

# **Aurora Firefighters' Pension Fund**

## **Investment Policy Guidelines**

**Updated April 2015**

# Table of Contents

<i>Definition of Terms</i> .....	3
<i>The Statement of Purpose</i> .....	5
<i>Distinction of Responsibilities</i> .....	6
<i>Investment Objectives</i> .....	10
<i>Asset Allocation and Re-Balancing Procedures</i> .....	11
<i>Investment Professional Selection, Communication, and Evaluation</i> .....	13
<i>Operational Guidelines</i> .....	15
<i>Investment Policy Modification and Revision</i> .....	25
<i>Addendum A - Defining the Investment Professionals and Benchmark Indexes</i> .....	26
<i>Addendum B – Summary of Fund Information</i> .....	27
<i>Addendum C – Investment Professional Adoption of Policy</i> .....	28
<i>Addendum D – Board of Trustees Adoption of Policy</i> .....	29
<i>Addendum E – GASB Statement 67 &amp; 68</i> .....	30

## Definition of Terms

### **"Illinois Pension Code" Defined**

In this Policy, "Illinois Pension Code" refers to the Illinois Pension Code (40 ILCS 5).

### **"Fiduciary" Defined**

In this Policy, "Fiduciary" shall mean a "Fiduciary" as defined under Illinois law including, but not limited to, the definitions of the Illinois Pension Code (40 ILCS 5/1-101.2) and shall include any person who exercises any discretionary authority or control over the Pension Fund's management or the disposition of its assets, or renders investment advice for a fee or other compensation with respect to the Pension Fund's assets or property or has any discretionary authority or responsibility in the Pension Fund's administration, including but not limited to, investment manager(s), investment consultant(s), and custodian(s) as defined herein. All Fiduciaries shall perform duties on behalf of the Pension Fund in accordance with the Illinois Pension Code (40 ILCS 5/1-109).

### **"Pension Fund" Defined**

In this Policy, the "Pension Fund" refers to the pool of assets held in trust under the terms of the Illinois Pension Code for the benefit of Aurora Firefighters and their surviving spouses, children, and certain other dependents (see Addendum B).

### **"Board of Trustees" Defined**

In this Policy, the "Board of Trustees" refers to the governing board established to administer and control the Pension Fund as specified in the Illinois Pension Code (40 ILCS 5/4-105) (see Addendum D).

### **"Investment Professionals" Defined**

In this Policy, the "investment professionals" refers to the investment manager(s), the investment consultant(s), the custodian(s), and the commission recapture agent of the Pension Fund.

### **"Investment Manager" Defined**

In this Policy, the "investment manager" refers to any firm, fund, or individual that analyzes, selects, and executes the purchase or sale of individual securities and has agreed to its appointment as an investment manager as defined in the Illinois Pension Code (40 ILCS 5/1-101.4). The investment manager may manage the assets

of the Pension Fund in separate accounts held by a third party custodian, a commingled fund, or a mutual fund.

**"Investment Consultant" Defined**

In this Policy, the "investment consultant" refers to any firm that provides investment advice and information and assists the Board of Trustees in fulfilling its fiduciary responsibilities as Trustees.

**"Custodian" Defined**

In this Policy, the "custodian" refers to any third party firm that safe-keeps the assets of the Pension Fund.

# The Statement of Purpose

## The Pension Fund's Purpose

The Pension Fund is a qualified tax-exempt trust designed to provide the Pension Fund members and/or their spouses a pension benefit at the time of retirement or incurred disability, established under the Illinois Pension Code (40 ILCS 5/4-101).

## The Purpose of the Investment Policy

This Investment Policy is set forth by the Board of Trustees in order to:

- Define and assign the responsibilities of all involved parties.
- Establish a clear understanding of all involved parties of the investment goals and objectives of Pension Fund.
- Establish the relevant investment horizon for which the Pension Fund assets will be managed.
- Establish a target asset allocation and re-balancing procedures.
- Establish a methodology and criteria for hiring and firing investment professionals.
- Offer guidance and limitations to all Investment Managers regarding the investment of Pension Fund.
- Establish a basis of evaluating investment results.

In general, the purpose of this policy is to outline a philosophy which will guide the investment management of the assets toward the desired results. It is intended to be sufficiently specific to be meaningful, yet flexible enough to be practical. This document is intended to serve as a reference tool, an operating code, and a communications link between the Board of Trustees, its staff, and its investment professionals.

