

**ROSE FITZGERALD KENNEDY GREENWAY CONSERVANCY,  
Inc.**

**Investment Committee Charter**

Adopted April 7, 2015

**Purpose**

The Conservancy's Board of Directors (Board) is responsible as fiduciaries to manage all of its investable funds. In order to execute this mandate, the Board has directed the Investment Committee to be responsible for activities that include, but are not limited to the following:

**Membership and qualifications**

The Investment Committee membership shall be comprised of at least three (3) board members, plus the Executive Director who shall serve as a non-voting member of the Committee. The Chair of the Board of Directors shall select the Chair(s) of the Investment Committee with input from the Board of Directors. All voting members of the Committee shall be independent, non- management and non-staff directors, free from any relationships or financial transactions in the past three years that could interfere with the exercise of his or her independent judgment. Specifically, no member of the Committee shall receive any compensation (directly or indirectly from the Conservancy as a consultant or other professional services except for such compensation that is paid generally to the directors) and no members shall have a financial interest in or have any other conflict with any entity or person doing business with the Conservancy.

At least one member of the Committee should be an investment professional with adequate financial knowledge to understand, analyze and reasonably assess the investment and financial statements of the Conservancy.

The committee shall also seek advice from such other persons as the committee shall, from time to time, determine is appropriate; and such other persons shall serve in non-voting advisory capacities.

**Reporting**

The Investment Committee shall report regularly to the Board in such manner as may be determined from time to time by the Board, but no less than annually.

**Responsibilities**

- Assure compliance with the Investment Policy Statement, attached. Propose to the Board of Directors any necessary changes to the Investment Policy Statement.
- Propose to the Board of Directors any necessary changes to this Charter.
- Establish sound investment goals with regards to spending policy, target return and appropriate risk exposure;
- Select and retain a qualified professional Investment Advisor(s), which may be a discretionary Outsourced Chief Investment Officer (OCIO) or non-discretionary Investment Consultant;
- Provide the Investment Advisor(s) with annual budget and anticipated spending needs;
- Oversee the duties and responsibilities of those accountable for designing and implementing investment strategy;
- Review the investment managers and/or investment vehicles;
- Vote the proxies of any investment vehicle (e.g. mutual fund, equity, etc.) directly owned by the Conservancy that is not under the discretion of a money manager;
- Monitor and evaluate results against benchmarks to ensure that the Conservancy's investment guidelines are being adhered to and that its objectives are being met;
- Review invested assets and asset allocations with the Investment Advisor(s);
- Convene an annual investment review.

### **Meetings**

The Investment Committee shall meet as often as it deems necessary in order to perform its responsibilities, but will meet at least twice annually. Investment committee members may participate and vote in person, by video or by telephone. A quorum shall consist of at least two (2) voting members.

# Investment Policy Statement

*Originally adopted May 2011; revised April 7 2015; revised October 18, 2022*

## I. Introduction

This document articulates a specific set of investment policies and provides a set of guidelines that will permit the Rose Fitzgerald Kennedy Greenway Conservancy's (The Conservancy) Investment Committee to oversee the investment of the Conservancy's assets. It details the authority and responsibility for the safekeeping and effective management of the Conservancy's funds and other assets. These guidelines serve a fourfold purpose:

- A. To articulate a plan for investing the Conservancy's endowment fund assets;
- B. To communicate an investment framework between the Investment Committee and the Investment Advisor(s);
- C. To articulate standards for the measurement of portfolio, consultant and manager performance; and
- D. To define the Conservancy's spending policies.

## II. Background / Mission

- A. The Conservancy was established in 2004. Its mission is to provide broad-based support to ensure standards of excellence in the design, sustainability and use of the Rose Fitzgerald Kennedy Greenway and to secure the Greenway's future as one of America's foremost urban parks.
- B. The Conservancy is a non-profit organization as defined in Section 501 (c)(3) of the United States Internal Revenue Service Code of 1986, as amended.

## III. Investment Philosophy

- A. The Endowment Funds have been established to continue in perpetuity and, as such, will be invested with a long-term perspective.
- B. The Reserve Funds have been set aside for nearer term needs, and as such will be invested in short term, liquid investments.
- C. The Investment Committee recognizes that individual securities and asset classes carry risks, and seeks to mitigate those risks through diversification across an entire portfolio. The portfolio will be evaluated on a total return basis.
- D. The Committee may consider environmental factors in the investment process in accordance with the Conservancy's overall mission to model environmental stewardship

## IV. Investment Goals

The investment goals of the Endowment Funds are:

- A. To provide a reasonable rate of total return, net of investment, custodial, money management, transaction costs and other fees, from which expenses can be taken, while preserving capital through downside risk management
- B. To plan and provide for adequate liquidity to satisfy cash distributions at times aligned with the approved budget and spending policy of the Conservancy;
- C. To achieve net total investment returns sufficient to satisfy the Conservancy's spending policy plus the anticipated rate of inflation over a full market cycle, such that the endowment maintains purchasing power over time despite the withdrawals. (The Investment Committee will annually review consensus forecasts of CPI inflation for the coming year to assess the appropriateness of this goal).
- D. To outperform the strategic benchmark set forth in this Investment Policy Statement.

