



GREATER HOUSTON  
COMMUNITY FOUNDATION

## Checklist for Accounts Managed by Third Parties

In order to open an account managed by a third party, the Greater Houston Community Foundation (GHCF) requires the following forms and agreements from the account's donor and his or her financial advisor.

### For Donors

**New Fund Agreement**

This form is required to open a fund with the GHCF. Not required for existing fund holders.

**Donor Recommendation Letter**

Please provide GHCF with a letter recommending an outside firm and/or financial advisor for the account. A template is enclosed.

**Annual Granting Assumptions**

Please estimate how much the account will grant to charities per calendar year.

### For Advisors

**New Account Application**

In order for GHCF to become the new account owner, the advisor will provide GHCF with a new account application.

**Check Writing**

GHCF will require check writing capabilities on the account to move cash for donor grant making activities and administrative fees.

**Letter of Agreement**

The account's financial advisor must attest that s/he has read the GHCF's Investment Policy and agrees to adhere to it, and signs the Letter of Agreement.

## Ongoing Requirements for Financial Advisors

In order to maintain an account managed by a third party, the following documents must be provided to GHCF on a regular basis. **Reminder: this is a GHCF account and the management of this account resides with GHCF.**

### Statements

The account's financial advisor must provide GHCF with electronic access to monthly consolidated statements that reflect all activity, including detail of asset allocation, realized gains and losses, positions relating to the account's investments and all activities that occur within the account during the designated time period. These statements must be provided monthly within five business days of the close of the month.

GHCF requires printed monthly statements and access to the statements digitally. Printed statements must be mailed to GHCF's accounting manager (see address below)

Accounting Manager  
Greater Houston Community Foundation  
4550 Post Oak Place, Suite 100  
Houston, TX 77027  
713-333-2200

### Performance Results

The account's financial advisor must submit quarterly performance results to the GHCF, including a self-evaluation of performance compared to appropriate benchmarks. The financial advisor will meet in person at least annually with the appropriate GHCF staff member to review the performance of the account. In addition to periodic statements, the account's financial advisor must provide the Greater Houston Community Foundation with annual statements within 15 business days of the end of the calendar year. The consolidated annual statements should show:

- The investment strategy with which the account complies.
- The consolidated return of the account's investments for the calendar year.
- All fees attributable to the investment of the account for the calendar year.

The account's financial advisor will certify annually that that the account is being managed in compliance with GHCF's Investment Policy Statement.

### Annual Review of Cash Requirements

The donor works with a donor services officer at GHCF to estimate how much cash will be needed to support annual grants from the account. The financial advisor then transfers that sum to GHCF in order to facilitate donor grantmaking in a timely fashion.

**If you have any questions regarding the above requirements, please do not hesitate to contact us.**

## Donor Request for Outside Investment Manager

Name of GHCF staff  
Greater Houston Community Foundation  
4550 Post Oak Place, Suite 100  
Houston, TX 77027

Dear:

It is my request that the \_\_\_\_\_ Fund  
at the Greater Houston Community Foundation be managed by:

**Investment Firm** \_\_\_\_\_

**Investment Manager** \_\_\_\_\_

**Investment Manager Phone** \_\_\_\_\_

I affirm (a) that neither this investment manager nor any member of his or her family is a member of my family or is a family member of any person that I have designated or appointed to have advisory privileges with respect to the \_\_\_\_\_ Fund (a “donor advisor”); and (b) that this investment firm is not an entity owned more than 35% by me, a donor advisor, or our family members.

I understand that this investment manager will take instruction only from authorized employees of the Greater Houston Community Foundation in the management of this account. I acknowledge that the *Name of Financial Institution* account is owned and controlled by the Greater Houston Community Foundation, and that the Greater Houston Community Foundation reserves the right to replace this investment manager at any time.

I also understand that the \_\_\_\_\_ Fund at the Greater Houston Community Foundation will be charged \_\_\_\_\_ percent by the above investment manager’s firm, in addition to any underlying management fees.

**My initial investment objective for this account is** \_\_\_\_\_

If you have any questions or require additional information about this request, please contact me.