## **Distinction of Responsibilities**

### **The Board of Trustees' Authority and Responsibilities**

The Board of Trustees will conduct its responsibilities with the care, skill, and caution under the circumstances then prevailing which a prudent person acting in a like capacity and familiar with those matters would use in the conduct of an activity of like character and purpose. The Board of Trustees may delegate functions that a prudent entity acting in a like capacity and familiar with those matters could properly delegate under the circumstances. The Board of Trustees shall discharge its duties with respect to the Pension Fund solely in the interest of the Pension Fund.

The Board of Trustees will generally be responsible for the following:

- 1) Complying with applicable laws, regulations, and rulings.
- 2) Selecting all qualified investment professionals.
- 3) Monitoring and evaluating investment performance and compliance with this Policy.
- 4) Reviewing and suggesting changes, as needed, to this Policy.
- 5) Establishing and reviewing the appropriateness of the Pension Fund's asset allocation Policy.
- 6) Taking action according to this Policy.
- 7) Acting in an ethical manner and refraining from activity that could conflict with proper execution and management of the investment program.

### **The Investment Manager's Authority and Responsibilities**

The Board of Trustees will hire competent, registered professional Investment Managers to manage the assets of the Pension Fund. Investment Managers have the following responsibilities:

- 1) Complying with applicable laws, regulations, and rulings.
- 2) Vote proxy issues on securities held, unless a third party proxy voting service provider has been retained by the Pension Fund. All proxies will be voted exclusively for the best interests of the Pension Fund and its participants. Investment Managers will maintain written policies for proxy voting and keep a proper record of all proxies to which the Program is entitled. A written report will be provided annually.

- 3) Provide written annual reports and periodic reports to the Board of Trustees and investment consultant on at least a quarterly basis detailing performance for the most recent period both gross and net of fees and measured against applicable benchmarks, detail of all fees paid by the Pension Fund and all soft dollar transactions, as well as the current outlook of the equity and fixed income markets.
- 4) Notify the Board of Trustees and the investment consultant on a timely basis of any significant changes in the ownership, organizational structure, investment strategy, portfolio design, or configuration of the investment team.

All qualified Investment Managers retained by the Board of Trustees will exercise discretion within the parameters set forth in these guidelines for the portfolio(s) they manage on behalf of the Pension Fund (see Addendum A).

### **The Investment Consultant's Authority and Responsibilities**

The Board of Trustees will hire an investment consultant to assist the Board of Trustees in fulfilling its Fiduciary responsibilities and in fulfilling its responsibilities in accord with this Policy. The investment consultant will generally be responsible for the following:

- 1) Complying with applicable laws, regulations, and rulings.
- 2) Maintaining databases of qualified Investment Managers and custodians.
- 3) If needed, the investment consultant will assist the Board of Trustees with the search and selection of Investment Managers and custodians.
- 4) Calculate investment performance and reconcile that performance with the Investment Managers.
- 5) Providing written reports that summarize the performance and analysis of the Pension Fund's investments to the Board of Trustees no later than 45 days after of the end of each calendar quarter.
- 6) Monitoring and evaluating investment performance and compliance with this Policy. This includes meeting with the Pension Fund's Investment Managers on the Pension Fund on a regular basis.
- 7) Make long-term assumptions on the capital markets for the purpose of evaluating the Pension Fund's asset allocation Policy.

- 8) Establishing and reviewing the appropriateness of the Pension Fund's asset allocation Policy.
- 9) Reviewing and suggesting changes, as needed, to this Policy.
- 10) Reviewing the Pension Fund's investment history, manager research process, and investment policy guidelines with newly appointed trustees.
- 11) Negotiating investment management agreements on behalf of the Pension Fund.

The investment consultant retained by the Board of Trustees will exercise discretion within the parameters set forth in these guidelines on behalf of the Pension Fund (see Addendum A).

