

ENDOWMENT AND INVESTMENT COMMITTEE

*INVESTMENT POLICY STATEMENT Revised**

BACKGROUND AND PURPOSE

*Name of Non-profit Corporation The Gardeners of America/Men's
Garden Clubs of America (hereafter referred to as the Corporation)*

Mission statement:

The mission of the Corporation shall be to promote gardening education and related environmental issues to its membership and the gardening public through charitable, educational and scientific means.

This Investment Policy Statement (IPS) has been prepared for the management of the Endowment and Investment Committee of the Corporation, a tax-exempt corporation under IRS Code 501 (c) (3). The asset allocation strategy may change depending on grants, operating expenses and future contributions.

The funds in trust are:

The Life Membership Reserve Fund - Serves as repository for all life membership dues.

The Gardening Advancement Fund -To be utilized for the promotion of new clubs, growth in memberships, and the advancement of gardening nation wide, including gardening information and projects that will develop excellence in horticulture. (Donations to the original title "E & I Fund" will be held in trust in the Gardening Advancement Fund).

The Scholarship Fund -To be used for horticultural scholarships.

The Contingency Fund - Income of Funds in Trust to be utilized when required for "short falls" in the operation of the Corporation.

Special Funds -To be utilized according to specific instructions regarding their usage.

**Revised June 11, 2008*

EXECUTIVE SUMMARY

<i>Type of Client:</i>	<i>Tax Exempt, Public Corporation</i>
<i>Time Horizon:</i>	<i>Long Term (greater than 5 years)</i>
<i>Modeled Return:</i>	<i>8.5% (6.25% over CPI)</i>
<i>Modeled Risk Level:</i>	<i>Modeled loss at -10% for a single year (Statistical confidence level of 95%. Actual losses may still be greater than the modeled loss.)</i>

<i>ASSET ALLOCATION</i>	<i>Recommended Lower Limit</i>	<i>Actual Strategic Allocation*</i>	<i>Recommended Upper Limit</i>
<i>Cash & Equivalents</i>	<i>0%</i>	<i>0%</i>	<i>10%</i>
<i>Fixed Income (Bonds)</i>	<i>50%</i>	<i>40%</i>	<i>40%</i>
<i>Equities (Stocks)</i>	<i>50%</i>	<i>60%</i>	<i>50%</i>
<i>Domestic Large Caps</i>			
<i>Domestic Mid/Small Cap</i>			
<i>International</i>			

As bonds mature, average in 10% in income stocks, staying close to current income with a number of stocks in equities for growth in dividends.

Money Managers *Private money managers, mutual and/or exchange-traded funds and fixed income securities are expected to be used for implementation. Parts of the portfolio may be indexed or passively invested.*

Evaluation Benchmark *Portfolio return is expected to be comparable to a blended benchmark of returns for relevant indices as indicated in the Control Procedures section below.*

**Approved by E & I Committee on June 11, 2008*

The purpose of this IPS is to assist the Corporation's E & I Committee and Investment Managers in effectively supervising, monitoring and evaluating the management of the Corporation's assets. The Corporation's E & I Committee's investment program is defined in the various sections of this IPS by:

- 1. Stating in a written document the Corporation's E & I Committee's attitudes, expectations, objectives and guidelines in the management of their assets.*
- 2. Setting forth an investment structure for managing the Corporation's assets. This structure includes various asset funds, investment management styles, asset allocation and acceptable ranges that, in total, are expected to produce an appropriate level of overall diversification and total return over the investment time horizon.*
- 3. Establishing formal criteria to select, monitor, evaluate and compare the performance of money managers on a regular basis.*
- 4. Encouraging effective communication between the E & I Committee, the Corporation Board, Administrators, Managers, and interested parties.*
- 5. Complying with all applicable fiduciary, prudence and due diligence requirements experienced investments professionals would utilize, and with all applicable laws, rules, and regulations from various local, state, federal and international political entities that may impact the Corporation's assets.*

STATEMENT of OBJECTIVES

The objectives of the E & I Committee have been established in conjunction with a comprehensive review of current and projected financial requirements. The objectives are:

- 1. To maintain the level of services and programs in relation to average cost increases by maintaining the purchasing power of the current assets and all future contributions. This requires establishing an equilibrium-spending rate up to 5% (8.5% -2.25% inflation -1.25% expenses).*
- 2. Maintain a constant funding-support ratio. The desire of the Corporation is to maintain the level of programs and services currently provided.*
- 3. Maximize return within reasonable and prudent levels of risk.*
- 4. Maintain an appropriate asset allocation that is compatible with a flexible spending policy, while still having the potential to produce positive real returns.*

Risk Tolerance

The E & I Committee recognizes and acknowledges some risk must be assumed in order to achieve the long-term investment objectives of the portfolio as there are uncertainties and complexities associated with contemporary market investments.

In establishing the risk tolerances for this IPS, the Corporation's ability to withstand short and intermediate term variability was considered. The Corporation's prospects for the future, current financial condition, and level of funding in the portfolio suggest collectively that some interim fluctuations in market value and rates of return may not be tolerated with the portfolio.

Time Horizon

The investment guidelines for the portfolio are based upon an investment horizon of greater than five years, therefore interim fluctuations should be viewed with appropriate perspective. Short-term liquidity needs are expected to be minimal, as other funds outside the scope of this IPS have already been allocated. However, any unanticipated needs will need to be met from cash, maturing bonds, future contributions or rebalancing activities.

Expected Return

In general, the E & I Committee expects the portfolio to earn at least a targeted return of 8.5%. It is understood an average return of 8.5% will require superior manager performance to retain: (1) principal value, and (2) purchasing power. Furthermore, the objective is to earn a long-term rate of return that is at least 6.25% greater than the rate of inflation as measured by the Consumer Price Index (CPI).

ASSET CLASS GUIDELINES

The E & I Committee believes that long-term investment performance, in large part, is primarily a function of asset class mix. The E & I Committee has reviewed the long-term performance characteristics of the broad asset classes, focusing on balancing the risks and rewards.

(History indicates that while interest-generating investments, such as bond portfolios, have the advantage of relatively stability of principal value, they provide little opportunity for real long-term capital growth due to their susceptibility to inflation. On the other hand, equity investments, such as common stocks, clearly have a significantly higher expected return but have the disadvantage of much greater year-by-year variability of return. From an investment decision-making point of view, this year-by-year variability may be worth accepting, provided the time horizon for the equity portion of the portfolio is sufficiently long (five years or greater).

The following asset classes were selected:

- *Cash and cash Equivalents*
- *Fixed Income (Domestic, Governments, Corporations & International)*
- *Listed Equities (Domestic, Large & Small Cap and International)*

Rebalancing of Strategic Allocation

The percentage allocation to each asset class may vary as much as plus or minus 10%, depending upon market conditions within the judgment of the investment managers. When necessary and/or available, cash inflows/outflows will be deployed in a manner consistent with the strategic asset allocation of the portfolio. The E & I Committee will review the allocation of this portfolio twice a year.

DUTIES AND RESPONSIBILITIES

E & I Committee

Purpose: To receive, hold, invest, administer any property, real, personal, or mixed, which is given, bequeathed, or devised to any fund hereby established, or any endowment funds turned over to said Committee. The Committee will apply and distribute only the earned income pursuant to the terms of Article XI of TGOA Bylaws. The Committee shall serve as repository for all Life Membership fees, memorials, tributes, bequests, endowment gifts, special and similar funds.

Membership: The E & I Committee is a standing committee comprised of seven (7) members of the Corporation in good standing, nominated by the Corporation President, subject to approval of the Board.

