
St. Stephen's Education Foundation

Investment Policy Statement

I. Overview

The St. Stephen's Education Foundation seeks to safeguard the future of Catholic education and provide a stable funding source for the school and parish. The Foundation supports scholarships, tuition assistance and other programs at St. Stephen's that promote Catholic education and values.

II. Investment Objectives

There are three primary goals for the St. Stephen's Education Foundation endowment funds (hereafter referred to as the Endowment).

1. The first goal is to preserve capital over a full market cycle on an inflation-adjusted basis, where a full market cycle is defined as one bull and one bear market. The Foundation realizes that there is volatility in financial markets and does not expect to avoid losses in the short term. However, the Foundation is unwilling to accept a loss of capital over a full market cycle.
2. The second goal follows the first: by preserving capital (and growing it in nominal terms), the Endowment is intended to provide a satisfactory rate of return to support the St. Stephen's Education. The Foundation's goal is to make distributions of 5% or more annually based on the 5-year average of the market value of the Endowment at the end of each fiscal year (June), consistent with the goals of capital preservation and long-term capital appreciation. ✓
3. The third goal for the Endowment is to achieve capital appreciation through growth of principal and income which is at least equal to the rate of inflation (measured by CPI) and to exceed the appropriate investment benchmarks over the long term, defined as a 5–10-year period.

III. Asset Allocation

- a. It is expected that the Fund will be fully invested in equities, fixed income instruments, and interest bearing instruments at all times.
4. The asset allocation for the Endowment follows from the three objectives described above. Accordingly, the investment portfolio shall be structured as follows:

Equities:	55-75%
Fixed Income and Cash Reserves:	25-45%

IV. General Investment Principles

5. In order to help preserve capital, diversification within equities may include large, mid, and small capitalization stocks.
6. At the time of purchase, no security will represent more than 5% of the portfolio, other than U.S. government securities and bond funds.
7. The portfolio may also include up to 20% in international companies in both developed and emerging markets, including ETFs and international mutual funds.
8. Fixed income instruments may include different classes of investment grade bonds as well as other fixed income instruments (including bond funds) with average maturities not to exceed 10 years.

9. Section V below enumerates allowed investments by asset class. The portfolio will not include "alternative investments" such as hedge funds, managed futures, private equity, and mutual funds in the alternatives space.
10. The investment benchmark is the blended average of the benchmark for each asset class, weighted in proportion to the overall total.
 - a. The equity benchmark is the S&P 500 Index.
 - b. The Fixed Income benchmark is the Merrill Lynch 1-10 Year US Corporate and Government Index.
 - c. The Cash Reserves benchmark is the 90 Day Treasury Bill.

V. Allowed Investments

11. Cash alternatives
 - a. T-Bills
 - b. Commercial paper (investment grade)
 - c. Money market mutual funds
 - d. Money market preferred stock
12. Fixed Income
 - a. Treasury bonds and notes
 - b. Government agency bonds and notes
 - c. Corporate bonds and notes
 - d. Investment grade foreign bonds and notes
 - e. Taxable municipal bonds and notes
 - f. Investment grade fixed income mutual funds

 - g. High yield mutual funds
 - h. Loan products
 - i. Exchange traded funds
13. Equities
 - a. U.S. common or preferred stock
 - b. Foreign common or preferred stock
 - c. Equity (no load) mutual funds
 - d. Real estate investment trusts (REITs)
 - e. Exchange traded funds

VI. Amendments to the Investment Policy Statement

14. The Foundation retains the authority to amend or change this document at any time. Any changes must be in writing and duly approved by the Foundation.

**BYLAWS
OF
THE ST. STEPHEN'S EDUCATION FOUNDATION, INC.
(Non-Stock Corporation)**

Revised April 29, 2021

ARTICLE I

The Corporation

The Corporation shall be known as The Saint Stephen's Education Foundation, Inc., and shall be referred to in these Bylaws as the "Corporation."

ARTICLE II

Offices

The principal office and any other offices of the Corporation shall be located at such places within or without the State of New York as the Board of Directors may from time to time determine. The Corporation shall maintain within the State of New York a registered office at such place, which may be the principal office, as the Board of Directors may from time to time determine.