### **The Custodian's Authority and Responsibilities**

The Board of Trustees will select a third party custodian to safe-keep the assets of the Pension Fund, consisting of either the Treasurer of the City or a bank or trust company authorized to conduct a trust business in Illinois. The custodian will comply with all of the provisions of the Illinois Pension Code relating to Custody of Investments (40 ILCS 5/1-113.7). The custodian cannot function as a counterparty to investment transactions, as defined by GASB S-40. The custodian will perform (but not limited to) the following:

- 1) hold and safeguard the assets of the Pension Fund,
- 2) collect the interest, dividends, distributions, redemptions or other amounts due,
- 3) provide monthly reporting and annual reporting to all necessary parties,
- 4) forward any proxies to the Investment Manager, the Board of Trustees, or its designee,
- 5) make all trades, where applicable, executed on via delivery vs. payment method to ensure that securities are deposited in the Pension Fund's custodial account prior to the release of funds.
- 6) File proofs of claim or otherwise participate in any class action lawsuit involving securities in the Pension Fund's custodial account that is expected to involve a potential recovery amount of at least \$250. The Pension Fund acknowledges that as a result of such actions taken on the Pension Fund's behalf, the Pension Fund may be submitting to the jurisdiction of a particular court, and the Pension Fund may be releasing other potential claims against the defendant(s) in a class

action. Custodian may discuss with the Pension Fund's attorney the class action and the recommended course of action.

- 7) sweep all interest and dividend payments and any other un-invested cash into a short-term money market fund for re-deployment, and
- 8) other duties as detailed in the respective custodial agreement

The custodian retained by the Board of Trustees will exercise discretion within the parameters set forth in these guidelines on behalf of the Pension Fund (see Addendum A).

# Investment Objectives

## Return Objectives

The primary return objectives of the Pension Fund are to:

- (a) preserve the safety of principal,
- (b) earn the highest possible total return consistent with prudent levels of risk, and
- (c) create a stream of investment returns to insure the systematic and adequate funding of actuarially determined benefits through contributions and professional management of the Pension Fund assets.

To achieve these goals, the Pension Fund has been optimized to meet its actuarial assumed rate of return (see Addendum B). The performance objective for the Pension Fund is to exceed, after investment management fees, a customized blended benchmark. To evaluate success, the Board of Trustees will compare the performance of the Pension Fund to the actuarial assumed rate of return and the performance of a custom benchmark. This benchmark represents a passive implementation of the historical Investment Policy targets and it is re-balanced regularly.

## Risk Tolerance

While achieving the return objectives, the Pension Fund is able to tolerate certain levels of risk, which are:

- (a) to accept prudent levels of short and long-term volatility consistent with the near-term cash flow needs, funding level, and long-term liability structure of the Pension Fund,
- (b) to tolerate appropriate levels of downside risk relative to the Pension Fund's actuarial assumed rate of return (see Addendum B). In doing so, the Board of the Trustees will attempt to minimize the probability of underperforming the Pension Fund's actuarial assumed rate of return over the long-term and to minimize the shortfall in the event such underperformance occurs,
- (c) to accept certain variances in the asset allocation structure of the Pension Fund relative to the broad financial markets and peer groups, and
- (d) to tolerate certain levels of short-term underperformance by the Pension Fund's Investment Managers.

## Constraints on the Investment Objectives

The investment objectives of the Pension Fund are constrained by the Illinois Pension Code, time, taxes, and liquidity. The Pension Fund will operate in accord with the applicable provisions of the Illinois Pension Code, as amended. The Pension Fund is a tax-exempt entity, but can be subject to taxes involving to unrelated business taxable income ("UBTI"). UBTI is income earned by a tax-exempt entity that does not result from tax-exempt activities. The liquidity needs of the Pension Fund are to meet the regular cash flow requirements of the Pension Fund.

## Asset Allocation and Re-Balancing Procedures

### General Methods and Frequency of Evaluating the Asset Allocation

The Board of Trustees, with the assistance of the investment consultant, will review the target asset allocation of the Pension Fund at least every three years. The Board of Trustees will take into consideration applicable statutes, the actuarial rate of return of the Pension Fund, the long-term nature of the asset pool, the cash flow needs of the Pension Fund, and the general asset allocation structure of its peers. The Board of Trustees will make assumptions on the capital markets over the long-term and optimize the asset allocation to best meet the actuarial and cash flow needs of the Pension Fund at a prudent level of risk. If the Pension Fund's asset allocation exceeds any of the maximum allocations allowed by the Illinois Pension Code, the Trustees will re-balance the Pension Fund's portfolio within three quarters to restore the portfolio to an acceptable allocation.

