The Erie
Community
Foundation

Helping today... Shaping tomorrow.

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March 17, 2009

Paul Fritz
Erie County Technical School Foundation
8500 Oliver Road
Erie, PA 16509

Dear Paul:

It is an understatement to say this is a challenging investment environment. As of this writing, the overall stock market, as measured by the S & P 500, has declined nearly 40% in the last 12 months. Many individual asset classes have faired far worse. While markets have shown some recent strength, the overall environment remains challenging for college and university endowments, pension funds, individual investors, nonprofit organizations and community foundations.

Trustees, donors and staff of The Erie Community Foundation (ECF) remain deeply committed to our local nonprofit community. While not a licensed investment manager, ECF does take its fiduciary responsibilities quite seriously. Our finance committee works closely with a nationally recognized and independent consulting firm to develop and implement an investment policy designed to maintain, and enhance, the purchasing power of endowed assets over time.

Over time, this policy has worked. During the 2000 – 2007 time frame, the average annualized performance of endowed assets at ECF was 9.7%; net of all fees. A level of risk is needed to achieve these investment results. ECF continues to believe the level of risk allowed by our investment policy is appropriate for both community foundations and for individual agency endowment funds having perpetual time-horizons.

There are currently 104 different charitable organizations in Erie County that are working to build agency endowment funds within ECF. Given current financial markets, we recognize that many of our nonprofit partners have trustees, staff and finance committee members with questions about ECF investment policy and results.

ECF is committed to broad and open communication with this important constituency. Accordingly, we have scheduled informational sessions on **Monday, April 20th and Tuesday, April 21st from 5:00 – 6:30 p.m.** Sessions, which are identical in content, will be held at The Bayfront Convention Center.

We encourage all interested nonprofit board and staff members to attend **one** of these meetings. At each, our investment consultant, Bill Hummel from The Fund Evaluation Group, will review ECF investment philosophy, policy and results. Additional information on the programs and services we provide to help attract additional contributions to Agency Endowment Funds will also be presented.

Today's challenging investment market actually highlights the importance of charitable endowments. Many of the grants we award in 2009 are made possible by gifts received over the decades. The first dollar received from Elisha Mack in 1935 is still working to benefit our community today. ECF remains confident our stewardship of endowed assets will continue to benefit our community for generations to come.

You may RSVP via e-mail to jrandall@eriecommunityfoundation.org or by calling 454-0843. Please let us know the approximate number of individuals attending from your organization. Thank you for all that you, and your organization, do to help our community.

Sincerely,

Michael L. Batchelor, President
The Erie Community Foundation

MLB/jr