

# Donor Recommended Investment Management



## Retain Assets Under Management for Major Gifts Utilizing the Community Foundation for Monterey County

### Who

**Donors** who wish to establish a fund at the Community Foundation for Monterey County (CFMC) and have their assets managed by their current investment manager

**Advisors** whose clients have assets directed to the CFMC, either as life or estate gifts, or as assets of a Charitable Remainder Trust when the CFMC is the trustee and charitable beneficiary

**How it works** If you currently manage assets for a client (for example, a stock account, charitable remainder trust, IRA, etc.) that are intended to establish a gift to the CFMC, and you or your institution would like the opportunity to manage the asset as the Donor Recommended Investment Manager, the following must occur:

- The client/donor must provide a written recommendation that your firm's services be retained to manage the assets that will be donated to, and owned by, the CFMC.
  - Such recommendation must hold CFMC harmless
  - Donor must represent that the Investment Manager is not a related party
  - The Investment Manager must meet regulatory and registry requirements as provided for by the CFMC. All managers within the portfolio must meet regulatory and registry requirements as provided for by the CFMC
- The CFMC retains ownership of the assets managed by the Investment Manager.
- The CFMC and the Investment Manager will enter into a written Client Agreement.
- The donated asset must have a minimum value of \$1 million.
- The fund, if endowed, will be governed by CFMC policies relating to endowed funds, including the establishment of the annual payout rate, and adherence to the Uniform Prudent Management of Institutional Funds Act (UPMIFA), as interpreted by the CFMC.



“This policy allows high net worth clients to maintain their investment relationship while benefiting the community through the CFMC.”

—CFMC board member, Ken Petersen, President, Monterey Private Wealth

Community foundations provide a simple, powerful, and highly personal approach to giving. We offer a variety of giving tools to help you achieve your charitable goals.

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*Healthy, Safe, Vibrant Communities*

*Here for Good*  
**Community Foundation**  
for Monterey County





### Join us

Achieve your charitable goals with customized Philanthropic Services with the CFMC.

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### Contact



Dan Baldwin  
President/CEO  
831.375.9712 x115  
[danb@cfmco.org](mailto:danb@cfmco.org)



Christine Dawson,  
Vice President of  
Philanthropic Services  
831.375.9712 x126  
[christine@cfmco.org](mailto:christine@cfmco.org)

### Visit

MONTEREY  
2354 Garden Road  
Monterey, CA 93940

SALINAS  
945 S. Main St., Suite 207  
Salinas, CA 93901

### How it works, continued

- The Investment Committee of the CFMC will provide counsel to the Investment Manager.
  - The CFMC will provide its Investment Policy Statement (IPS) to the Investment Manager.
  - The Investment Manager will provide the Investment Committee and the CFMC's Investment Consultant a proposal for investing the Assets under Management (AUM) based on the CFMC's objectives.
  - This proposal must be approved by the CFMC Investment Committee. It is not expected that the investment proposal will be identical to the CFMC's portfolio.
  - The Investment Manager must provide timely, reconciled performance reporting and asset allocation to the CFMC and its Investment Consultant.
  - A total fee calculation must be provided annually by the Investment Manager and shall include the following:
    - Weighted average mutual fund expense ratio (or management fees in the case of separate account managers)
    - Custody and transaction costs
    - Advisory fee charged by the Investment Manager
    - Other fees and expenses that are charged to the account
  - All purchases or sales of mutual funds must be done at Net Asset Value.
  - Lowest cost share class mutual funds must be used (i.e., if an institutional share class fund is available and the investment qualifies, the "I" share class fund must be used).
  - No type of revenue sharing arrangements are allowed without first disclosing such arrangements to the CFMC, and are subject to the CFMC's approval.
  - The Investment Manager must document the objectives of the fund and the benchmarks used to measure performance.
  - If the Investment Manager is a sole proprietor, or the managing partner within a firm, a "key man" clause shall be required and all Investment Manager must notify the CFMC of any material changes to their firm or their status therein.
  - At the request of the CFMC, the Investment Manager will make a formal presentation of the portfolio and AUM to the CFMC's Investment Consultant and/or Investment Committee.
- CFMC fees are in addition to fees charged by the Investment Manager.
- The CFMC may terminate a Investment Manager relationship at any time.
- CFMC may change the terms of this policy at any time.

*To inspire philanthropy and be a catalyst for strengthening communities throughout Monterey County*