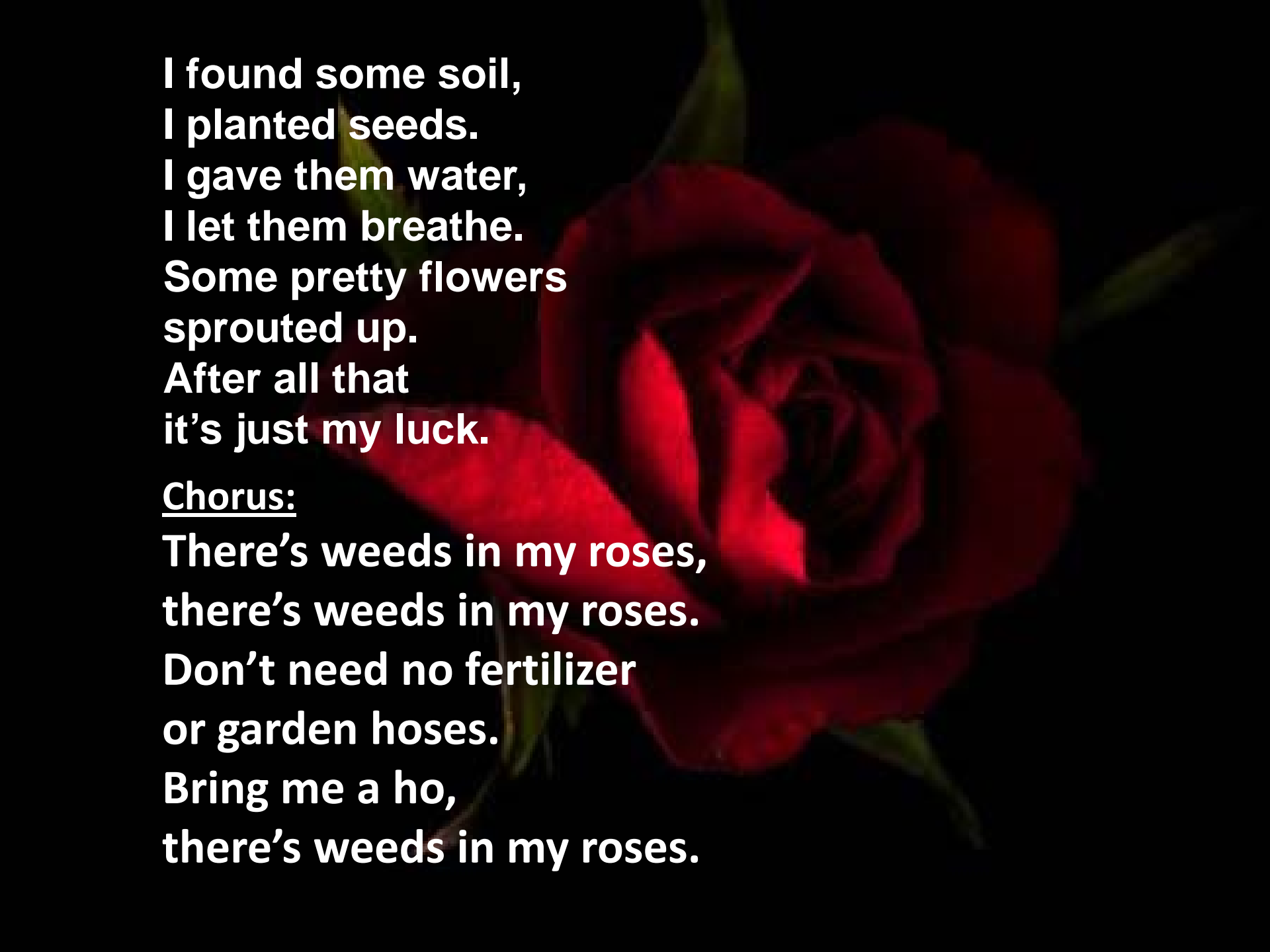


A dense field of red roses, filling the entire frame. The roses are in various stages of bloom, with some showing deep red petals and others appearing as buds. The background is dark, making the red roses stand out. Overlaid on the center of the image is the text "There's Weeds in My Roses" in a white, bold, sans-serif font.