### Asset Allocation/Rebalancing

The Board of Trustees has established the target asset allocation and permissible percentage ranges shown in the table set forth below:

Asset Class	Target	Minimum*	Maximum*
Core Fixed Income	17.5%	12.5%	22.5%
Int. Government/ Credit Fixed Income	17.5%	12.5%	22.5%
<b>Total Fixed Income</b>	<b><u>35.0%</u></b>	<b>35.0%</b>	<b>40.0%</b>
Large-Cap Value U.S. Equity	7.0%	2.0%	12.0%
Large-Cap Core U.S. Equity	11.0%	6.0%	16.0%
Mid-Cap Growth U.S. Equity	7.0%	2.0%	12.0%
Small-Cap Core U.S. Equity	7.0%	2.0%	12.0%
<b>Total U.S. Equity</b>	<b><u>32.0%</u></b>	<b>27.0%</b>	<b>37.0%</b>
Large-Cap International Equity	10.0%	5.0%	15.0%
Small-Cap International Equity	3.0%	0.0%	8.0%
Emerging Markets International Equity	3.0%	0.0%	8.0%
<b>Total International Equity</b>	<b><u>16.0%</u></b>	<b>11.0%</b>	<b>21.0%</b>
GTAA	5.0%	0.0%	10.0%
<b>Total Alternative</b>	<b><u>5.0%</u></b>	<b>0.0%</b>	<b>10.0%</b>
Core Real Estate	10.0%	5.0%	15.0%
<b>Total Real Estate</b>	<b><u>10.0%</u></b>	<b>5.0%</b>	<b>15.0%</b>
<b>Total Cash</b>	<b><u>2.0%</u></b>	<b>0.0%</b>	<b>5.0%</b>
<b>TOTAL</b>	<b><u>100.0%</u></b>		

\*May not equal 100%

The Board of Trustees, with the assistance of the investment consultant, will review the asset allocation of the Pension Fund on a regular basis and adjust the portfolio to comply with the guidelines above. The Board of Trustees anticipates that the ongoing natural cash flow needs of the Pension Fund (contributions and withdrawals) will be sufficient to maintain the asset allocation of the Pension Fund within policy guidelines under most market conditions.

# **Investment Professional Selection, Communication, and Evaluation**

## **Investment Manager Selection**

No Investment Managers shall be hired who are a party in interest or who have not, by their record and experience, demonstrated their Fiduciary responsibility, their investment expertise, and their capacity to undertake the mandate for which they are being considered. Investment Managers are required to comply with the following:

- 1) Acknowledge in writing a Fiduciary and Investment Manager relationship with respect to the Pension Fund as defined by Illinois law.
- 2) Be currently registered and maintain registration as an investment advisor under the Investment Advisors Act of 1940, a bank (as defined in the Act), or an insurance company qualified to perform investment management services under the law of more than one state unless otherwise approved on an exception basis.
- 3) Be granted by the Pension Fund the power to manage, acquire or dispose of any assets of the Pension Fund pursuant to the Pension Fund documents.

The Pension Fund will establish investment guidelines for the Investment Managers and, with the assistance of the investment consultant, will conduct due diligence before the appointment of all Investment Managers.

## **Frequency of Measurement and Meetings**

The Board of Trustees, with the assistance of the investment consultant, expects to measure investment performance quarterly.

## **Investment Manager Communication and Evaluation Terminology**

The following terminology has been developed to facilitate efficient communication between the Investment Managers, investment consultant, and the Pension Fund staff. Each term signifies a particular status with the Pension Fund and any conditions that may require improvement. In each case, communication is made only after consultation with the Board of Trustees.

<u><i>STATUS</i></u>	<u><i>DESCRIPTION</i></u>
A. <i>"In Compliance"</i>	The investment manager is acting in accordance with the Investment Policy Guidelines.
B. <i>"Alert"</i>	The investment manager is notified of a problem in performance (usually related to a benchmark or volatility measure), a change in investment characteristics, an alteration in management style or key investment professionals, and/or any other irregularities. The investment manager will be completing a monthly compliance checklist from the investment consultant to ensure thorough oversight.
C. <i>"On Notice"</i>	The investment manager is notified of continued concern with one or more Alert issues. Failure to improve upon stated issues within a specific time frame justifies termination. The investment manager will be completing a monthly compliance checklist from the investment consultant to ensure thorough oversight.
D. <i>"Termination"</i>	The program's Board of Trustees has decided to terminate the investment manager. The investment manager is notified and transition plans are in place.

