified external professional investment managers. The external investment managers will have full discretion and authority for determining investments, security selection and timing subject to Policy guidelines and any other guidelines specific to their portfolio.

### V. SPENDING

Community investment (spending) will meet regulatory requirements. Non-charitable investment income available for spending is determined using a rolling average value of investments, on a total return basis, of up to five years of immediate past quarters. Spending decisions will reflect the goal of maintaining the real value of the original principal.

Spending greater than spending defined in this spending policy statement will require 80% approval by the Board of Directors. In such circumstances the Board of Directors may elect to adjust the value of the principal to account for the greater spending.

Spending in excess of the 5 percent regulatory requirement substantially increases the risk we will not achieve the Pool's performance goals.

### VI. REBALANCING

The purpose of rebalancing is to control portfolio risk and maintain the policy asset allocation within the targeted ranges. The Pool will be rebalanced as necessary, making use of spending payments to the extent possible and considering the transaction costs involved in the rebalancing. Tactical rebalancing, which represents portfolio positioning to opportunistically capture short term market anomalies, is permissible as long as the trades do not violate the stated ranges for each asset class and do not cause undue expense to the portfolio.

Under the current agreement, the investment manager will execute rebalancing transactions. These rebalancing shifts may be tactical in nature and must fall within the specified asset allocation ranges as defined by this statement. The Asset Allocation Certificate and Rebalance Authorization ("Certificate") sets forth the allocation of the assets in the investment account in accordance with the terms of the agreement between the Foundation and our Investment Advisor. The Certificate specifies the investments and rebalancing policy in place, which may be amended over time as agreed upon by the Committee and Investment Advisor. The Investment Advisor will be entitled to rely on this Certificate until such time as a replacement Certificate is received by the Investment Advisor. The Investment Manager may not execute rebalancing that would result in a new investment in an illiquid investment program or an allocation outside of the guidelines in this policy statement without the prior approval of the Finance Committee.

### VII. INVESTMENT POLICIES AND GUIDELINES

The investment policies, guidelines and restrictions presented in this policy statement serve as a framework to help the Pool and its investment manager(s) achieve the investment objectives at an acceptable level of risk. The Pool will be diversified both by asset class and within asset classes. Within each asset class, securities will be diversified among economic sector, industry, quality, and size. The purpose of diversification is to provide reasonable assurance that no single security or class of securities

will have a disproportionate impact on the performance of the total Pool. As a result, the risk level associated with the portfolio investment is reduced.

#### VIII. GROWTH INVESTMENT STRATEGY

The role of growth investments is to provide diversified investments including but not limited to Global Equities [domestic, international development, emerging markets, liquid real assets such as listed infrastructure and Real Estate Investment Trusts (REITs), return seeking fixed income such as high yield and long/short equity strategies] and achievement of returns in excess of passive indexes through selective use of active investment strategies and investment managers where active management is believed appropriate.

The objectives are to 1) provide total return greater than the designated growth composite benchmark 2) potentially consider peer-relative performance, particularly when performance deviates from market indices and 3) Achieve results over the long term measure (a full market cycle).

#### IX. RETURN ENHANCING/DIVERSIFYING INVESTMENT STRATEGY

The role of return enhancing and diversifying investments is to provide as-needed opportunities otherwise limited or excluded in the Growth portfolio. These may include but are not limited to absolute return fixed income, private real estate and hedge funds, all aiming to further diversify the portfolio while improving return, or decrease risk when combined with Growth and Risk Reducing investments, or both.

Return enhancement/diversification investment objectives are 1) provide a total return greater than the designated benchmark(s) 2) potentially consider peer-relative performance, particularly when performance deviates from market indices and 3) Achieve results over the long term (measured over a full market cycle).

#### X. CAPITAL PRESERVATION INVESTMENT STRATEGY

The role of capital preservation investment strategies is to reduce risk with fixed income including but not limited to domestic fixed income, global fixed income and absolute return bond strategies. Growth and return enhancement/diversifying strategies may also play a role in capital preservation. Capital preservation will have lower correlation to equity market beta, lower volatility and or greater downside protection in stressed markets. Capital preservation will enhance total risk/return through changing market conditions and macro environments. It will also maintain a diversified exposure and achieve returns in excess of passive indexes through use of active managers and strategies.

Objectives for capital preservation include 1) provision of total return greater than the designated benchmark and provide effective diversification against market beta risk and stable cash flow 2) Achieve results over the long term (measured over a full market cycle).