ARTICLE III

Membership

Section 1. Admission, Withdrawal and Expulsion. The number of members of the Corporation shall not be less than **five (5)** or exceed **twenty-five (25)**, the number to be fixed from time to time by the members. Members shall be appointed at the Annual Meeting by the members to serve for terms of three (3) years. Appointment of members shall be staggered over a three (3) year cycle, the number of positions to be filled being kept as nearly equal as feasible from year to year. Each member shall be entitled to one vote at the meetings of

members. Membership in the Corporation shall be non-transferable. A member may withdraw at any time by giving notice thereof to the Secretary of the Corporation. A member's membership in the Corporation may be terminated, and a member's voting rights may be suspended, by a majority of the remaining members, in their sole discretion.

ARTICLE IV

Meetings of Members

Section 1. Regular Meetings. Meetings of the members shall be held at such place or places, within the State of New York, as may from time to time be fixed by the Board of Directors.

Section 2. Annual Meetings. The annual meeting of the members shall be held in June (or during such other month as the Board of Directors may determine) in each year at the place in the Town of Grand Island, New York, on the day, and at the hour designated by the Board of Directors. Following each annual meeting, a report of the meeting and of the activities of the Corporation for the preceding year shall be sent to all members.

Section 3. Special Meetings. Special meetings of the members may be called by the President or by the Board of Directors. The Secretary shall call a special meeting of members upon written application of the holders of at least five (5) percent of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting.

Section 4. Notice of Meetings. Written notice of each meeting of the members, stating the date, time, and place of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting, either personally or by mail, or email, by or at the direction of the President or Secretary, to each member, subject to waiver of notice as provided in the **New York State Revised Nonstock Corporation Act.**

Section 5. Quorum and Voting Requirements. At least three (3) members entitled to vote on the matter who are present at a meeting of the members, either in person or remote, shall constitute a quorum for action on the matter. An action is approved by the members if the votes cast favoring the action exceed the number of votes cast against the action unless another proportion is required by the Certificate of Incorporation or by law.

ARTICLE V

Directors

Section 1. Powers. All corporate powers of the Corporation shall be exercised by or under the authority of, and the activities, property and affairs of the Corporation shall be managed by or under the direction of, the Board of Directors. The Board of Directors may exercise all of such powers and may delegate any and all such powers as it sees fit, subject to restrictions imposed by the Amended and Restated Certificate of Incorporation, the Bylaws, the New York State Revised Nonstock Corporation Act, as amended, and Section 501(c) (3) of the Internal Revenue Code of 1986, as amended (or the corresponding provision of any future federal tax code).

Section 2. Number, Qualification, Election and Term of Office. There shall be not less than three (3) nor more than twenty-one (21) directors. The Board of Directors shall, from time to time, fix the number of directors who shall be divided into three (3) classes as nearly equal in number as possible. Successors of the class of directors whose terms expire at such meeting shall be elected annually at the Annual Meeting of the members. The members of each class of directors shall be elected for a term of three (3) years each and until their successors are elected and qualified, provided, however, that the three (3) classes of directors appointed to the Board of Directors at the 2021 Annual Meeting shall be elected to terms of one (1), two (2), and three (3) years respectively. Thereafter, the successors of the class of directors whose terms expire at that meeting shall be elected at the Annual Meeting of members except in the

case of a vacancy which may be filled at any meeting of the Board of Directors. Each director must be a member of the Corporation. Directors need not be residents of the State of New York.

The pastor of St. Stephen's Catholic Church, Grand Island, New York and the principal of St. Stephen's Catholic School, Grand Island, New York, shall be ex-officio, non-voting members of the Board of Directors. The provisions of this Article V, Section 2 shall not apply to ex-officio directors, each of whom shall continue in office so long as, but no longer than, he/she holds the office from which ex-officio status derives.

Section 3. Place of Meetings. Meetings of the Board of Directors may be held within the State of New York as the Board of Directors may from time to time determine.

Section 4. Annual Meeting. The Annual Meeting of the Board of Directors shall be held at such time and place as the Board of Directors shall determine. Written notice of the time and place of each annual meeting shall be given to each director at least five (5) days before the annual meeting. In addition to any other business properly brought before the Annual Meeting, the directors at that time shall elect the members of any Board Committee, and elect officers of the Corporation for the ensuing year.