## Operational Guidelines

### Investment Policy Guidelines for the Separately-Managed Active Fixed Income Investment Manager(s).

This document contains the guidelines and restrictions that apply to the separately-managed, active fixed income manager(s) of the Pension Fund (see addendum A).

1. As stated in the Illinois Pension Code relating to Article 3 Pension Funds, specifically Sections 1-113.1, 1-113.2, 1-113.3, 1-113.4, and 1-113.4a relating to Permissible Investments (40 ILCS 5/1-113.1 et. Seg.). The Investment Manager may invest in fixed income securities allowed per the Illinois Pension Code.
2. The Investment Manager may invest up to 50% of its portfolio in investment grade corporate bonds. For the purpose of this Policy, investment grade corporate bonds refers to any corporate rated at or above BBB- by Standard & Poors, Baa3 by Moody's, and BBB- by Fitch by at least two of the three rating agencies.
3. No single security should comprise more than 5% of the portfolio's overall allocation, except United States Treasury securities, which may comprise up to 10% of the portfolio's overall allocation.
4. The average modified duration of the portfolio is not to vary more than +/-30% of the duration of the index (see Addendum A).
5. The average credit quality of the portfolio is not to be less than A..
6. The Investment Manager may invest up to 5% of its portfolio in cash or cash equivalents.
7. Options, financial futures, private placements, venture capital, stocks, or ETFs may not be purchased. The purchase of securities on margin is prohibited.
8. The Investment Manager may not utilize leverage in the portfolio.
9. If a security is downgraded below investment grade, the Investment Manger must notify the Trustees and the Investment Consultant in writing of the downgrade and the Investment Manager's anticipated actions within 7 days of the downgrade, in addition to the required actions of the Illinois Pension Code.
10. The Investment Manager may not have exposure to any issuer in excess of 7% of the portfolio except to the U.S. Government and any agencies of the U.S. Government.

## **Investment Objective**

Over reasonable measurement periods (3 to 5 years), the portfolio's return net of fees should exceed the return of the appropriate benchmark index (see Addendum A).

## **Investment Policy Guidelines for the Certificate(s) of Deposit and Checking Account(s).**

This document contains the guidelines and restrictions that apply to the certificate(s) of deposit and checking account(s) of the Pension Fund (see addendum A).

1. The Pension Fund may utilize certificate(s) of deposit and checking account(s) only if they demonstrate perfected collateralization. Perfected collateral is collateral that is evidenced by a written agreement and held at an independent third party institution, and meets the four criteria that is set out in FIRREA (Financial Institutions Reform, Recovery and Enforcement Act of 1989).

## **Investment Policy Guidelines for the Active Management U.S. Equity Mutual Fund Investment Manager(s)**

This document contains the guidelines and restrictions that apply to the active management U.S. equity mutual fund(s) of the Pension Fund invested in mutual fund vehicles (see Addendum A).

### **Permissible Investments**

1. These funds are governed by the guidelines and restrictions contained in their prospectuses or participation agreements.

### **Investment Objective**

Over reasonable measurement periods (3 to 5 years), the portfolio's return net of fees should exceed the return of the appropriate benchmark index (see Addendum A).

## **Investment Policy Guidelines for the Passive Management U.S. Equity Mutual Fund Investment Manager(s)**

This document contains the guidelines and restrictions that apply to the passive management U.S. equity mutual fund(s) of the Pension Fund invested in mutual fund vehicles (see Addendum A).

### **Permissible Investments**

1. These funds are governed by the guidelines and restrictions contained in their prospectuses or participation agreements.

### **Investment Objective**

Over reasonable measurement periods (3 to 5 years), the portfolio's return net of fees should replicate the return of the appropriate benchmark index (see Addendum A).

## **Investment Policy Guidelines for the Separately-Managed U.S. Equity Investment Manager(s)**

This document contains the guidelines and restrictions that apply to the active management U.S. equity Investment Manager(s) of the Pension Fund invested in separately managed accounts (see Addendum A).