#### XI. CASH AND EQUIVALENTS

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## Chelsea-Area Wellness Foundation Investment Policy

The Investment Manager may invest in the highest quality commercial paper, repurchase agreements, Treasury Bills, certificates of deposit, and money market funds to provide income, liquidity for expense payments, and preservation of the Fund's principal value. Commercial paper assets must be rated at least A1 or P-1 (by Moody's or S&P). No more than 5% of the Pool's total market value may be invested in the obligations of a single issuer, with the exception of the U.S. Government and its agencies.

Un-invested cash reserves shall be kept to a minimum; short term, cash equivalent securities are usually not considered an appropriate investment vehicle for investment. However, such vehicles are appropriate as depository for income distributions from longer term investments, or as needed for temporary placement of funds directed for future investment to the longer term capital markets. Also, such investments are the standard for contributions to the current fund or for current operating cash.

Within the above guidelines and restrictions, the Manager(s) has complete discretion over the timing and selection of cash equivalent securities.

### XII. ROLES AND RESPONSIBILITIES (Also see addendum)

#### **Duties of the Board of Directors**

A subcommittee of the Board of Directors, or Finance Committee, may be established to focus on implementing and monitoring the Pool in accordance with the guidelines outlined in this policy statement.

In the management of the Institution's assets, the Board of Directors will approve the Investment Policy developed by the Finance Committee for the investment program. The Board of Directors in its sole discretion can delegate its decision-making authority to the Finance Committee regarding the investment program within the guidelines established by this policy statement. The following are the duties and responsibilities delegated by the Board of Directors to the Finance Committee:

- ❑ Review, with assistance from 5HF Administration and the Investment Advisor, at least quarterly, the portfolio's investment structure and financial performance. The review will include recommended adjustments to the long-term, strategic asset allocation when adjustments are warranted.
- ❑ Select, retain, and terminate Investment Advisors as necessary. Conduct Advisor review and selection, performance review, asset allocation, and topical research. The comments and recommendations of the Advisors will be considered in conjunction with other available information to aid the Finance Committee in making informed, prudent decisions.
- ❑ If necessary, recommend changes in 5HF's spending practices to be approved by the Board of Directors. Spending practices are outlined in this Investment Policy.

The Finance Committee will report regularly to the Board on the financial performance of the portfolio and significant committee decisions related to the management of the portfolio.

#### **Duties of 5HF Administration and Staff**

In the management of 5HF's assets, Administration will:



## Chelsea-Area Wellness Foundation Investment Policy

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- ❑ Implement the investment policy as directed by the Finance Committee.
- ❑ Execute any documents necessary to facilitate implementation of this policy, including but not limited to contracts with consultants and investment managers for providing services.
- ❑ Review the Portfolio's investments at least monthly to ensure that policy guidelines continue to be met. Administration or staff shall monitor investment returns on both an absolute basis and relative to appropriate benchmarks. The information for these reviews shall come from outside advisors, the custodian, and the Institution's investment advisor and managers.
- ❑ Raise timely concerns with the Finance Committee and take appropriate action under the direction of the Finance Committee if investment objectives are not being met or if policies and guidelines are not being followed.
- ❑ Administer the investments in a cost-effective manner. These costs include, but are not limited to: management, consulting and custodial fees, transaction costs and other administrative costs chargeable to the investment pool.
- ❑ Provide overall monitoring of Investment Advisor and Investment Manager, and ensure that they conform to the terms of their contracts and that their performance monitoring systems are sufficient to provide Administration with timely, accurate and useful information.

### **Duties of Investment Advisor**

The Committee has hired Russell Investments as Investment Advisor to advise and assist the committee in the discharge of its duties and responsibilities. The Investment Advisor will have responsibility to select, retain and terminate Investment Managers or sub-advisors as necessary to execute the strategies of the investment program. The Investment Advisor will have discretion to develop and execute the investment program within the constraints of the guidelines outlined in this Policy. In its advisory capacity, the Investment Advisor will:

- ❑ Assist in establishing investment policies, objectives, and guidelines.
- ❑ Know and comply with the policies as outlined in this document. It is Investment Advisor's responsibility to identify policies that may have an adverse impact on performance, and initiate discussion with 5HF Administration or staff toward possible improvement of those policies.
- ❑ Recommend investment funds in accordance to the Policy and periodically review such funds.
- ❑ Rebalance the portfolio to maintain the proper diversification within the ranges approved by the Finance Committee and in accordance to the guidelines established in the rebalancing policy of this document
- ❑ Review 5HF's investments at least monthly to ensure that policy guidelines continue to be met.