There's Weeds in My Roses

A close-up photograph of a dense field of vibrant red roses. The roses are in various stages of bloom, with some showing deep red petals and others more tightly packed. In the foreground, several blades of bright green grass are visible, some slightly out of focus, creating a sense of depth. The overall lighting is bright, highlighting the rich colors of the flowers.

There's Weeds in My Roses

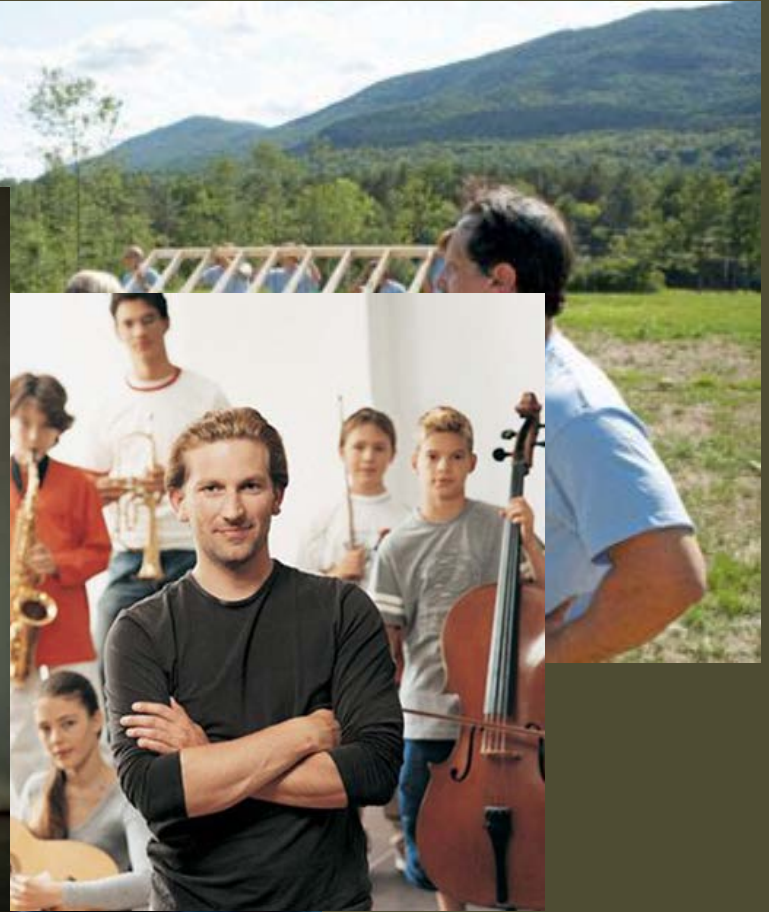


I found some soil,
I planted seeds.
I gave them water,
I let them breathe.
Some pretty flowers
sprouted up.
After all that
it's just my luck.

Chorus:

There's weeds in my roses,
there's weeds in my roses.
Don't need no fertilizer
or garden hoses.
Bring me a ho,
there's weeds in my roses.









Management of funds by the board
distracts from the core mission of the
organization.

Investment Committees Have A Fiduciary Obligation To:

- Prepare and maintain an Investment Policy Statement
- Prudently diversify the Portfolio's assets to meet an agreed upon risk/return profile
- Prudently select investment options
- Control and account for all investment, record keeping and administrative expenses associated with the portfolio
- Monitor and supervise all service providers and investment options
- Avoid prohibited transactions and conflicts of interest

Who is Performing These Duties?

No One?