Section 5. Special Meetings. Special meetings of the Board of Directors may be held whenever the President or a majority of the directors may deem it advisable. Notice of the date, time, place, and purpose of the meeting shall be given to each director at least two (2) days prior to such meeting.

Section 6. Waiver of Notice Notice of any meeting of the Board of Directors may be waived by any or all of the persons entitled to notice by written waiver filed with the Secretary of the Corporation either before or after such meeting. A director's attendance at or participation in a meeting waives any required notice to him of the meeting unless the director at the beginning of the meeting, or promptly upon his arrival, objects to the holding of the meeting or transacting

business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Section 7. Quorum and Voting. Unless otherwise required by law or by these Bylaws, the quorum necessary for the transaction of business shall consist of a majority of the number of directors prescribed or, if no number is prescribed, a majority of the number of directors in office immediately before the meeting begins. A director may participate in a meeting of the Board by means of a conference telephone or other means of communication enabling all participating directors to simultaneously hear one another and such participation shall constitute presence in person. Unless otherwise provided in the Amended and Restated Certificate of Incorporation, these Bylaws, or by law, the affirmative vote of a majority of the directors present at a meeting duly held at which a quorum is present shall be the act of the Board of Directors. As set forth in Article V, Section 9 below, any action required or permitted to be taken by the Board of Directors may be taken without a meeting if all members of the Board consent in writing thereto.

Section 8. Vacancies. The Board of Directors may, by nomination, fill additional unfilled positions on the Board of Directors up to a maximum number of twenty-one (21) by majority vote of the entire Board then constituted, at a special meeting of the directors duly called. Also, in the event of the death, disability, resignation, or removal of a director during his or her term, the Board of Directors shall have the right to appoint a successor to fill the vacancy. The term of a director elected to fill a vacancy expires at the next members' meeting at which directors are elected.

Section 9. Written Consent If all the directors unanimously consent in writing to any action taken or to be taken by the Corporation, the action shall be as valid as though it had been authorized at a meeting of the Board of Directors. Such written consents shall be filed in the minute book of the Corporation.

Section 10. Removal. A director may be removed as a director by the members at any time with or without cause.

Section 11. Resignation. A director may resign at any time upon delivery of written notice to the Board of Directors, its Chairman or to the Secretary of the Corporation. Any such resignation shall be irrevocable upon delivery of such notice.

ARTICLE VI

Committees

Section 1. Executive Committee. There shall be an Executive Committee of the Board of Directors consisting of the President, Vice President, Secretary, and Treasurer. Except as otherwise prohibited by law, the Executive Committee shall have all authority vested in the Board of Directors with regard to the general oversight and management of the affairs of the Corporation when the Board of Directors is not in session to the fullest extent permitted by law. The Executive Committee shall meet at such times as the President shall determine. Summaries of the minutes of meetings of the Executive Committee shall be provided on a regular basis to the Board of Directors.

Section 2. Finance Committee. There shall be a Finance Committee consisting of the Treasurer and no less than two (2) directors who shall be appointed by the President, subject to confirmation by the Board of Directors in accordance with the provisions of New York State statutes, as amended from time to time. To the fullest extent permitted by law, the Finance Committee shall have complete supervision of all budgetary, fiscal, audit and investment activities of the Corporation and all matters pertaining thereto. The Finance Committee shall adopt annually an investment policy regarding the prudent investment of the Corporation's funds which investment policy shall be subject to the approval of the Board of Directors. The Finance Committee shall monitor the investment portfolio and results of operations for compliance with the investment policy of the Corporation. The Finance Committee shall report annually to the members and to the Board of Directors at such times as the President or Board of Trustees shall direct.

Section 3. Appointment of Other Committees. The Board of Directors may, by resolution adopted from time to time by the affirmative vote of a majority of the entire Board, designate two (2) or more directors to constitute one or more other Committees which shall have and may exercise all such authority as shall be provided in the resolution creating such Committee and as permitted by law.

