

Ministry Funds Management Policy and Guidelines



TABLE OF CONTENTS

I.	Purpose	4
II.	Scope	4
III.	Responsibility	4
IV.	Guiding Principles	4
V.	Policy Statements.....	5
	1. AGREEMENT	5
	2. CLASSIFICATION OF INVESTMENTS.....	5
	3. INVESTMENT ALLOCATION FORM	5
	4. CONTRIBUTIONS OF CASH	5
	5. CONTRIBUTIONS OF NONCASH FINANCIAL ASSETS.....	6
	6. RENEWAL.....	6
	7. REALLOCATION	6
	8. DISTRIBUTIONS.....	6
	9. TERMINATION.....	7
	10. PENALTY FOR EARLY WITHDRAWAL OF CBL TERM INVESTMENTS	7
	11. STATEMENTS	7
	12. FEE SCHEDULE	7
VI.	Guidelines	7
	1. MINIMUM DEPOSIT	8
	2. MINIMUM BALANCE.....	8
	3. TRANSACTIONS.....	8
	4. DISTRIBUTIONS SHALL OCCUR AS FOLLOWS	8
	A. CBL Term Investments	8
	B. Cash Funds	8
	5. RATE SETTING GUIDELINES.....	8
	B. Enhanced Cash Fund	8
	C. One Month CBL Term Investment	8
	D. Three Month CBL Term Investment.....	8
	E. Six Month CBL Term Investment.....	9
	F. Nine Month CBL Term Investment.....	9
	G. One Year CBL Term Investment	9

H.	Two Year CBL Term Investment	9
I.	Three Year CBL Term Investment.....	9
J.	Five Year CBL Term Investment	9
VII.	Appendix.....	10
VIII.	Adopted/Revised	10

I. Purpose

WatersEdge Advisors offers Ministry Funds Management services to Southern Baptist entities. WatersEdge Advisors is a tradename of The Baptist Foundation of Oklahoma ("Foundation"), a not-for-profit corporation registered and operating under the laws of the State of Oklahoma.

Investment management decisions shall be made in accordance with the Investment Policy and Guidelines of the Foundation.

II. Scope

The Ministry Funds Management Policy and Guidelines governs the administration of Ministry Funds Management services offered by WatersEdge Advisors. WatersEdge Advisors offers Ministry Funds Management services to Southern Baptist entities and charities with like beliefs and commitments as the Baptist General Convention of the State of Oklahoma (collectively, "Clients").

III. Responsibility

The Foundation Loan Services Committee shall have the responsibility to oversee the Ministry Funds Management Policy and Guidelines, recommending revisions to the Board of Directors of the Foundation ("Board") as needed.

IV. Guiding Principles

- 1. Registration.** Because the Foundation is a not for profit, religious entity providing the services to Clients, neither the program nor the Foundation is required to register with the Securities and Exchange Commission Outside the State of Oklahoma, the Foundation is required to register its Church Extension Fund with the department of securities in the states in which it operates. Funds placed by Clients with the Foundation are not federally (e.g. FDIC) or otherwise insured.
- 2. Disclaimer.** This Ministry Funds Management Policy and Guidelines reflects the commitment of WatersEdge Advisors to act prudently in the investment of funds entrusted to it. However, no part of this policy is to be construed as a promise, guarantee, covenant or commitment by the Foundation to attain a particular rate of return or to avert a diminution in value of the assets entrusted to it. Investments are subject to risk, and past performance is not a guarantee of future results.

V. Policy Statements

1. AGREEMENT

A Ministry Funds Management Master Agreement, setting forth the terms of agreement between the Client and WatersEdge Advisors for Ministry Funds Management services, shall be signed by authorized representatives of both entities. The agreement shall apply to all of the Client's Ministry Funds Management accounts administered by WatersEdge Advisors.

2. CLASSIFICATION OF INVESTMENTS

A. Church Building Loan (CBL) Term Investments

- i) One Month Term Investment
- ii) Three Month Term Investment
- iii) Six Month Term Investment
- iv) Nine Month Term Investment
- v) One Year Term Investment
- vi) Two Year Term Investment
- vii) Three Year Term Investment
- viii) Five Year Term Investment

B. Cash Funds

- i) Enhanced Cash Fund
- ii) Money Market Mutual Fund

3. INVESTMENT ALLOCATION FORM

A Ministry Funds Management Investment Allocation Form, setting forth the Client's desired asset allocation and authorized representatives, shall be submitted for *each* Ministry Funds Management account.