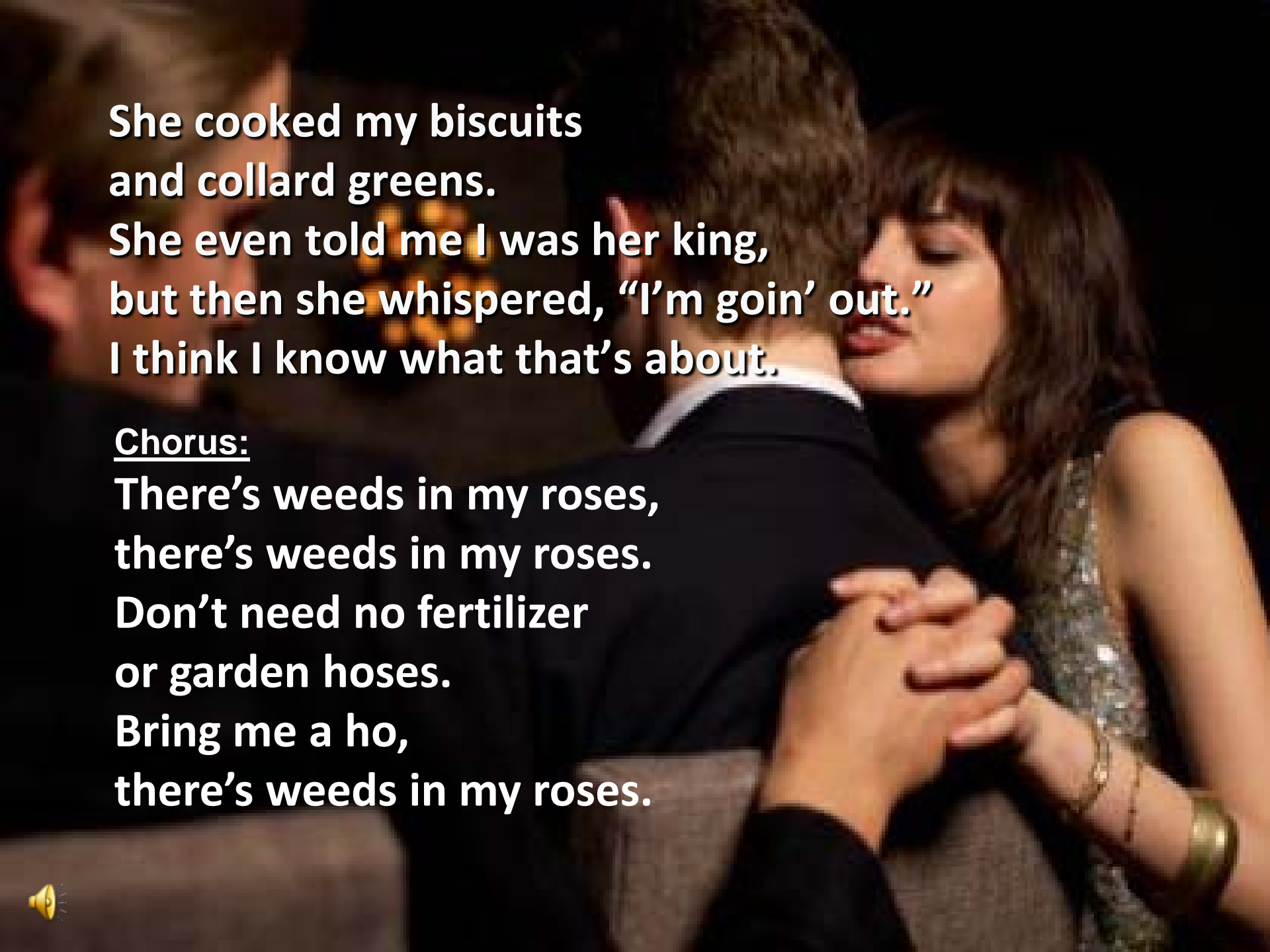


Insurance agent

Brother-in-law

Loan officer

Stock broker

A man and a woman are dancing together at a party. The man is wearing a dark suit and is seen from the back. The woman is wearing a dark, sleeveless dress with a shimmering sequined bodice and is looking towards the man. The background is dark with some blurred lights.

She cooked my biscuits
and collard greens.

