

Statement of Investment Guidelines

Purpose of This Statement

The Stanley-Boyd Area School District Employees Savings Plan (403(b) Plan) (the “Plan”) allows participants and beneficiaries to select how their individual account balances are invested among the investment alternatives available from time to time under the Plan. The Stanley-Boyd Area School District has the authority to select those investment alternatives which, by action of its School Board members, has been delegated to the District Administrator and Business Manager (the “Committee”).

The Plan is a 403(b) arrangement intended to comply with all applicable federal laws and regulations, including the Internal Revenue Code of 1986, as amended, and applicable state law.

The Plan’s participants and beneficiaries are expected to have different investment objectives, time horizons and risk tolerances. To meet these varying investment needs, participants and beneficiaries are able to direct their account balances among a range of investment options to construct diversified portfolios that reasonably span the risk/return spectrum. To the extent consistent with the law, participants and beneficiaries alone bear the risk of investment results from the options and asset mixes that they select and the District and Committee shall not be liable for any loss that results from a participant’s exercise of control over the investment of his/her participant accounts.

This Statement of Investment Guidelines has been adopted by the Committee to assist it in establishing an investment program under the Plan that is suitable for the long-term needs and risk tolerance of Plan participants and beneficiaries. The Committee understands and acknowledges that, in the selection of Plan investments and certain related tasks, the Committee will act with prudence.

This Statement is intended to aid the Committee in the selection and monitoring of Plan investments and in the performance of the Committee's duties. This Statement shall not preclude action by the Committee that is inconsistent with this Statement if the action complies with the terms and conditions of the Plan and applicable law.

Committee Responsibilities

The Committee's responsibilities may include, but are not limited to, the following:

- Establish criteria for selection of the Plan's investment alternatives.
- Determine the number and type of investment alternatives to offer to participants and beneficiaries.
- Select the Plan's investment alternatives.
- Select professional investment managers for any assets that will not be invested as directed by participants and beneficiaries or for any investment funds established by the Plan.
- Establish procedures and criteria for the periodic evaluation of all Plan investments.
- Monitor the performance of all Plan investments on a regular basis.
- Investigate, negotiate, and monitor investment-related expenses.
- Report periodically to the Stanley-Boyd Area School District School Board regarding the Plan's investment results and other information as the School Board may request.
- Retain professional advisors as needed to assist the Committee in the performance of its responsibilities.
- Periodically review this Statement and modify it as needed.

The Committee will maintain written records of its deliberations and decisions as it deems necessary to memorialize its decisions and to establish the procedural prudence of those decisions.

Investment Selection Criteria

The Committee will select investments for the Plan taking into account their past performance, other factors that may reflect materially on their anticipated future investment performance, and the following general objectives:

- All assets should be invested as directed by participants and beneficiaries.
- The investment alternatives offered by the Plan to participants and beneficiaries should offer a “broad range of investment alternatives.”
- Each investment alternative should be diversified and offer materially different risk and return characteristics (compared to the other available alternatives).
- At least six investment alternatives should be provided, with at least one in each of the following major asset classes:

- Large cap value
 - Large cap growth
 - Small cap stocks
 - International equity
 - Bonds
 - Stable value
- The number of investment alternatives should be limited (but not less than six) so as to facilitate participant understanding of the available alternatives.

Past investment performance will be analyzed by comparison to appropriate, style-specific benchmarks and peer group performance over a full market cycle (typically five to seven years). The benchmarks and peer group will be determined by the Committee for each asset class. Investment performance may take into account the effect of all fees and expenses.

Each investment alternative is expected to produce reasonably consistent, competitive results relative to the applicable performance criteria over a full market cycle. Alternatives that have not produced a top-quartile return for the most recent full market cycle ordinarily will not be selected unless other criteria suggest that it is reasonable to expect such a return in the next market cycle.

No single investment performance criterion will, by itself, constitute sufficient grounds to either add an investment alternative or remove one. The Committee will weigh all of the evaluation criteria as well as any other material issues concerning the Plan when making decisions concerning the Plan's investment alternatives.

Investment Monitoring

While the performance of investment alternatives will be evaluated over long-term periods, the investment performance and volatility of those alternatives also will be monitored and evaluated at least semiannually with reporting back by the applicable vendors. Changes in the Plan's investment alternatives may be made at any time if, in the Committee's judgment, it would be in the best interests of Plan participants and beneficiaries.

Performance evaluations will consider, among other things:

- Rate of return compared to the peer group;
- Rate of return measured against other benchmarks, such as appropriate market indices;
- Volatility relative to the peer group;
- Fees and expenses;
- Adherence to stated investment style; and
- Changes in investment management.

The Committee will consider the elimination of an investment alternative when it loses confidence in the investment alternative's ability to meet the Committee's performance objectives. Other events that may cause the Committee to reconsider an investment alternative include, but are not limited to, a major change in an investments methodology, material litigation against a fund or manager, announced or anticipated changes in ownership, and turnover of key investment personnel.

Communications to Participants

The Committee will provide participants with sufficient information to alert them to investment alternatives and risks so as to allow them to make informed decisions with regard to investment alternatives available under the Plan.

Consistency with the Plan

If any term or condition of the Statement conflicts with any term or condition of the Plan or the trust for the Plan, the terms and conditions of the Plan and trust will control.

Periodic Review of This Statement

At least annually, the Committee will review the terms of this Statement to assess whether the policy and procedural guidelines it provides should be changed to reflect changes in the Plan, the Plan's participants and beneficiaries, market conditions, or other factors. The Committee may amend this Statement at any time by vote or by written action of a majority of its members.