

Bartlesville Community Foundation  
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Bartlesville, OK 74003  
918-337-2287

Statement of Investment Policies and Guidelines  
Adopted April 2019

Statement of Purpose

The Investment/Finance Committee of Bartlesville Community Foundation (BCF/Foundation) hereby establishes the following statement of investment policies and guidelines for the management of Bartlesville Community Foundation's investment account(s). The purpose of this statement is to create a general framework within which the assets of Bartlesville Community Foundation can be invested with respect to efficient portfolio management.

This statement acts as a framework to guide the Manager (regulated bank, insurance company, a mutual fund organization or a registered investment advisor) appointed by the Bartlesville Community Foundation Finance/Investment Committee and Board of Trustees in attaining the Investment Objective for the Funds. It also defines a level of risk that is deemed acceptable by the Bartlesville Community Foundation for the Foundations investment portfolio. These policies and restrictions are not intended to impede the efforts of the Manager to attain the Foundation's overall objectives, nor should they exclude him from appropriate investment opportunities. The Manager is allowed reasonable discretion in the asset allocation and diversification of the funds, subject to this policy.

**The mission** of Bartlesville Community foundation is to enable organizations, families, and individuals realize their charitable goals through the Power of Together.

Investment Objectives

The first priority and purpose of investments are for the purpose of helping meet the funding needs of the Bartlesville Community Foundation. Investments will be made in accordance with the Oklahoma Uniform Prudent Investor Act. In addition to providing both current income and future growth to accommodate the Foundation's administrative and mission needs in excess of annual fundraising plus normal inflation.

Second objective is for the overall portfolio over a market cycle of five to ten years is to minimize risk and attain such growth in the principal of the portfolio that the purchasing power of the portfolio is maintained with respect to the prevailing rate of inflation (Consumer Price Index - CPI).

The third objective is to achieve a total real rate of return (total return less CPI) over a market cycle that is equal to or greater than the annual distributions and investment expenses.

The fourth objective of the portfolio is for the relative investment return over a market cycle of five to ten years to exceed the rate of return that would have been achieved by a passively managed portfolio at the same risk in accordance with the long-term asset allocation policy set forth in this statement.

The fifth objective is to convert gifts to cash as soon as reasonably prudent and invested in accordance with these policies.

#### Investment Guidelines

Investment guidelines are based on a ten-year investment horizon. The Investment/Finance Committee may select professional money managers to manage the investment portfolio and custodians to safeguard the investments within the guidelines set forth within this investment policy statement.

#### Liquidity

The Bartlesville Community Foundation normally transfers some earnings from its accounts for grants on a weekly basis. Asset liquidity must be such that these earnings can be transferred in a timely manner. Bartlesville Community Foundation will notify the concerned Investment Manager of any such special liquidity requirements in a timely manner to minimize the possibility of a loss due to the forced sale of a security.

#### Asset Allocation

The allocation of assets shall be achieved through the prudent diversification of the asset classes described as cash equivalent, fixed income, and equity. The aim shall be to provide reasonable diversification consistent with the goals and objectives of the portfolio.

The risk/return profiles shall be maintained by describing a “target” strategic asset allocation as set forth on Schedule 1 of this statement. Temporary deviations from the “target” allocations shall be of a discretionary nature and shall be within the ranges set forth on Schedule 1 of this statement.

From time to time, it may be desirable to amend the basic allocation policy. Any amendment to Schedule 1 will be considered part of this Investment Policy Statement.

