

Cemetery Endowment Fund Investment Policy

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Kara Skinner, Chief Financial Officer

Chris Blackwood, Investment Advisor

PFM Asset Management LLC

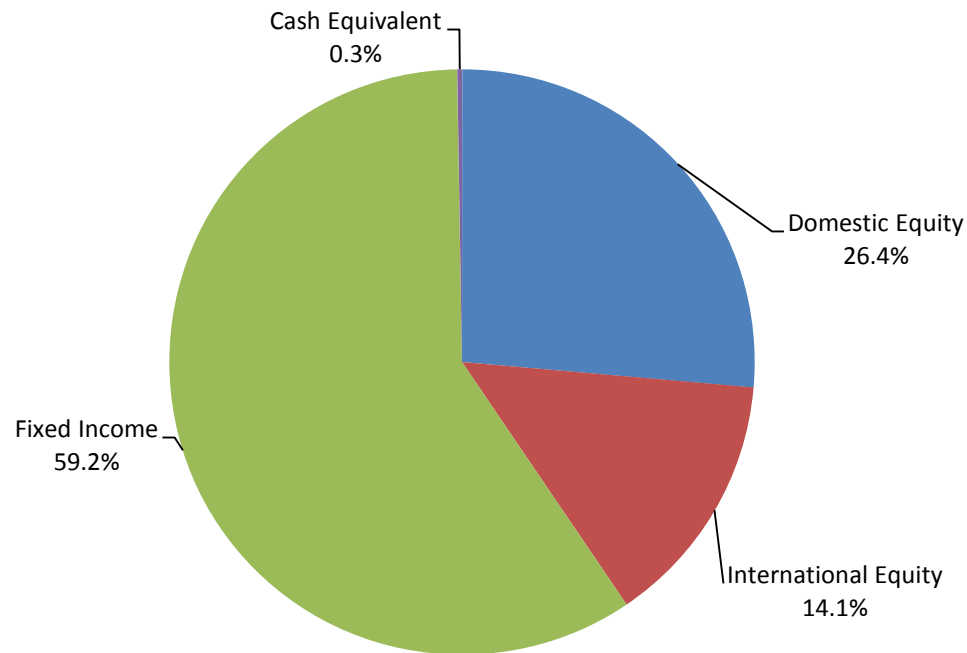
City's Investment Advisors

- Insight Investment – *Mary Donovan*
 - Operating Portfolio
- PFM Asset Management LLC – *Chris Blackwood*
 - Reserve Portfolios
- PFM Asset Management LLC – *Ellen Clark & Chris Blackwood*
 - Cemetery Endowment Fund
- City Investment Advisory Committee
 - Citizen Committee

Cemetery Endowment Fund

- Market value as of 12/31/2015 was \$9,721,879

Asset Allocation as of 12/31/2015



Cemetery Endowment Fund Investment Policy

- City Code Section 1.6.102 (B)
- Initial Capitals: The Chief Financial Officer may establish other trusts or accounts to invest assets of the cemetery endowment fund, assets of the C.D. Smith trust fund and other nontax funds in investments other than those listed in Colorado statutes. These funds shall be subject to the standards of the City investment policy as approved by City Council and investment guidelines established by the Chief Financial Officer for each trust fund or account.

Asset Allocation

Current Policy Sections	Proposed Policy Sections
Policy Overview	Introductory paragraph
Roles & Responsibilities	Purpose
Investment Objective	Investment Authority
Other	Statement of Investment Objectives
Investment Guidelines	Asset Allocation Guidelines
	Selection of Investment Managers
	Guidelines for Portfolio Holdings
Investment Performance & Evaluation	Control Procedures
Investment Policy Review	

Proposed Policy

- Better align the investment policy with the investment strategy and policy structure recommended by the City's new investment advisor for the Cemetery Endowment Fund, PFM Asset Management (PFMAM)
- Incorporates the definition of "income"
 - In line with the Uniform Prudent Management of Institutional Funds Act that was adopted in 2006
 - More holistic approach to the definition of income
 - $\text{Income} = \text{Total Return} = \text{dividends} + \text{interest} + \text{appreciation}$
- Objective of the Fund
 - Achieve long-term growth of the assets
 - Preserve the ability of the Fund to meet its current and long-term spending policies
 - Minimize risk of unrealized losses on principal assets

Proposed Policy

- Defines an asset allocation range
- Provides that the Chief Financial Officer has the authority to determine the target asset allocation
 - Input from:
 - Investment Advisor
 - Investment Advisory Committee
 - Formalized in an approved Addendum to the Policy
 - Investment Advisor will manage to an appropriate target based upon market conditions
 - As approved by the Chief Financial Officer
 - Within the ranges approved by City Council

Asset Allocation

Asset Classes	Range
Growth Assets	
Domestic Equity	10%-60%
International Equity	0%-40%
Other	0%-20%
Income Assets	
Fixed Income	20%-80%
Other	0%-20%
Real Return Assets	0%-20%
Cash Equivalents	0%-20%

Questions?