

SHOREWOOD FOUNDATION
BENJAMIN FUND
SPENDING POLICY

DISCUSSION DRAFT ONE MAY 24, 2006

October 1, 2005

**OVERVIEW OF PURPOSE OF SPENDING POLICY AND RELATIONSHIP
AMONG THE PARTIES**

The purpose of the Spending Policy is to establish a clear understanding of the spending objectives for the Benjamin Fund of the Shorewood Foundation. The Benjamin Fund was established as an institutional fund of the Shorewood Foundation by a generous bequest from the estate of William V. Benjamin. It is to be separately invested from all other assets of the Foundation and is subject to certain restrictions as to its use. The restrictions are attached to this Spending Policy and incorporated herein by this reference to them as Appendix A (text of the original restrictions) and Appendix B (text of the order of the Circuit Court of Milwaukee County construing the terms of the original restrictions).

The Benjamin Fund is intended to provide facilities and equipment for the Shorewood Senior Resource Center and to support and enhance activities for the members of the Shorewood Resource Center. The Shorewood Senior Resource Center was created by the Village of Shorewood to promote safe, healthy, and enriching lifestyles for Shorewood residents age sixty (60) and older. (Shorewood Senior Resource Center Mission Statement, Adopted January 10, 2000, attached hereto as Appendix C.) It is the understanding of the Shorewood Foundation that all residents of Shorewood age sixty (60) or older are considered to be members of the Shorewood Senior Resource Center.

The Village of Shorewood created the Elder Services Advisory Board by resolution adopted February 1, 1999. (Resolution No. 99-04, attached hereto as Appendix D.) According to the ordinance, the Elder Services Advisory Board shall have broad responsibility for determining and reviewing service needs, providing guidance to the Village Manager and administration, and evaluating how well services are being delivered. The Village Manager will provide staff assistance to the Advisory Board.

The Elder Services Advisory Board works closely with the Village of Shorewood employee who serves as the director of the Shorewood Senior Resource Center. The Elder Services Advisory Board has no budget or policy-making authority. The director of the Shorewood Resource Center reports to the Assistant Village Manager.

The Shorewood Foundation understands that the Village of Shorewood controls the budget and policies of the Shorewood Senior Resource Center and is the entity that is authorized to request disbursements from the Benjamin Fund for the benefit of the Shorewood Senior Resource Center, and is the entity that is accountable to the

Foundation for the proper use of any funds disbursed by the Benjamin Fund for that purpose.

OBJECTIVE

The Benjamin Fund is intended to provide funds for facilities and equipment for the Shorewood Senior Resource Center and to provide funds to support and enhance activities for the members of the Shorewood Senior Resource Center.

The Shorewood Foundation understands that meeting the objective of providing funds for facilities and equipment may require disbursement of some or the entire corpus of the fund, depending on the facilities and equipment being funded. Having funds readily available for disbursement for facilities and equipment describes a relatively short-term commitment that would best be met by investing the assets of the Benjamin Fund in short-term investments that could be readily converted to cash without substantial market value risk.

The Shorewood Foundation further understands that there are no imminent plans for significant facility or equipment expenditures for the benefit of the Shorewood Senior Resource Center.

The Shorewood Foundation understands that meeting the objective of supporting and enhancing activities for members of the Shorewood Senior Resource Center describes a long term commitment that would best be met by investing the assets of the Benjamin Fund to provide for preservation of its value while generating income for use to support and enhance activities for members of the Shorewood Resource Center.

In order to accommodate these separate, complementary objectives, the Benjamin Fund of the Shorewood Foundation shall be subdivided into two funds, each with separate spending policies. One fund shall be called the Capital Spending Fund and the other shall be called the Long-term Support Fund.