The Reserve Funds have a separate investment goal of earning a stable rate of return while remaining liquid.

## **V. Investment Advisor**

The Investment Committee recognizes the desirability of outside expertise necessary to directly manage the endowment portfolio and may choose to delegate the day-to-day management of the portfolio to an Investment Advisor, which may be a non-discretionary investment consultant or a discretionary Outsourced Chief Investment Officer (OCIO). The Investment Advisor is responsible for activities that include, but are not limited to the following:

- A. Developing a working knowledge of the Conservancy's mission and spending policies;
- B. Applying this knowledge to gauge the fit and appropriateness of underlying investment vehicles;
- C. Assisting the Conservancy in the management of assets under its care, custody, and/or control in accordance with the IPS, its stated objectives and guidelines set forth herein, when deviation is deemed prudent and desirable by the Investment Committee and the Board of Directors;
- D. Selecting and monitoring investment managers and/or investment vehicles consistent with the needs and objectives of the Conservancy. Investment managers in turn may have investment discretion with the parameters set by the Investment Advisor;
- E. Informing the Investment Committee in writing, at least quarterly, regarding all significant and/or material matters and changes pertaining to the investment of Conservancy assets, including, but not limited to:
  - 1. Investment strategy;
  - 2. Portfolio structure;
  - 3. Tactical shifts;
  - 4. Ownership;

5. Organizational structures;
  6. Financial condition;
  7. Professional staff;
  8. Recommendations for IPS guideline changes; and
  9. All material legal, SEC and other regulatory agency proceedings affecting the Investment Advisor.
- F. Utilizing the same care, skill, prudence, and due diligence under the circumstances then prevailing that experienced, investment professional acting in like capacity and fully familiar with such matters would use in like activities for like portfolios with like aims in accordance and compliance with all applicable laws, rules, and regulations from local, state, federal and international political entities as they pertain to fiduciary duties and responsibilities;
- G. Acknowledging and agreeing, in writing, to their fiduciary responsibility to fully comply with the entire IPS set forth herein.;
- H. Providing the Conservancy with reports on holdings, values, and activity, to be submitted no less than monthly with quarterly, semi-annual, and annual summaries that augment the monthly data and articulate performance, portfolio allocation and diversification; portfolio adjustment strategies and recommendations; updates on the status of portfolio managers including notification of any changes in any portfolio manager; and benchmarks of comparable classes or funds;
- I. Evaluating and executing when deemed necessary the rebalancing of the portfolio to maintain the desired risk and return profile; and
- J. Developing a plan with all Investment Managers via the voting of any and all proxies solicited in connection with the securities held by the custodian(s).

## **VI. Spending Policy**

The Board of Directors approves the Conservancy's administrative budget, in accordance with a spending policy adopted annually during the budget's preparation. The annual cash payout is defined for the forthcoming year. It is anticipated that the spending policy for the Endowment Funds will approximate 4.5% of the average fair market value of the endowment, using a 12-quarter trailing average. The Reserve Funds shall not be considered in the calculation of the spending policy.

## **VII. Investment Risk Parameters**

- A. The Conservancy recognizes that volatility occurs in the investment markets for many reasons including political, economic, and psychological factors. The volatility will be reviewed on an annual basis.
- B. The Investment Advisor may utilize risk metrics including standard deviation, beta, Sharpe Ratio and Info Ratio among other quantitative and qualitative measures to help

evaluate Investment Managers' performance and the overall portfolio's performance as a whole.

- C. In general, the Conservancy seeks to experience the minimum level of volatility necessary to meet the return objectives. To that end, the Investment Advisor may rely upon modeling approaches it deems appropriate in helping the Conservancy evaluate target allocation options and will analyze volatility and risk-adjusted returns when evaluating Investment Managers.
- D. The Conservancy shall diversify its investments across asset classes and investment styles in order to pursue its investment objectives. With respect to investment management providers, the Conservancy will seek some level of organizational diversification if practical.