Duties:

- 1. Prepare and maintain an investment policy statement.*
- 2. Prudently diversify the assets to meet an agreed upon risk/return profile.*
- 3. Prudently select investment options.*
- 4. Control and account for all investments, record keeping and any administrative expenses associated with the accounts.*
- 5. Monitor and supervise all investment options.*
- 6. Avoid prohibited transactions and conflicts of interest.*

Responsibilities:

- a. Set and revise investment policies that the Corporation Board must approve.*
- b. Develop investment objectives, asset allocation strategies and performance guidelines.*
- c. Select Investment Consultants, Advisors, and Money Managers*
- d. Review and evaluate investment results and approve changes as needed.*
- e. Present the needs of the Corporation to entities who might be interested in the purposes and objectives of the Corporation.*
- f. Provide periodic performance reports to the Board and an annual review.*

Investment Managers

As distinguished from the E & I Committee which is responsible for managing the investment process, investment managers are co-fiduciaries responsible for making investment decisions (security selection and price decisions). The specific duties and responsibilities of investment managers are:

- 1. Manage the assets under their supervision in accordance with the guidelines and objectives outlined in their respective Prospectus or Investment Agreement.*
- 2. Exercise full investment discretion with regard to buying, managing, and selling assets held in the portfolio.*
- 3. Vote promptly all proxies and related actions in a manner consistent with the long term interest and objectives of the Accounts as described in this IPS.*
- 4. Communicate with the Committee all significant changes pertaining to the fund it manages or to the firm itself. Changes in ownership, organizational structure, financial condition, and professional staff are examples of changes in the firm in which the Committee is interested.*
- 5. Effect all transactions for the Portfolio subject "to best price and execution."*
- 6. Use the same care, skill, prudence, and due diligence under the circumstances then prevailing that experienced investment professionals acting in a like capacity and fully familiar with such matters would use in like activities for like portfolios with like aims in accordance and compliance with Uniform Prudent Investment Act and all applicable laws, rules, and regulations.*

INVESTMENT MANAGER SELECTION

The E & I Committee will apply the following due diligence criteria in selecting an investment manager.

- 1. Regulatory oversight: Each investment manager should be a regulated bank, an insurance company, a mutual fund organization, or a registered investment advisor.*
- 2. Assets under management: The manager should have at least \$500,000 under management.*
- 3. Expense/ratio fees: If any, the manager's fees should be competitive with fees provided to similar non-profit organizations.*
- 4. Stability of the organization: There should be no perceived organizational problems – the same portfolio team should be in place for at least two years.*
- 5. Historical performance: Performance returns will be compared to standard Benchmark return indexes for the Equity or Bond allocation as follows: Equities: S&P 500, Russell 2000, and MSCI EAFE, Bonds: Lehman Aggregate.*

CONTROL PROCEDURES

Performance Objectives

The E & I Committee acknowledges fluctuating rates of return characterize the securities markets, particularly during short-term time periods. Recognizing short-term fluctuations may cause variations in performance, the E & I Committee intends to evaluate manager performance from a long-term perspective.

The E & I Committee is aware the ongoing review and analysis of the investment managers is just as important as the due diligence implemented during the manager selection process. The performance of the investment managers will be monitored on an ongoing basis and it is the Committee's discretion to take corrective action by replacing a manager if they deem it appropriate at any time.

Monitoring of Investment Managers

The E & I Committee has determined it is in the interest of the Portfolio's participants that performance objectives be established for each investment manager. Manager results will be periodically evaluated and compared to appropriate indices such as the following:

<i>Asset Category</i>	<i>Primary Index</i>
<i>Cash & Equivalents Equities</i>	<i>30-Day Money Market Yield</i>
<i>Domestic Large Cap</i>	<i>S & P 500</i>
<i>Mid/Small Capitalization</i>	<i>Russell 2000</i>
<i>International Core</i>	<i>MSCI EAFE</i>
<i>Fixed Income</i>	<i>Lehman Aggregate Bond</i>

It is understood that there are likely to be short-term periods during which performance deviates from market indices and managers should not be terminated for this reason alone.

The E & I Committee will review this IPS every five years to determine whether stated investments are still relevant and the continued feasibility of achieving the same. It is not expected that the IPS will change frequently. In particular, short-term changes in the financial markets should not require adjustments to the IPS.

Reviewed and accepted by:

<i>Bill Lanning, Chairman E & I Committee</i>	<i>6/11/2008</i> <i>Date</i>
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