4. CONTRIBUTIONS OF CASH

The Client shall transfer funds to a Ministry Funds Management account via personal delivery, mail, special delivery service, wire transfer or ACH transfer.

A. CBL Term Investments

CBL Term Investments may be established on any business day. Subsequent contributions designated for CBL Term Investments will be used to establish *new* CBL Term Investments.

B. Cash Funds

Cash Funds may receive contributions on any business day.

5. CONTRIBUTIONS OF NONCASH FINANCIAL ASSETS

A Client may transfer noncash financial assets (stocks, bonds, royalty interests, etc.) to a Ministry Funds Management account upon prior agreement by WatersEdge Advisors. Such assets may be sold with the proceeds used to purchase other investment options offered by WatersEdge Advisors or they may be held and managed according to instructions provided by the Client.

6. RENEWAL

A. CBL Term Investments

Automatic renewal of CBL Term Investments, including interest earned, is assumed unless written notice is received from an authorized signer within 15 days of the maturity date (grace period). Renewal of CBL Term Investments will be at the prevailing rates.

B. Cash Funds

Funds will remain invested until written notice of withdrawal or reallocation is received from an authorized signer.

7. REALLOCATION

The Client may reallocate its investments between CBL Term Investments, and Cash Funds, as follows:

A. CBL Term Investments

CBL Term Investments may be reallocated within the grace period to new CBL Term Investments and/or Cash Funds. If reallocated to Cash Funds, funds may be immediately invested.

B. Cash Funds

Funds may be reallocated to CBL Term Investments on any business day.

8. DISTRIBUTIONS

The Client shall direct the Foundation as to the distribution of funds.

A. CBL Term Investments

CBL Term Investments may be withdrawn at maturity without penalty.

B. Cash Funds

Distributions shall be made upon written request from an authorized signer.

9. TERMINATION

The Client may terminate its Ministry Funds Management account(s) upon written notification from an authorized signer, as follows:

A. CBL Term Investments

- i) Termination of a CBL Term Investment at maturity incurs no penalty.
- ii) A partial withdrawal shall be considered as an early redemption of the CBL Term Investment, with penalty.

B. Cash Funds

Funds will be distributed without penalty.

10. PENALTY FOR EARLY WITHDRAWAL OF CBL TERM INVESTMENTS

- A.** For a term investment that is 12 months or less, the penalty is three (3) months of interest. The penalty shall be limited to accrued interest and shall not invade principal.
- B.** For a term investment that is longer than 12 months, the penalty is six (6) months of interest. The penalty shall be limited to accrued interest and shall not invade principal.

11. STATEMENTS

WatersEdge Advisors shall make available to the Client a quarterly statement which may be accessed through the WatersEdge Advisors' secure website. This statement shall include portfolio holdings, activity, and performance at the end of each quarter.

12. FEE SCHEDULE

See Fee Schedule attached as an appendix to this Ministry Funds Management Policy and Guidelines.

VI. Guidelines

The guidelines contained in this Policy and Guidelines are intended to be a guide to all parties involved. Changes to these guidelines may be recommended by the Foundation Loan Services Committee to the Board for approval.

Deviations from these guidelines may occur from time to time. Such deviations are not considered violations of this Policy and Guidelines. All deviations shall be brought to the attention of the Committee for consideration in advance, if possible. Otherwise, the Committee shall be advised of the deviation at the next scheduled meeting.

1. MINIMUM DEPOSIT

The minimum deposit to establish a Ministry Funds Management account is \$1,000.

2. MINIMUM BALANCE

The minimum balance to maintain a Ministry Funds Management account is \$1,000.

3. TRANSACTIONS

Transactions received after 3:00 pm CST will be processed the next business day.

4. DISTRIBUTIONS SHALL OCCUR AS FOLLOWS

A. CBL Term Investments

Funds shall be distributed within five business days upon receipt of written notification from an authorized signer.

B. Cash Funds

Funds shall be distributed within two business days upon written notice from an authorized signer. Upon termination of the account, interest shall be paid within seven business days of the subsequent month.

5. RATE SETTING GUIDELINES

A. General CBL Term Investment and Enhanced Cash Fund Guidelines

- i. Interest rates are set effective as of first day of each month.
- ii. Interest rates are quoted as annualized rates.
- iii. Interest is paid at maturity for CBL Term Investments and allocated as of the last day of the month for the Enhanced Cash Fund.