She even told me I was her king,
but then she whispered, “I’m goin’ out.”
I think I know what that’s about.

Chorus:

There’s weeds in my roses,
there’s weeds in my roses.
Don’t need no fertilizer
or garden hoses.
Bring me a ho,
there’s weeds in my roses.



- Sooner or later someone on the investment committee begins to wonder why something was put in their portfolio, or how much they are paying for

advice
We are the

- Sometimes it comes from us enlightening them as to their responsibilities and the standards of care that they are required to adhere to

Hoe!!!

- Whatever the reason, they want one of us to tell them what is really happening within their investment process.

Good Exposure



- ✓ How much do we pay in fees?
- ✓ How are assets allocated?
- ✓ Why do we use the funds we use?
- ✓ How do we choose an advisor?

Bad Exposure



- ✓ No search and selection process?
- ✓ No due diligence procedure?
- ✓ No idea of what our expenses are?
- ✓ My brother-in-law is my advisor?

Why It's Important

- There are now more claims filed against fiduciaries than sexual harassment claims.
- The average claim cost is \$800,000.
- The cost to defend a fiduciary claim is over \$125,000.
- 50% of claims are filed as a result of simple administrative errors and deficiencies in communication.
- 401k enforcement initiative results 2009
 - 87% of cases closed with violations
 - 10% resulting in criminal indictments

Dept. of Labor

Investment Committee Responsibilities

The Duties and Responsibilities of the Investment Committee include:

- Developing , adopting, reviewing and revising the investment policy;
- Providing for implementation, review, and modification of the policy;
- Selecting, engaging and retaining the trustee investment advisor, record-keeper, and investment options;
- Determining the default investment option for assets that are without specific investment direction;
- Determining the frequency with which participants may exercise control over the assets in the account;
- Evaluating investment advisor and individual option performance.

(Provider) Responsibilities

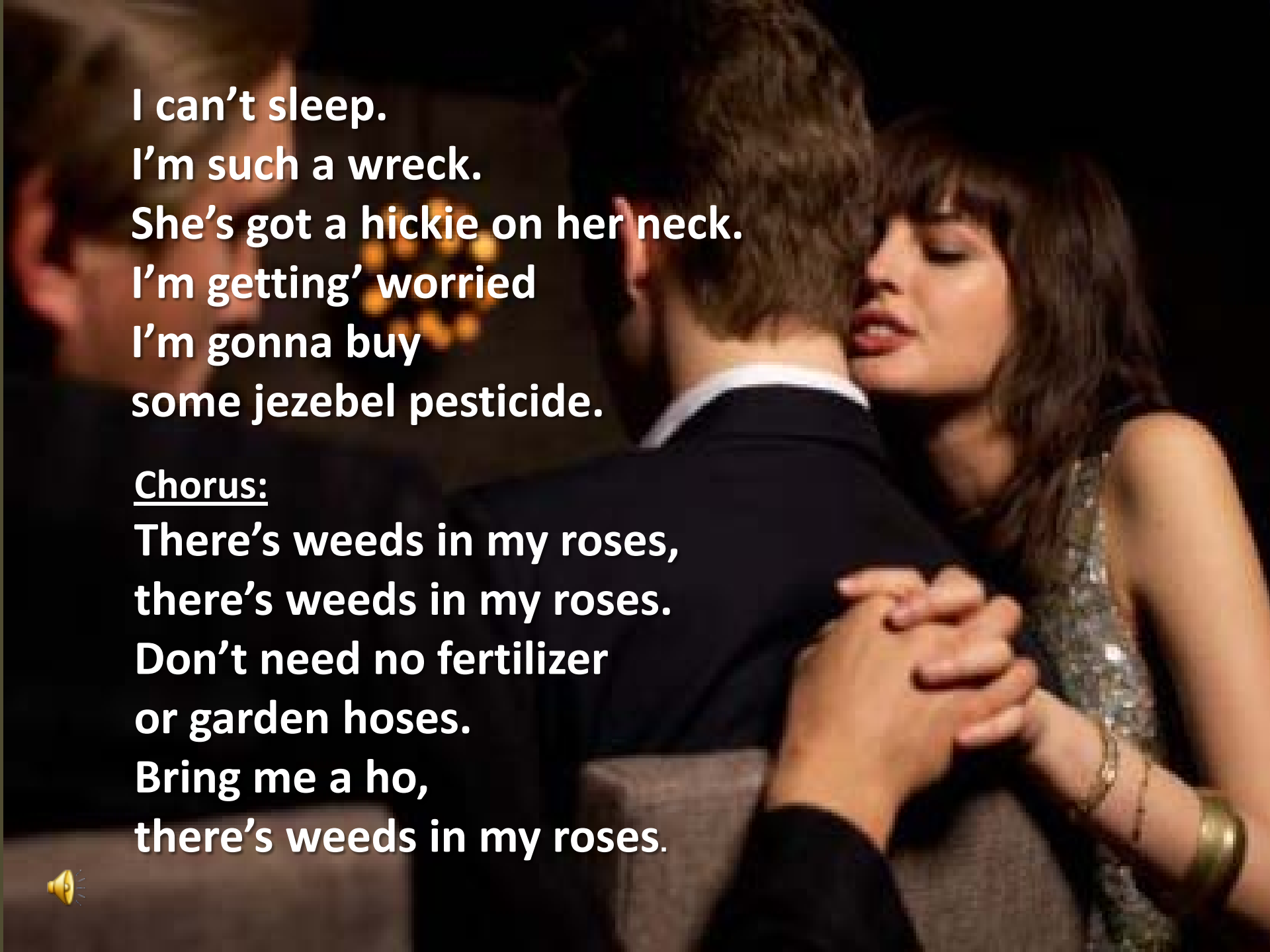
The Duties and Responsibilities of (Provider) include:

- Communicating with and reporting to the investment committee on a regular basis;
- Review assets with care, skill, prudence and diligence in our role as your financial advisor;
- Preparing periodic performance evaluation reports;
- Meeting as requested with the Investment Committee to discuss investment strategy and review past performance;
- Assisting the Investment Committee with the analysis of the performance review;
- Assisting the Investment Committee in developing and reviewing investment strategies and fund selection.

Actual IPS Excerpts

Reality Check



A man in a dark suit and a woman in a black sequined dress are dancing together. The man is in the foreground, seen from the back, and the woman is behind him, looking towards the camera. The background is dark with some blurred lights.

I can't sleep.
I'm such a wreck.
She's got a hickie on her neck.
I'm getting' worried
I'm gonna buy
some jezebel pesticide.

Chorus:

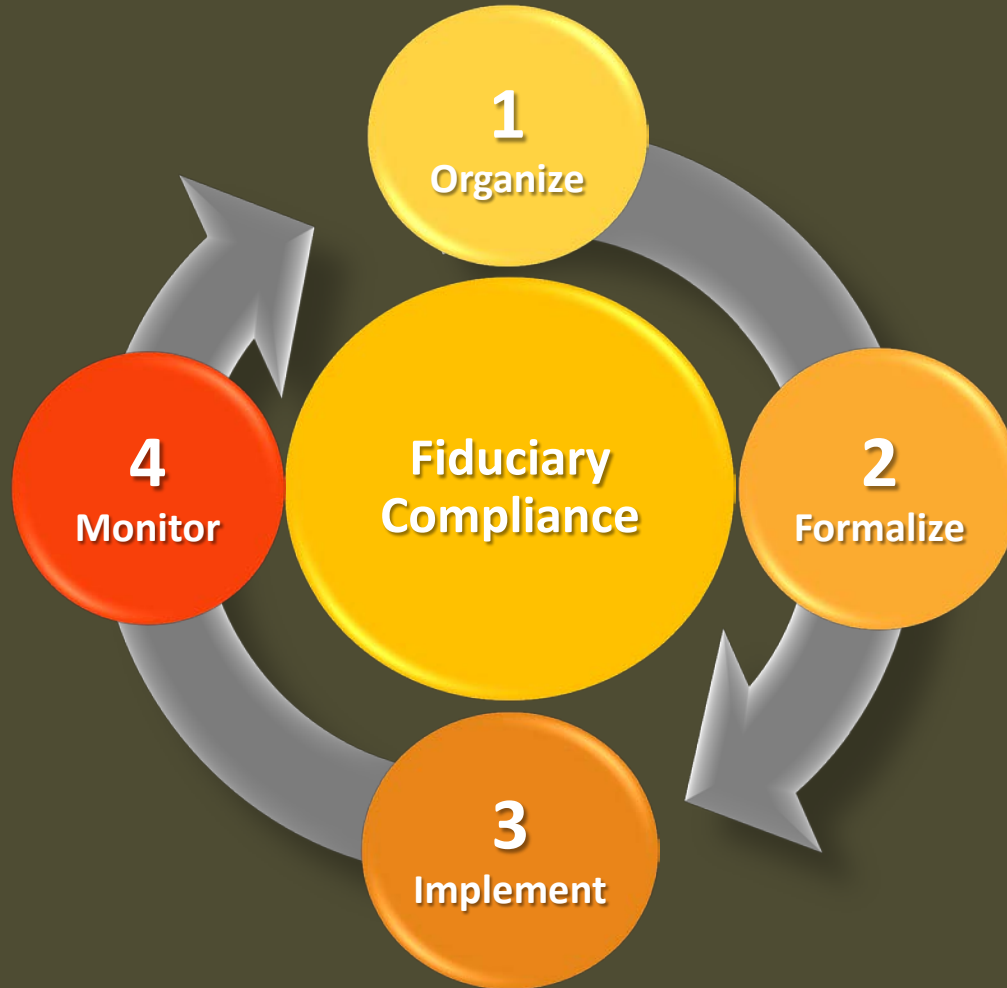
There's weeds in my roses,
there's weeds in my roses.
Don't need no fertilizer
or garden hoses.
Bring me a ho,
there's weeds in my roses.