### **VIII. Asset Allocation Guidelines**

- A. Annually, the Investment Committee shall review the overall portfolio's asset allocation against its own framework of minimum/maximum asset class exposure guidelines. These guidelines are meant to be broad enough to allow the Investment Advisor significant flexibility and major adjustments to these guidelines are expected to be rare.
- B. The following criteria apply:
  - 1. The Investment Advisor shall provide the Investment Committee with risk and return assumptions for each asset class;
  - 2. The Investment Committee shall determine which asset classes it is willing to consider and what constraints if any shall be placed on a single asset class;
  - 3. The Investment Advisor shall provide the Investment Committee with a set of recommended asset class allocations using the Efficient Frontier. At the request of the Investment Committee, the Investment Advisor will provide a series of at least three potential allocations with differing risk and return profiles charted on The Efficient Frontier;
  - 4. The Investment Committee shall choose an allocation that reflects the long-term goals of the Conservancy; and
  - 5. The Investment Advisor may make tactical adjustments within asset classes within the ranges provided by the Investment Committee, and the Committee will revisit the target asset allocation at its annual allocation review.
- C. The portfolio shall be diversified both by broad asset classes, including equities, fixed income, alternative investments and cash equivalents, and within each asset class, by economic sector, industry and capitalization. The purpose of diversification is to provide reasonable assurance that no single security or class of security will have a disproportionate impact on the total portfolio.

1. The purpose of equity investments is to provide current income, and growth of income and principal. It is recognized that these investments may entail the assumption of greater market variability and risk than fixed income and diversifying investments. It is assumed, however, that equity investments will provide a greater total return over the long term than fixed income and diversifying strategies.
2. The purpose of fixed income investments is to provide a source of current income and to reduce the variability of the total market value of the portfolio.
3. Diversifying investments will consist of funds covering a wide range of investment strategies which emphasize positive absolute returns while exhibiting low correlation to traditional equity and fixed income markets. Diversifying investments may be considered for an opportunistic allocation.
4. The purpose of private equity investments is to capture returns not available through public equity markets with the expectation that private markets are less efficient and therefore may offer excess returns over public equities. Private equity investments may be considered for an opportunistic allocation.
5. The purpose of managed futures programs, consisting of currency, commodity and fixed income contracts, is to provide superior risk-adjusted returns while exhibiting low correlation to traditional equity and fixed income markets. Managed futures programs may be considered for an opportunistic allocation.
6. Cash equivalents, such as Treasury bills, certificates of deposit, commercial paper and cash management funds, may be used to provide liquidity, income and stability.

D. The strategic asset allocation and ranges for the Endowment fund shall be as follows:

Asset Class	Minimum	Target	Maximum
Equities	50%	<b>75%</b>	90%
Fixed Income	10%	<b>23%</b>	45%
Cash	0%	<b>2%</b>	10%
Opportunistic	0%	<b>0%</b>	5%

- E. The policy benchmark for the Conservancy shall be a blend of 75% MSCI All Country World Index and 25% Barclays Aggregate Intermediate Government Credit.
- F. For Reserve Funds, the allocation shall be limited to short term investment securities, such as US Government Treasuries and other high quality cash equivalents.

## IX. Rebalancing

Each quarter, and/or as funds are added/withdrawn from the portfolio, the Investment Advisor will rebalance the portfolio with regard to prevailing market conditions, anticipated future liquidity needs, any tactical considerations and the strategic asset allocation.

## **X. Manager Selection**

- A. The Investment Advisor is expected to perform on-going due diligence on existing and prospective managers.
- B. The Investment Advisor shall select investment managers appropriately suited for implementing the Conservancy's investment strategy and pursuing the Conservancy's objectives.
- C. Manager changes are permitted, indeed expected, without consulting with the Investment Committee, within the strategic asset allocation set forth in this Investment Policy Statement. While material changes to money managers with regards to the matters above shall be reviewed at regularly scheduled Investment Committee meetings, the Investment Advisor is expected to be proactive about informing the Committee about any such changes in a timely manner, regardless of the date of the next meeting.
- D. The Investment Advisor shall produce a complete and transparent accounting of all changes made, at regular intervals, along with rationale and investment thesis.
- E. Investment Directions
  - 1. The Investment Advisor will have discretion to invest Endowment assets in a variety of vehicles as it deems appropriate for the Conservancy. These may include mutual funds, exchange traded funds, separately managed accounts, unit investment trusts, and limited partnership interests. The Investment Advisor may also make use of individual marketable securities as long as they are not in conflict with the prohibited securities below:
    - a) Unregistered or restricted stock;
    - b) Securities purchased via the use of margin financing;
    - c) Securities sold short;
    - d) Future and options contracts;
    - e) Other types of derivative investment;
    - f) Commodities; (unless traded on the exchanges in ETF form)
    - g) Collectibles; (unless traded on the exchanges in ETF form)
    - h) Direct loans, or collateral agreements;
    - i) Bonds with an average credit rating of no less than BBB as defined by Standard & Poor's; and/or
    - j) Indirect & Direct Real Estate Investments. ( with the exception of publicly traded REITs)