1. As stated in the Illinois Pension Code relating to Article 3 Pension Funds, specifically Sections 1-113.1, 1-113.2, 1-113.3, 1-113.4, and 1-113.4a relating to Permissible Investments (40 ILCS 5/1-113.1 et. Seg.). The Investment Manager may invest in equity securities allowed per the Illinois Pension Code.
2. The Investment Manager may invest up to 5% of its portfolio in cash or cash equivalents.
3. Options, financial futures, private placements, or venture capital may not be purchased. The purchase of securities on margin is prohibited.
4. No single security in the Investment Manager's portfolio will comprise more than 5% of its equity allocation at the time of purchase, nor will it be more than 10% of the equity allocation of the portfolio after accounting for price appreciation.
5. All interest and dividend payments must be swept on a daily basis into a short-term money market fund for re-deployment.
6. Securities listed on pink sheets may not be purchased or held at any time within the portfolio.

### **Investment Objective**

Over reasonable measurement periods (3 to 5 years), the portfolio's return net of fees should exceed the return of the appropriate benchmark index (see Addendum A).

## **Investment Policy Guidelines for the Active Management International Equity Mutual Fund Investment Manager(s)**

This document contains the guidelines and restrictions that apply to the active management international equity mutual fund(s) of the Pension Fund invested in mutual fund vehicles (see Addendum A).

### **Permissible Investments**

1. These funds are governed by the guidelines and restrictions contained in their prospectus or participation agreements.

### **Investment Objective**

Over reasonable measurement periods (3 to 5 years), the portfolio's return net of fees should exceed the return of the appropriate benchmark index (see Addendum A).

## **Investment Policy Guidelines for the Mutual Fund Passive Management International Equity Investment Manager(s)**

This document contains the guidelines and restrictions that apply to the passive management international equity mutual fund(s) of the Pension Fund invested in mutual fund vehicles (see Addendum A).

### **Permissible Investments**

1. These funds are governed by the guidelines and restrictions contained in their prospectus or participation agreements.

### **Investment Objective**

Over reasonable measurement periods (3 to 5 years), the portfolio's return net of fees should replicate the return of the appropriate benchmark index (see Addendum A).

## **Investment Policy Guidelines for the Active Management Global Tactical Asset Allocation (GTAA) Mutual Fund Investment Manager(s)**

This document contains the guidelines and restrictions that apply to the GTAA mutual fund(s) of the Pension Fund invested in mutual fund vehicles (see Addendum A).

### **Permissible Investments**

1. These funds are governed by the guidelines and restrictions contained in their prospectus or participation agreements.

### **Investment Objective**

Over reasonable measurement periods (3 to 5 years), the portfolio's return net of fees should exceed the return of the appropriate benchmark index (see Addendum A).

## **Investment Policy Guidelines for the Active Management Core Real Estate Investment Manager(s)**

This document contains the guidelines and restrictions that apply to the Core Real Estate investment(s) of the Pension Fund (see Addendum A).

### **Permissible Investments**

1. These funds are governed by the guidelines and restrictions contained in their prospectus or participation agreements.

### **Investment Objective**

Over reasonable measurement periods (3 to 5 years), the portfolio's return net of fees should exceed the return of the appropriate benchmark index (see Addendum A).

# Investment Policy Modification and Revision

## Policy Modification

The Board of Trustees, with the assistance of the investment consultant, will review this Policy annually. Key environmental or operational occurrences, which could result in a Policy modification, include:

- (1) significant changes in expected patterns of the Pension Fund's liability stream,
- (2) impractical time horizons or changes,
- (3) change in the Pension Fund's priorities,
- (4) convincing arguments for change presented by investment professionals,
- (5) legislation, and
- (6) areas found to be important, but not covered by the Policy.

## Modification of Addendums

Changes to investment professionals, Board of Trustees, or Pension Fund information contained within Addendums A-D can and should be modified, as necessary, without a complete review by all Trustees.

