



Investing in Excellence, Leadership, Discovery and Equity in the Profession of Architecture

## Investment Policy

*(Adopted May 25, 2021)*

### Purpose

The purpose of the Investment Policy is to provide a clear statement of the Minnesota Architectural Foundation's (MAF) investment objective, to define the responsibilities of the board of directors (Board) and any other parties involved in managing MAF investments, and to identify or provide target asset allocations, permissible investments, and diversification requirements.

### Investment Objective

The overall investment objective of MAF is to maximize the return on invested assets to increase the value of the funds while minimizing risk and expenses and to serve as a source of money to achieve financial goals of MAF. This is done through prudent investing and planning, as well as through the maintenance of a diversified portfolio. When determining the combination of investments, the Finance Committee will consider the degree in which those investments are socially and environmentally responsible.

### General Provisions

- All transactions shall be for the sole benefit of MAF.
- Any investment that is not expressly permitted under this Policy must be formally reviewed and approved by the Board.
- The board will endeavor to operate MAF's investment program in compliance with all applicable state, federal and local laws and regulations concerning management of investment assets.
- Investments shall be diversified with a view to minimizing risk.
- Investments shall reflect current strategic directions and values of MAF.

## Delegation of Responsibility

Responsibility for oversight of the investments will be placed with the Executive Director, Treasurer, Finance Committee, Board of Directors, and Investment Manager(s) as follows:

### Executive Director

Responsibility for investment decisions will rest with the Executive Director within the approved investment guidelines. The Executive Director, with the approval of the Finance Committee, may secure the services of a professional investment manager to assist in the placement of the investments. The specific responsibilities of the Executive Director, as applicable, include:

- Communicating MAF's financial needs to the investment manager(s) on a timely basis.
- Developing and enacting proper control procedures, e.g., replacing investment manager(s) due to a fundamental change in the investment management process, or for failure to comply with established guidelines.

### Treasurer

The Treasurer will review the Investment Policy each year prior to the adoption of the budget and recommend any changes to the Board.

### Finance Committee

The Finance Committee will review the Investment Policy and monitor investment decisions to ensure that they fulfill the investment objectives. The specific responsibilities of the Finance Committee, as applicable, include:

- Determining MAF's risk tolerance and investment horizon and communicating these to the appropriate parties.
- Establishing reasonable and consistent investment objectives, policy guidelines and allocations which will direct the investment of the assets, to be reviewed by the Board on an annual basis.
- Prudently and diligently selecting one or more qualified investment professional(s), including investment manager(s), investment consultant(s), and custodian(s). Investment professional(s) shall be evaluated every three to five years.
- Regularly evaluating the performance of investment manager(s) to assure adherence to policy guidelines and to monitor investment objective progress.

### Board of Directors

The Board has ultimate responsibility for the investments and management of MAF's investment assets. The specific responsibilities of the Board, as applicable, include:

- Review and approve all investment guidelines for MAF.

### **Investment Manager(s)**

- Discretionary investment management, including decisions to buy, sell, or rebalance within the guidelines established in this statement and with advance communication with the Treasurer and/or Executive Director.
- Reporting, on a timely basis, or as requested by the Treasurer or Finance Committee, quarterly investment performance results.
- Communicating any major changes in the economic outlook, investment strategy, or any other factors that affect implementation of investment process.
- Informing the Executive Director regarding any changes in portfolio management personnel, ownership structure, investment philosophy, etc.
- Administering MAF's investments at reasonable cost, balanced with avoiding a compromise of quality. These costs include, but are not limited to, management and custodial fees, consulting fees, transaction costs and other administrative costs chargeable to MAF.

### **General Investment Guidelines**

- A copy of this Investment Policy shall be provided to all investment manager(s).
- MAF is a private foundation as classified under Internal Revenue Code 501(c)(3). This tax-exempt status should be taken into consideration when making investments.
- The General Fund is to be maintained with a zero to very low risk tolerance to keep cash available for grant distributions, tax obligations and other unanticipated expenses.
- The named fund accounts (i.e. Thomas Ellerbe Scholarship, Ralph Rapson Traveling Study Fellowship, Clarence Wigington Architectural Scholarships, Beverly Hauschild-Baron Leadership Fund, Women in Architecture Fund) are to be invested in a balance of growth and capital preservation. This is to pace inflation and provide ongoing distributions.
- Transactions shall be executed at reasonable cost, taking into consideration prevailing market conditions and services and research provided.
- MAF shall not invest in individual stocks nor in any illiquid investments such as real estate, private equity, or hedge funds.

### **Investment Composition**

This pertains to the named funds and not to the General Fund mentioned above. Based on investment objectives and cash flow needs, MAF's investments may be invested within the following range:

Asset Allocation	Range
Cash & Equivalents – money market funds that can be converted to cash	5-15%
Fixed Income (e.g. certificates of deposit, bonds funds, treasuries, etc.)	25-70%
Equities (e.g. exchange trade funds, mutual funds, etc.)	20-65%

The investment target percentage, within the above ranges, will be determined each year as part of the budget approval.

An investment manager(s) should advise the Executive Director and Finance Committee regularly on the distribution of funds and other financial planning needs.

### Reporting and Evaluation

Investment reports will be prepared and presented to the Finance Committee quarterly, or as requested by the Treasurer and/or Finance Committee. The investment manager(s) should meet with the Finance Committee at least annually and when determined necessary to discuss performance, portfolio content, transactions, investment strategy and proposed changes to the investment objectives and guidelines.

The Staff, Treasurer and Finance Committee will evaluate reports and make recommendations as often as necessary to preserve the investment objectives of MAF.

### Review of Policy

This Policy will be reviewed every three years, at minimum, by the Finance Committee, or sooner if warranted by internal or external events or changes. Changes to the Policy will be recommended by the Finance Committee to the Board.