ARTICLE VII

Officers

Section 1. Titles, Election, and Duties. The Directors shall appoint at the Annual Meeting, a President, a Vice-President, a Treasurer, and a Secretary. The directors may, in addition to the foregoing, at the annual or any other Board of Directors' meeting, appoint any other officers the appointment of which they deem expedient or necessary. The officers need not be residents of the State of New York. The duties of the officers shall be such as are imposed by these Bylaws and from time to time prescribed by the Board of Directors. All officers shall serve at the pleasure of the Board of Directors.

Section 2. President. The President shall, subject to the direction of the Board of Directors, be the chief executive officer of the Corporation. He shall call the annual meetings of the members and the Board of Directors and such other meetings of the members and Board of Directors as he, in his sole discretion, considers appropriate. He shall preside at all meetings of the members and the Board of Directors. He shall exercise general supervision and direction over the business and affairs of the Corporation, and shall do and perform such other duties as from time to time may be assigned to him by the Board of Directors. The President shall also serve as a director. If the Board of Directors has not appointed a Secretary, the President shall be responsible for preparing minutes of the directors' and members' meetings, having charge of the seal of the Corporation, and for maintaining and authenticating records of the Corporation as required by law.

Section 3. Vice President. The Vice President shall have such powers and perform such duties as may be assigned to him by the Board of Directors or the President. In the absence or disability of the President, the Vice President shall perform the duties and exercise the powers of the President.

Section 4. Treasurer. The Treasurer shall, subject to the direction of the Board of Directors and the Finance Committee, have the custody of all the personal property and securities of the Corporation, and have authority to invest the Corporation's funds, seek investment advice, open and operate brokerage accounts, and arrange to have securities held in street name. He shall render to the directors, no less than annually, a full report of the transactions of the Corporation and of his official acts, and shall do and perform such other duties as from time to time may be assigned to him by the Board of Directors or the President.

Section 5. Secretary. The Secretary shall send notice of all meetings of the Board of Directors, shall keep the minutes of all such meetings and of all meetings of the members, shall have charge of the seal of the Corporation, shall maintain and authenticate the records of the Corporation as required by law, and in general perform all the duties incident to the office and such other duties as from time to time may be assigned by the Board of Directors.

ARTICLE VIII

Agents and Attorneys

The Board of Directors may appoint such agents and attorneys, with such powers and to perform such acts and duties on behalf of the Corporation, as the Board of Directors may determine.

ARTICLE IX

Finance

Section 1. Fiscal Year. The fiscal year of the Corporation shall begin on the first day of July in each year.

Section 2. Deposits. The moneys of the Corporation shall be deposited in the name of the Corporation in and with such one or more depositories or other institutions as may be designated by the Board or the Treasurer.

Section 3. Contracts and Checks. Except as the Board of Directors may otherwise prescribe, all checks, drafts and other instruments on the account of the Corporation for the payment of money and all instruments of transfer of securities shall be signed in the name and on behalf of the Corporation by any two (2) of the President, Vice President, Secretary and the Treasurer or by such other officer, agent or employee of the Corporation, as may, from time to time, be designated by the Board of Directors. All instruments of transfer of personal property other than securities, all instruments of conveyance of real property and all contracts and agreements shall be signed by such officer(s), agent(s) or employees(s) as the Board of Directors shall from time to time prescribe.

Section 4. Gifts. The Board of Directors may accept on behalf of the Corporation any contribution, gift, bequest, or devise for general purposes or for any special purpose of the Corporation.

Section 5. Distributions. Unless at least three-quarters (3/4) of all directors then in office determine otherwise, the annual aggregate distributions of the Corporation's assets for the benefit of Saint Stephen's Education (including, but not limited to financial aid and funds for any proper Catholic educational purpose as determined by the Board of Directors), if any, shall not exceed any amount equal to the lesser of: (i) Five percent (5%) of the immediately preceding five (5) year average principal value of all of the income producing assets of the Corporation; or (ii) the immediately preceding five (5) year average annual income of the Corporation (consisting of dividends, interest, and the net amount of all realized capital gains).

ARTICLE X

Amendments

These Bylaws may be altered, amended or repealed at any meeting of the Board of Directors called for such purpose or purposes by the affirmative vote of at least two-thirds (2/3) of all directors then in office.

ARTICLE XI

Indemnification

The Corporation shall indemnify, and advance expenses to, its directors, officers, employees, and agents to the maximum extent permitted by the New York Non Stock Corporation Act, as amended.