## Addendum A - Defining the Investment Professionals and Benchmark Indexes

<b><u>Asset Class</u></b>	<b><u>Investment Manager</u></b>	<b><u>Benchmark Index</u></b>
Core Fixed Income	Cutwater	BarCap Aggregate
Interm. Govt./Credit FI	Segall Bryant & Hamill	BarCap Int. Govt./Credit
Large-Cap Value U.S. Equity	Fiduciary Management	Russell 1000 Value
Large-Cap Core U.S. Equity	Vanguard S&P 500 Index Fund	S&P 500
Mid-Cap Growth U.S. Equity	Geneva Capital	Russell Mid-Cap Growth
Small-Cap Core U.S. Equity	Kayne Anderson	Russell 2000
Large-Cap International Equity	Vanguard Developed Markets Fund	MSCI EAFE
Small-Cap International Equity	DFA	MSCI EAFE Small Cap
Emerging Markets Int'l Equity	Oppenheimer Developing Mkts Fund	MSCI Emerging Markets
GTAA	GMO	60% Wilshire 5000 / 40% BarCap Aggregate
Core Private Real Estate	Principal	NCREIF - ODCE

<b><u>Investment Professional</u></b>	<b><u>Service Provider</u></b>
Custodian	U.S. Bank
Investment Consultant	Marquette Associates, Inc.

## Addendum B – Summary of Fund Information

<b>Plan Name:</b>	<u>Aurora Firefighters' Pension Fund</u>
<b>Type of Plan:</b>	<u>Defined Benefit</u>
<b>Plan Adoption Date:</b>	<u>December 13, 1907</u>
<b>Plan Year-End Date:</b>	<u>December 31</u>
<b>Plan Number:</b>	<u>4008</u>
<b>Employer Identification Number:</b>	<u>36-4247748</u>
<b>Tax Identification Number:</b>	<u>36-4247748</u>
<b>Assumed Actuarial Rate of Return:</b>	<u>6.75%</u>

## **Addendum C – Investment Professional Adoption of Policy**

This Policy document was adopted by the Board of Trustees for the Aurora Firefighters' Pension Fund on April 14, 2015.

### **Investment Professional's Acknowledgments:**

The firm has received this copy of the Pension Fund's Investment Policy. The firm has studied the Policy's provisions and believes that it can both abide by the restrictions and fulfill the Policy's goals and expectations over the timetables set forth in the Policy. Additionally, the firm acknowledges that it is a Fiduciary in regards to the Pension Fund.

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Firm Name

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Investment Professional

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Date

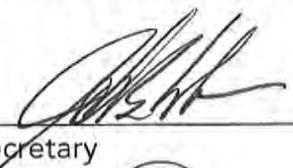
## Addendum D – Board of Trustees Adoption of Policy

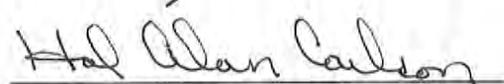
This Policy document was adopted by the Board of Trustees for the Aurora Firefighters' Pension Fund on April 14, 2015.

### Board of Trustees' Acknowledgments:

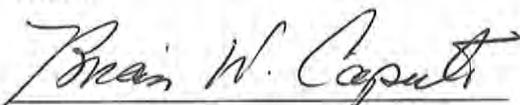
The Board of Trustees has received this copy of the Pension Fund's Investment Policy. The Board of Trustees has studied the Policy's provisions and believes that it can both abide by the restrictions and fulfill the Policy's goals and expectations over the timetables set forth in the Policy.

  
\_\_\_\_\_  
President

  
\_\_\_\_\_  
Secretary

  
\_\_\_\_\_  
Trustee

  
\_\_\_\_\_  
Trustee

  
\_\_\_\_\_  
Trustee

  
\_\_\_\_\_  
Date

## Addendum E – GASB Statement 67 & 68

This addendum to the investment guidelines adopted by the Board of Trustees for the Aurora Firefighters’ Pension Fund on September 12, 2013, was approved by the Board of Trustees on April 14, 2015.

The Aurora Firefighters’ Pension Fund, in accordance with GASB Statement 67 and 68, has implemented the following targets with the respective average real return assumptions for broad asset classes in the Fund’s portfolio:

<u>Broad Asset Class</u>	<u>Minimum Target</u>	<u>Target</u>	<u>Maximum Target</u>	<u>Average Real Rate of Return Assumption</u>
Fixed Income	35.0%	35.0%	40.0%	1.1%
Domestic Equities	27.0%	32.0%	37.0%	5.6%
International Equities	11.0%	16.0%	21.0%	5.9%
Real Estate	5.0%	10.0%	15.0%	5.4%
Blended	0.0%	5.0%	10.0%	3.8%
Cash and Cash Equivalents	0.0%	2.0%	5.0%	0.0%