**Donor phone number** \_\_\_\_\_ **Email address:** \_\_\_\_\_

**Alternate donor phone number** \_\_\_\_\_

Sincerely,

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Donor’s Name (Please print)

# Letter of Agreement

The Greater Houston Community Foundation (“GHCF”) permits outside management of donor advised funds with balances of at least \$1,000,000. GHCF will retain the recommended investment advisor to manage the assets for such an account on the condition that the investment advisor follows GHCF’s investment policy with regard to such accounts and performance is satisfactory.

This document outlines GHCF’s guidelines and procedures with regard to outside managers and the accounts under their management.

## Section I: The Greater Houston Community Foundation will provide

### SETTING UP THE ACCOUNT

1. One-on-one meetings with financial advisor and donor regarding the operations of GHCF’s account at the financial advisor’s organization.
2. Copy of GHCF’s Investment Policy Statement (IPS) with which financial advisor must comply.

### MANAGING THE ACCOUNT

3. Issuance of quarterly statements to donors showing balance in account, and details on grants, gifts, earnings, expenses and grants (timing considerations to be worked out).
4. An annual meeting with donor and financial advisor to forecast liquidity needs for the upcoming year’s grantmaking.

## Section II: The Financial Advisor will provide

### SETTING UP THE ACCOUNT

1. Full disclosure to donor and GHCF of all fees and any areas where conflicts of interest exist.
2. Donor Letter of Recommendation for outside investment manager.

### MANAGING THE ACCOUNT

3. Account management must comply with GHCF’s IPS and with the investment management plan designed to meet donor’s charitable goals.
4. Creation of a cash reserve equivalent to the donor’s annual fee AND grantmaking budget on a per account basis and transfer of that amount to GHCF.
5. The investment advisor shall provide a single consolidated statement that reflects all activity, including detail of realized and unrealized gains and losses, and positions relating to the investments. Hard copy statements shall be provided monthly, within fifteen business days of the close of the year. Online access to the account along with check writing privileges is required.
6. In addition to periodic statements, financial advisor must provide GHCF, within 15 business days of the end of the calendar year, a performance report consisting of a consolidated statement showing:
  - The investment strategy(s) with which the account complies.
  - The consolidated return of the account’s investments for the calendar year.

- All fees attributable to the investment of the account for the calendar year.

7. It is the financial advisor’s responsibility to vote the proxies.

### **Section III: Guidelines**

#### **SETTING UP THE ACCOUNT**

1. GHCF and the financial advisor will agree upon a benchmark against which account performance will be measured.

#### **MANAGING THE ACCOUNT**

2. Performance results must be submitted to GHCF quarterly, with a self-evaluation compared to the appropriate benchmarks.
3. There is an initial minimum of \$1,000,000. If the account balance falls below \$500,000, GHCF may terminate the relationship regardless of performance.
4. The financial advisor is accountable solely to GHCF. Therefore, the financial advisor must consider the interests of GHCF solely and may not make management decisions that favor the interests of the donor to the detriment of GHCF. GHCF retains the right to terminate the relationship at any time and at its sole discretion.
5. Each separately managed account shall be owned and titled in the name of “Greater Houston Community Foundation,” with a reference to the account name.
6. The financial advisor shall take instructions (both written and verbal) only from authorized representatives of GHCF. Due to requirements imposed by Federal tax law, instructions shall not be accepted from the donor.
7. Portfolios shall be rebalanced to the agreed upon asset allocation on a regular schedule, no less than semi-annually.
8. Each account shall be invested in accordance with one of the investment options set forth in GHCF’s investment policy statement.
9. Cash reserves shall be maintained in an amount sufficient to satisfy cash requirements. These shall be maintained and managed by GHCF in its short-term investment account. Accordingly, the investment manager shall periodically evaluate liquidity requirements with the assigned Donor Services Representative, and then transfer funds to GHCF short-term account.
10. GHCF administrative fees shall be charged monthly and based on the average monthly balance of the account.

Donor Signature \_\_\_\_\_

Financial Advisor Signature \_\_\_\_\_

Foundation Signature \_\_\_\_\_