## Chelsea-Area Wellness Foundation Investment Policy

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- ❑ Monitor investment returns on both an absolute basis and relative to appropriate benchmarks. Provide reports to Administration and the Committee on a quarterly basis. Also included will be a complete accounting of all transactions involving the Institution during the quarter, together with a statement of beginning market value, fees, capital appreciation, income and ending market value, for each asset class.
- ❑ Report performance in accordance to the Pool's Performance Goals as highlighted at the beginning of this policy.
- ❑ Inform the Finance Committee regarding any qualitative change to investment management or strategies.
- ❑ In addition, the Investment Advisor shall assure that each investment manager and each investment fund selected and employed by them for use in the Pool will, at a minimum:
  - Comply with "prudent expert" standards.
  - Maintain thorough and appropriate written risk control policies and procedures. Oversight of compliance with these policies must be ongoing and independent of line investment activity.
  - Reconcile every month accounting, transaction and asset summary data with custodian valuations, and communicate and resolve any significant discrepancies with the custodian.
  - Maintain frequent and open communication, on all significant matters pertaining to the investment policy, including, but not limited to, the following:
    - Major changes in the Investment Manager's investment outlook, investment strategy, investment process, subadvisors or portfolio structure;
    - Significant changes in ownership, organizational structure, financial condition or senior personnel;
    - All pertinent issues which the Investment Manager deems to be of significant interest or material importance;

### ADDENDUM

<u>Task</u>	<u>Board of Trustees</u>	<u>Investment &amp; Finance Committee</u>	<u>Foundation Administration</u>	<u>Investment Advisor</u>
Hire Investment Advisor	Approve	Vet and recommend to the Board	Research and provide information to Finance Committee	

Chelsea-Area Wellness Foundation  
Investment Policy

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Develop the Investment Policy the Foundation	Review & Approve	Develop	Develop	Advise & assist in development
Establish Asset Allocation	Approve	Review data & options, recommend To the Board		Analyze and advise
Select Managers and/or Funds to Meet the Asset Allocation and Return Objectives		Monitor	Monitor	Hire, monitor, fire, replace,
Rebalance Portfolio		Monitor	Monitor	Implement
Investment Results Oversight	Review	Monitor	Monitor	Analyze and Report

**From:** [Hogsed, Darrin](#)  
**To:** [Amy Heydlauff](#)  
**Subject:** RE: investment & spending policy  
**Date:** Tuesday, August 09, 2016 2:14:35 PM

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Amy,

I would have no specific changes to the IPS based on what we updated last year. I would just circle back on the spending section and ensure that is in line with current spending. I know we discussed that for a while during the meeting.

Based on our current outlook, it would not change the allocation advice. We are viewing the fact that you need to target a certain return to maintain current spending. While we do anticipate continued volatility into next year, that can provide opportunities for our managers and does not always mean a negative market environment. We are not predicting any type of recession or extreme market environment. Not so say that an external shock (Brexit, China, slower growth) could change that scenario.

Now we could discuss utilizing some additional diversifying asset classes not currently utilized. The goal here is to introduce different return source that help reduce the volatility of returns and provide an additional return source. These would be private real estate and an absolute return fixed income strategy. I recall there not being interest in real estate due to the current local holdings of the foundation. While this strategy is much different than that, we could certainly discuss. The absolute fixed income fund is a good alternative to have in a rising interest rate environment. It is not specifically tied to a benchmark and is the least interest rate sensitive fixed income product we offer. Give the current low rate environment, the core bond fund has performed better. But having a small allocation here can certainly help.

Both of these would be added at small weights of 5-10%. Now that is without running any modeling but is what I typically see. They also come at an increased cost. Taking most of this from the equity portion might not increase those fees that much but overall you would see a slight increase.

Happy to discuss any of the items above. I also hope to have the 2Q investment review out very soon.

Thanks,  
Darrin

**Darrin Hogsed**

Client Executive  
Americas Institutional | Russell Investments  
71 South Wacker Drive | Suite 2040  
Chicago, IL | 60606  
p. 312-780-7125

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**From:** Amy Heydlauff [mailto:amy@5healthytowns.org]  
**Sent:** Tuesday, August 09, 2016 9:50 AM  
**To:** Hogsed, Darrin <DHogsed@russellinvestments.com>  
**Subject:** investment & spending policy

Darrin,

I know it feels like we just did this, but our Finance Committee is going to review the Investment & Spending policy in Sept (Sept. 20).

In advance I thought we should get comments from Russell. Of course any comments are welcome but in particular, do you recommend we assess our allocations in the face of Russell's market projections for 2016-17?

Amy

Amy Heydlauff, RN, MHSA  
Chief Executive Officer  
5 Healthy Towns Foundation  
734.433.4599  
[www.5healthytowns.org](http://www.5healthytowns.org)  
WELL, WELL, WELL