B. Enhanced Cash Fund

- i. The methodology for calculating the interest rate is to use a four week rolling average of the published weekly One Month Treasury Constant Maturity Rate (TCMR) plus a risk premium of 0.45%.
- ii. Staff is authorized to adjust the risk premium +/- 50 basis points as market conditions change.

C. One Month CBL Term Investment

- i. The methodology for calculating the interest rate is to use a four week rolling average of the published weekly One Month TCMR plus a risk premium of 0.50%.
- ii. Staff is authorized to adjust the risk premium +/- 125 basis points as market conditions change.

D. Three Month CBL Term Investment

- i. The methodology for calculating the interest rate is to use a four week rolling average of the published weekly Three Month TCMR plus a risk premium of 0.75%.
- ii. Staff is authorized to adjust the risk premium +/- 125 basis points as market conditions change.

E. Six Month CBL Term Investment

- i. The methodology for calculating the interest rate is to use a four week rolling average of the published weekly Six Month TCMR plus a risk premium of 0.75%.
- ii. Staff is authorized to adjust the risk premium +/- 125 basis points as market conditions change.

F. Nine Month CBL Term Investment

- i. The methodology for calculating the interest rate is to use a four week rolling average of the published weekly average of the Six Month and One Year TCMR plus a risk premium of 0.75%.
- ii. Staff is authorized to adjust the risk premium +/- 125 basis points as market conditions change.

G. One Year CBL Term Investment

- i. The methodology for calculating the interest rate is to use a four week rolling average of the published weekly One Year TCMR plus a risk premium of 1.00%.
- ii. Staff is authorized to adjust the risk premium +/- 125 basis points as market conditions change.

H. Two Year CBL Term Investment

- i. The methodology for calculating the interest rate is to use a four week rolling average of the published weekly Two Year TCMR plus a risk premium of 1.25%.
- ii. Staff is authorized to adjust the risk premium +/- 150 basis points as market conditions change.

I. Three Year CBL Term Investment

- i. The methodology for calculating the interest rate is to use a four week rolling average of the published weekly Three Year TCMR plus a risk premium of 1.50%.
- ii. Staff is authorized to adjust the risk premium +/- 150 basis points as market conditions change.

J. Five Year CBL Term Investment

- i. The methodology for calculating the interest rate is to use a four week rolling average of the published weekly Five Year TCMR plus a risk premium of 1.75%.
- ii. Staff is authorized to adjust the risk premium +/- 175 basis points as market conditions change.

VII. Appendix

1. Ministry Funds Management Master Agreement
2. Ministry Funds Management Investment Options Form
3. Ministry Funds Management Investment Allocation Form (for New Clients)
4. Ministry Funds Management Investment Allocation Form (for Existing Clients)
5. Fee Schedule

VIII. Adopted/Revised

Version #	1
Date of Revision:	July 30, 2010
Authors:	Jerry Vaughan, Shryln Treadwell
Revisionary Synopsis:	To revise the Church Funds Management program and to convert the Church Building Loan Investment Fund to Church Building Loan Term Investments.
Version #	2
Date of Revision:	October 30, 2015
Authors:	Jerry Vaughan, Shryln Treadwell, David Depuy
Reversionary Synopsis:	To establish Cash Funds as a third Investment Class, establish Enhanced Cash Fund, establish Three Year and Five Year CBL Term Investment options, eliminate the Balanced Pool as an investment option, document Ministry Funds Management Rate Setting Guidelines, revising previously approved CBL Term Investment interest rate setting methodology, and change the name to Ministry Funds Management.
Version #	3
Date of Revision:	July 29, 2016
Authors:	Jerry Vaughan, Shryln Treadwell, David Depuy
Reversionary Synopsis:	To revise the minimum deposit and balance amounts to allow for transactions through the MustardSeed program.

Version # 4
Date of Revision: October 28, 2016
Authors: Jerry Vaughan, Shryln Treadwell, David Depuy
Reversionary Synopsis: To revise the minimum deposit and balance amounts to allow for transactions through the MustardSeed program.

Date of Review: September 30, 2017

Reviewed by: Jerry Vaughan

Reversionary Synopsis: No changes needed

Version # 5
Date of Revision: January 26, 2018

Authors: Jerry Vaughan, Shryln Treadwell, Chase Ritter

Revisionary Synopsis: To revise Policy and Guidelines to replace the name of The Baptist Foundation of Oklahoma with WatersEdge Advisors, to remove Market Investments as an option of Ministry Funds Management services, and the addition of the terminology that WatersEdge Advisors is a tradename of The Baptist Foundation of Oklahoma.