#### Investment Portfolio

Investments shall be limited to the following categories:

- A. Permitted Investment Categories
  - a. Cash and cash equivalents, including money market funds

- b. Fixed income assets
    - i. U.S. Government Bonds and U.S. Government Agency Bonds
    - ii. Publicly issued U.S. Corporate Bonds rated as investment grade (BBB- or Baa3 or higher)
    - iii. Foreign Government or Corporate Bonds rated as investment grade (BBB- or Baa3 or higher)
    - iv. Municipal Bonds rated as investment grade (BBB- or Baa3 or higher)
    - v. Preferred Stock rated as investment grade (BBB- or Baa3 or higher)
    - vi. Non-investment grade bonds (high-yield) limited to 10% of the fixed income allocation
    - vii. Bank certificates of deposits
  - c. Equity Assets
    - i. Common Stocks listed on a U.S. Stock Exchange, including Large Cap, Mid Cap & Small Cap Stocks
    - ii. Common Stocks of Non-U.S. Companies including those traded on foreign exchanges or as American Depository Receipts (ADRs)
  - d. Alternative Assets
    - i. Publicly traded assets in Real Estate Investment Trusts (REITS), Commodities, Master Limited Partnerships (MLPs), etc.
  - e. Mutual Funds or Exchange Traded Funds (ETFs) that invest in the securities listed above.
- B. Ineligible Securities or Actions
- a. Privately placed or other non-marketable debt
  - b. Letter, legend or other so-called restricted stock
  - c. Non publicly traded partnerships or equity investments
  - d. Non publicly traded Commodities
  - e. Selling short
  - f. Options
  - g. Futures Contracts
  - h. Margin Transactions

### Securities Custody and Recordkeeping

Quarterly reports will be provided by the money managers and will include a transaction summary of all activity in the account(s) for the month. Quarterly reports should include returns net of fees with fees shown as a separate line item. There should be a scheduled, once a year (minimum) personal meeting with the money managers and the Investment/Finance Committee or the entire Bartlesville Community Foundation board.

## Performance Monitoring and Evaluations

The Investment committee shall monitor and evaluate the performance of all investments on a quarterly basis (minimum) and provide a semiannual report to the board of directors.

## Duties and Responsibilities

Bartlesville Community Foundation Board of Directors

As a fiduciary, the primary responsibilities of the Bartlesville Community Foundation are:

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

## **Investment/Finance Committee**

The Investment Committee is a standing committee comprised of representatives from the Board and the staff. The Investment Committee serves at the pleasure of the Board of Directors and makes recommendations to the Board which retains ultimate responsibility for investment recommendations. The Board are responsible for the oversight of all investment accounts and publicly traded assets or the money market pool. Board members shall act solely in the best interest of the Bartlesville Community Foundation and in concert with the mission of the Bartlesville Community Foundation.

The Investment Committee's responsibilities include:

1. Recommends the setting and revising of investment policies to the board for final approval
2. Developing investment objectives asset allocation strategies and performance guidelines.
3. Recommending Investment Consultants, Advisors, Money Managers and Custodians to the Board.
4. Reviewing and evaluating investment results
5. Providing periodic performance reports to the Board
6. Responsible for oversight of all investment accounts utilizing publicly traded assets

## Investment Managers

As distinguished from the Board or Investment/Finance Committee, who are 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 each investment manager is to:

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 regards to buying, managing, and selling assets held in the portfolios
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 the Investment Policy Statement (IPS). Each investment manager shall keep detailed records of the voting of proxies and related actions and will comply with all applicable regulatory obligations
4. Communicate with the Bartlesville Community Foundation all significant changes pertaining to the fund it manages or the firm itself. Changes in ownership, organizational structure, financial condition, and professional staff are examples of changes to the firm in which the Bartlesville Community Foundation is interested.
5. Effect all transactions for the Portfolio subject to best price and execution. If a manager utilizes brokerage from the Portfolio assets to affect "soft dollar" transactions, detailed records will be kept and communicated to the Bartlesville Community Foundation.
6. Use the same care, skill prudence and due diligence under the circumstances then prevailing that experience investment professionals acting in a like capacity and fully familiar with such matters would use in like activities for like Portfolios with like aims applicable laws, rules and regulations
7. Investment of funds shall be diversified to minimize the risk of large losses

### Investment Manager Selection

The Bartlesville Community Foundation will apply the following due diligence criteria in selecting each individual investment option.