CAPITAL SPENDING FUND SPENDING POLICY

The Capital Spending Fund shall be maintained as a highly liquid fund that is available for disbursement for facilities and equipment on relatively short notice. The initial allocation of assets to this fund shall be One Hundred Thousand Dollars (\$100,000). Transfers of funds from the Long-term Support Fund shall replenish funds disbursed from the Capital Spending Fund. Such transfers shall be made, in the Foundation's discretion, within twelve (12) months following the disbursement, at a time that does not disrupt the investment program of the Long-term Investment Fund. A minimum notice period of twenty-four (24) months shall be required to increase the allocation of assets to the Capital Spending Fund to an amount above One Hundred Thousand Dollars (\$100,000).

LONG-TERM SUPPORT FUND SPENDING POLICY

The Long-term Support Fund shall be invested for the long-term to support and enhance activities for the members of the Senior Resource Center. The initial allocation of assets to this fund shall be the remaining balance of the Benjamin Fund after the initial allocation is made to the Capital Spending Fund and other commitments of the Benjamin Fund through December 31, 2005, are satisfied, as determined by the Foundation. It is anticipated that these commitments will be made up of certain legal and administrative expenses incurred by the Fund as well as payment for support of the Shorewood Senior Resource Center for the 2004 and 2005 calendar years. The initial allocation to the Long-term Support Fund is estimated to be approximately Nine Hundred Fifty Thousand Dollars (\$950,000).

The calculation of available funding dollars from the Long-term Support Fund for any given year shall be determined as of September 30th of the preceding calendar year. The available funding dollars for calendar year 2006 shall not exceed Thirty Thousand Dollars (\$30,000). As of each subsequent September 30th, the available funding dollars shall not exceed five percent (5%) of the market value of the Long-term Support Fund calculated on the average of the previous sixteen (16) calendar year quarters ending September 30th. The market value for the sixteen (16) calendar year quarters ending on September 30, 2005, shall be deemed to be the market value of the Long-term Support Fund on that date (estimated to be Nine Hundred Fifty-Thousand Dollars (\$950,000) less Twelve Thousand Five Hundred Dollars (\$12,500) per calendar year quarter for the sixteen (16) preceding quarters.

Additional gifts to the Fund shall increase the market value of the Fund as of the last day of the quarter in which the gift is received for purposes of this calculation.

Transfers from the Long-term Support Fund to the Capital Spending Fund shall decrease the market value of the Fund as of the first day of the quarter in which the transfer is made for purposes of this calculation.

The Foundation may elect to reduce the five percent (5%) spending rate as of any September 30, for the subsequent calendar year, when such spending rate would otherwise exceed the net income of the Fund for the preceding twelve (12) months.

The decision to spend above the five percent (5%) spending policy, other than for transfers to the Capital Spending Fund will only be made by the Foundation in under special circumstances as may be duly warranted from time-to-time by the Foundation's Board of Directors.

The available dollars from the Long-term Support Fund shall be determined as of each September 30th and shall be promptly communicated to the President of the Village Board of Trustees, the Village Manager, and the President of the Elder Services Advisory Board. Such amount shall be net of the reasonable annual operating expenses of the Benjamin Fund, which shall be paid by the Fund as determined by the Foundation Board.

An annual disbursement request for funds from the Long-term Support Fund shall be delivered to the Foundation in writing, signed by the Village President, and shall contain reasonable detail of how the funds are to be applied to support and enhance activities of the members of the Shorewood Senior Resource Center. If the Foundation's Board requests, representatives of the Village Board of Trustees shall provide additional detail regarding the planned expenses to be funded by this disbursement. More frequent requests than annual are permitted but not encouraged.

The following items are not considered to be expenditures that support and enhance the activities of members of the Shorewood Senior Resource Center: ~~Salary and benefits of employees of the Village and the cost of maintenance and power, heat, water, and other basic expenses associated with the space in which the Senior Resource Center operates.~~

*for purposes
of disbursement
from the
Senior fund*

REVIEW OF THE SPENDING POLICY

This policy shall be reviewed by the full Board of the Shorewood Foundation at least once every five (5) years.