Jezebel Pesticide

- Level 2-CAFE – 18
- Level 3-CEFEX Certification – 3

Fiduciary Quality Management System



THE PERIODIC TABLE OF GLOBAL FIDUCIARY PRACTICES

Practice M-1.1 Senior management demonstrates expertise in their field, and there is a clear succession plan in place.	Practice M-1.2 There are clear lines of authority and accountability, and the mission, operations, and resources operate in a coherent manner.			Practice SA-2.1 An investment time horizon has been identified.	Practice SA-2.2 A risk level has been identified.	Practice M-2.1 The organization provides disclosures which demonstrate there are adequate resources to sustain operations.	Practice M-2.2 The organization has a defined business strategy which supports their competitive positioning.
Practice M-1.3 The organization has the capacity to service its client base.	Practice M-1.4 Administrative operations are structured to provide accurate and timely support services and are conducted in an independent manner.	Practice SA-1.1 Investments are managed in accordance with applicable laws, trust documents, and written investment policy statements (IPS).	Practice SA-1.2 The roles and responsibilities of all involved parties (fiduciaries and non-fiduciaries) are defined, documented, and acknowledged.	Practice SA-2.3 An expected, modeled return to meet investment objectives has been identified.	Practice SA-2.4 Selected asset classes are consistent with the identified risk, return, and time horizon.	Practice M-2.3 There is an effective process for allocating and managing both internal and external resources and vendors.	Practice M-2.4 There are effective and appropriate external management controls.
Practice M-1.5 Information systems and technology are sufficient to support administration, trading, and risk management needs.	Practice M-1.6 The organization has developed programs to attract, retain, and motivate key employees.	Practice SA-1.3 Fiduciaries and parties in interest are not involved in self-dealing.	Practice SA-1.4 Service agreements and contracts are in writing, and do not contain provisions that conflict with fiduciary standards of care.	Practice SA-2.5 Selected asset classes are consistent with implementation and monitoring constraints.	Practice SA-2.6 There is an IPS which contains the detail to define, implement, and manage a specific investment strategy.	Practice M-2.5 The organization has a defined process to control its flow of funds and asset variation.	Practice M-2.6 Remuneration of the company and compensation of key decision-makers is aligned with client interests.
	Practice M-1.7 There is a formal structure supporting effective compliance.	Practice SA-1.5 Assets are within the jurisdiction of courts, and are protected from theft and embezzlement.	1 ORGANIZE	2 FORMALIZE	Practice SA-2.7 The IPS defines appropriately structured, socially responsible investment (SRI) strategies (where applicable).	Practice M-2.7 The organization has responsible and ethical reporting, marketing, and sales practices.	Practice M-2.8 There is an effective risk-management process to evaluate both the organization's business and investment risk.
