

**The Community Foundation of Boulder County
Investment Policy Guidelines for Outside Investment Managers**

Approved May 23, 2014

By Board of Trustees

Outside Investment Manager Program

Investment Manager Responsibilities

Executive Summary

The Community Foundation Serving Boulder County (“The Foundation”) takes its stewardship responsibility seriously and manages many different kinds of donor funds.

It recognizes that each donation reflects an implicit trust in the ability to invest resources wisely and use the income produced, and in some cases the fund’s principal, in accordance with a donor’s charitable wishes.

Likewise, The Foundation requires all Investment Managers to manage funds in a prudent manner consistent with the purpose and goals of the particular fund they are managing.

Duties of the Investment Manager

In addition, Investment Managers must comply with the following:

- (a) Investment Managers, and all employees of such managers, shall at all times operate in compliance with all applicable laws and regulations.
- (b) Investment Managers shall notify The Foundation when there are is material change in investment style, or any change in either the individual or firm advising the account.
- (c) Investment Managers shall seek the best price and execution for security trades it executes and shall comply with all regulations concerning “soft dollars.”
- (d) Investment Managers shall not, at any time, charge higher fees or commissions to the donor’s fund at The Foundation than charged to the donor’s personal accounts.

(e) Investment Managers shall disclose all perceived or actual conflicts of interest, and all economic ties, commitments or familial relationships between and amongst the donor and the financial advisor. Family members are prohibited from serving as Investment Managers and from receiving financial compensation for the management of the donation.

(f) Investment Managers are prohibited from engaging in the following transactions on behalf of The Foundation:

1. Any transaction that could cause a problem with The Community Foundations' tax-exempt status. For instance, a charitable remainder trust must not incur any unrelated business income tax.

2. Any transaction that results in leveraging the assets of The Community Foundation, securities lending, pledging or hypothecating securities unless such transaction is disclosed to and approved by The Community Foundation of Boulder County prior to the transaction; or

3. Excluding mutual funds, any transaction investing in private placements, lettered stock or other unregistered securities, futures contracts, commodities or commodity contracts, swaps, synthetic securities, derivatives, options, short sales, margin transactions or other specialized investment activities unless such transactions are disclosed in writing to [and approved by] The Community Foundation prior to the employment of the manager.

Reporting By The Investment Manager

On a quarterly basis, the Investment Manager will provide a written report containing asset allocation, actual performance numbers, benchmark numbers and an explanation for any variance. This written report will be due to The Foundation's Chief Financial Officer via email on the 10th calendar day of the month following quarter end. See

Attachment 1 for a sample form document of the written report. The written report will be presented at The Foundation's quarterly Investment Committee Meetings.

Ongoing Review of the Investment Manager

Performance Objectives

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

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

Investment Managers will appear in person with the Investment Committee as follows:

- a. Quarterly – if Investment Manager manages 10% or more of The Foundation's assets
- b. Semi-annually – if Investment Manager manages 5% or more of The Foundation's assets
- c. Only as requested if Investment Manager manages less than 5% of The Foundation's assets