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 \$75 million under management
3. Expense ratios/fees: 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 management team should be in place for at least two years. (This may be waived in some circumstances; such as for funds managed by teams or for funds where prior performance histories of separate accounts are considered relevant).

## Controlled Procedures

### **Performance Objectives**

The Bartlesville Community Foundation 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 Bartlesville Community Foundation intends to evaluate manager performance from a long-term perspective.

The Bartlesville Community Foundation 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 at the Bartlesville Community Foundation's discretion to take corrective action by replacing a manager if they deem it appropriate at any time.

### **Monitoring of Investment Managers**

The Bartlesville Community Foundation has determined it is in the best 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 (or peer-performance benchmarks) such as the following:

<b>Asset Category</b>	<b>Benchmark</b>
Cash & Equivalents	30-Day money Market Yield
Equities	
U.S. Large Cap	S&P 500
U.S. Mid Cap	S&P 400
U.S. Small Cap	S&P 600
International Core	MSCI EAFE
Emerging Markets	MSCI EM
Fixed Income	Bloomberg Barclays U.S. Aggregate Bond Index
Alternatives	
Real Estate	Wilshire US REIT
Commodities	Bloomberg Commodity Trust
MLP	Alerian MLP Total Return

The risk associated with each manager's portfolio, as measured by the variability of quarterly returns (standard deviation), should not exceed that of the benchmark index or peer group with a corresponding increase in performance above the benchmark. 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.

#### Measuring Cost

The Bartlesville Community Foundation will periodically review all costs associated with the management of the Portfolio's investment program, including:

1. Expense ratios of each investment option against the appropriate peer group
2. Custody fees: the holding of the assets, collection of the income and disbursement of payments
3. Whether the manager is demonstrating attention to "best execution" in trading securities

The Bartlesville Community Foundation will review this IPS at least every two years to determine whether stated investment objectives are still relevant and the continued feasibility of achieving the same. It is not expected that IPS will change frequently. In particular, short-term changes in the financial markets should not require adjustment to the IPS.

#### Spending Policy

The Bartlesville Community Foundation shall make available to be spent in each fiscal year a minimum of 5% of the market values of its total endowment.

#### Changes to Investment Policy Statement and Guidelines

Any changes in the investment policies and investment guidelines including asset allocation, will be recommended by the Investment/Finance Committee for consideration and approval by the Board of Directors.

#### Conflict of Interest

For Trustees, Officers, Directors, Committee Members, Staff Members, and certain Consultants:

None of the above shall derive any personal profit or gain, directly or indirectly, by reason of his or her participation with the BCF. Each individual shall disclose any personal interest, which he or she may have in any matter pending before the Authority and shall abstain from any vote on such matter.

Authorized Individuals

Only individuals authorized on the corporate resolution governing these accounts can initiate transactions affecting the movement of funds in our out of these accounts.

**Acceptance of Investment Policies and Guidelines**

The foregoing investment policy statement is adopted by The Bartlesville Community Foundation Investment/Finance Committee this \_\_\_\_\_ day of \_\_\_\_\_ 2019

Board Chair and Investment/Finance Committee Members Sign and Print

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The Bartlesville Community Foundation

Schedule 1

The Percentage allocation to each peer group may vary depending upon market conditions. Please reference the allocation table below for the lower and upper limits for each peer group. When necessary and/or available. Cash inflows/outflows will be deployed in a manner consistent with the strategic asset allocation and allocation ranges of the portfolio. If there are no cash flows, the allocation of the portfolio will be reviewed quarterly. If the committee judges cash flows to be insufficient to bring the portfolio within the target allocation ranges, the committee shall decide whether to effect transactions to bring the allocation of portfolio assets within the threshold ranges.

Asset Allocation	Strategic Allocation	Lower Limit	Upper Limit
Cash & Equivalents	5%	0%	20%
Fixed Income	35%	20%	50%
Equities	60%	40%	75%