Practice M-4.1 There is a defined process for the attribution and reporting of costs, performance, and risk.	Practice M-4.2 All aspects of the investment system are monitored and are consistent with assigned mandates.	Practice SA-4.1 Periodic reports compare investment performance against appropriate index, peer group, and IPS objectives.	4 MONITOR	3 IMPLEMENT	Practice SA-3.1 The investment strategy is implemented in consultation with the required level of prudence.	Practice M-3.1 The asset management team operates in a sustainable, balanced, and cohesive manner.	Practice M-3.2 The investment system is defined, focused, and consistently adds value.
Practice M-4.3 Control procedures are in place to periodically review policies for best execution, "soft dollars," and proxy voting.	Practice M-4.4 There is a process to periodically review the organization's effectiveness in meeting its fiduciary responsibilities.	Practice SA-4.2 Periodic reviews are made of qualitative and/or organizational changes of investment decision-makers.	Practice SA-4.3 Control procedures are in place to periodically review policies for best execution, "soft dollars," and proxy voting.	Practice SA-3.2 Applicable "safe harbor" provisions are followed (when elected).	Practice SA-3.3 Investment vehicles are appropriate for the portfolio size.	Practice M-3.3 The investment research process is defined, focused, and documented.	Practice M-3.4 The portfolio management process for each distinct strategy is clearly defined, focused, and documented.
		Practice SA-4.4 Fees for investment management are consistent with agreements and with all applicable laws.	Practice SA-4.5 "Finder's fees" or other forms of compensation that may have been paid for asset placement are appropriately applied, utilized, and documented.	Practice SA-3.4 A due diligence process is followed in selecting service providers, including the custodian.		Practice M-3.5 The trade execution process is defined, focused, and documented.	
			Practice SA-4.6 There is a process to periodically review the organization's effectiveness in meeting its fiduciary responsibilities.				

LEGEND:
 Practices in gold that begin with an "SA" define a fiduciary standard of excellence for Investment Stewards and Investment Advisors.
 Practices in blue that begin with an "M" define a fiduciary standard of excellence for Investment Managers.
 "SA" Practices highlighted are best reviewed in conjunction with Investment Managers Practices.

Is It Valuable?

- \$300 million in assets assessed to date
- 100% of groups we've worked with found savings and lowered their liability.
- Hardy | Reed assessment results:
 - 34% were in compliance
 - 27% opportunity for improvement
 - 38% non-compliance
- Fee reduction opportunities generally speaking pay for the assessment.

What Are The Hickeys?

- C shares to A shares – being overcharged – 7.5K
- Net investment performance – 50 basis points – 125K on a 25M
 - No Management Fee – Smoke and mirrors – 125K
 - Custody Fee – 10x higher than other bids
- Due Diligence Process – Repurposing the materials being reviewed
 - Timely contributions
 - Diversification issues – Modern portfolio theory
- Investment committee – “Yeah I got an investment committee, me”
- “We do all that Fiduciary Stuff; we just don't sign on as one.” Huh?

- 1.8 million IRS-recognized tax-exempt organizations
 - Over 1/2 million retirement plans

That's a lot of exposure.

Has The Fiduciary Ship Sailed?

oh crap,
was that today!