## **XI. Alternative Investments**

- A. Selection of Investments



1. "Alternative Investments" are broadly defined investments that may possess low correlation to stock and/or bond markets, diversify the Conservancy's portfolio, support the Conservancy's goals, seek excess return, and may be available in a variety of investment structures. In general, these investments include diversifiers, private equity and managed futures, which may be less liquid than traditional investments.
2. The Investment Advisor will have discretion to invest Conservancy assets into Alternative Investments, however it is expected the Investment Advisor will provide education to the Investment Committee concurrent with such investments. The education will provide a background on the nature of Alternative Investments, their role in the portfolio and how they should be expected to behave.
3. When considering these Alternative Investments, the Investment Advisor shall review and evaluate the following:
  - a) Role of the investment in the overall portfolio
  - b) Investment thesis and expected result
  - c) Proper benchmarking
  - d) Appropriate private placement memoranda, offering memoranda, prospectus, and/or additional risk disclosures;
  - e) Stability, capacity and integrity of the money management firm;
  - f) Length of tenure of portfolio managers and length of track record of investment strategy;
  - g) Regulatory and legal standing (to the extent possible).
  - h) Investment philosophy, including risk management strategy;
  - i) Historic performance under various market conditions;
  - j) Risk adjusted performance;
  - k) Fees;
  - l) Willingness and ability to service account; and,
  - m) Liquidity, transparency and time horizon of the investment.

#### B. Investment Directions

1. When investing in Alternative Investments the Conservancy permits the following investment strategies:
  - a) Unregistered and restricted stock;
  - b) Securities purchased via the use of margin financing;
  - c) Securities sold short;
  - d) Future, forward and options contracts,
  - e) Managed futures funds;

- f) Other types of derivative investments;
- g) Commodities;
- h) Direct loans, or collateral agreements; or
- i) Bonds with an average credit rating of less than BBB as defined by Standard & Poor's.

## **XII. Monitoring of Investment Advisor**

The Investment Committee will monitor the Investment Advisor's service at least annually and review:

- A. Portfolio performance relative to the strategic benchmark set forth in this Investment Policy Statement.
- B. Fees (transparency of activity and fees);
- C. Ease in working relationship, communications and reporting;
- D. Effectiveness in assisting the Conservancy to meet its objectives;
- E. Performance in strategizing to meet liquidity needs; and
- F. Quality of ongoing due diligence and reporting.

## **XIII. Monitoring of Portfolio Performance**

- A. The Investment Advisor will be responsible for presenting performance reports to the Investment Committee. Quarterly performance will be evaluated to measure progress toward the attainment of longer-term investment goals. It is understood that there are likely to be short-term periods during which performance deviates from Conservancy objectives and/or market indices. The Investment Committee will monitor performance on both absolute and relative basis over a full economic cycle. Additionally, the Investment Advisor will at least annually review each money manager's or each vehicle's:
  - 1. Appropriateness vis the IPS guidelines;
  - 2. Material changes in organization, investment philosophy and/or personnel;
  - 3. Risk and return results relative to Conservancy objectives;
  - 4. Risk and return results relative to appropriate indexes and peer groups;
  - 5. Adherence to investment style.
- B. Managers are expected to perform:
  - 1. In a manner consistent with their investment mandate given prevailing market conditions;
  - 2. In excess of the stated manager or vehicle benchmark.

3. In a manner consistent with pursuing the long-term investment goals of the Conservancy.
- C. While material changes to money managers with regards to the matters above shall be reviewed at regularly scheduled Investment Committee meetings, the Investment Advisor is expected to be proactive about informing the Committee about any such changes in a timely manner, regardless of the date of the next meeting.

#### **XIV. Monitoring of Goals**

- A. Since changes in the Conservancy's needs or changes in the basic nature of the capital markets will develop only gradually, decisions to change the IPS are not anticipated to be made on a frequent basis. The IPS will be reviewed thoroughly should any significant event occur or be anticipated, and at a minimum shall be reviewed every three years.
- B. Nonetheless, the Investment Advisor is expected to make timely recommendations to the Investment Committee regarding opportunities and specific strategies to change the IPS that the Investment Advisor believes are prudent based on then existing conditions. If, at any time, the Investment Advisor believes that a specific guideline or restriction is impeding the ability to implement or meet the performance goals, the Investment Advisor must present this information to the Investment Committee in a timely manner.