EL PASO COUNTY RETIREMENT PLAN

STATEMENT OF INVESTMENT POLICY

January 2015

This Statement of Investment Policy approved by action of the Retirement Board of the El Paso County Retirement Plan.

DATE: January 26, 2015 APPROVED BY: ______________

Investment Policy Statement
El Paso County Retirement Plan

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Overview

The El Paso County Retirement Plan, sometimes hereinafter referred to as the "Plan", is a multiple employer defined benefit pension plan providing retirement benefits to eligible employees of: (i) El Paso County; (ii) El Paso County Health Department; (iii) Pikes Peak Library District; (iv) 4th Judicial District Attorney's Office; (v) El Paso County Board of Retirement; and (vi) any other agency or district approved by the Retirement Board. The Plan is funded by contributions from participating employees and by matching contributions from the Plan sponsors. These contributions are paid into the Retirement Fund of El Paso County, sometimes hereinafter referred to as the "Fund".

This Investment Policy Statement ("IPS") in intended to allow for sufficient flexibility in money management to ensure the capture of investment opportunities, yet provide broad parameters that will ensure prudence and care in the execution of the investment program.

The Board maintains a separate Investment Strategy document that is designed to be reviewed, and if necessary, revised annually. The Investment Strategy document is an integral part of the Fund investment guidelines.

Investment Objectives

The objective of investing the assets of the Plan is to grow the assets over time at a compound rate of increase that, together with employee and employer contributions, will assure payment of benefits stipulated by the Plan. The compound rate of increase is defined as the actuarial assumed rate of return. The Board of Retirement recognizes that the rate of return objective is long term in nature, and that actual year-to-year returns achieved may be above or below the long-term target.

The Board of Retirement further expects the investments to provide a competitive return relative to other investments available that would meet the asset allocation strategy.

Responsibilities

Under Article 54, Title 24, of the Colorado Revised Statutes, the County Board of Retirement shall have full and complete control and management of the Plan. The Board of Retirement shall make all necessary rules and regulations for managing and discharging its duties.

The Board of Retirement is responsible for establishing and maintaining this IPS, as well as managing, monitoring and evaluating the investments of the Fund on an ongoing basis. The Board of Retirement has retained an independent investment consulting firm to assist with developing, implementing and monitoring the investment program.

The Board of Retirement will retain, with the assistance of the investment consultant, qualified investment management firms to manage the assets of the investment program. Retained investment management firms will be responsible for managing their portion of the investments with full discretionary investment authority, subject to the Policies and Guidelines set forth in this and other documents. All retained investment management firms are expected to meet at least annually, if requested, with the Board and provide monthly written reports on portfolio activity, investment performance and investment strategies. Further, the investment management firms will be responsible for notifying the Board and the investment consultant of any significant organizational changes, such as key personnel, ownership, investment process or style.

Asset Allocation Strategy

The asset allocation strategy is designed to reflect, and be consistent with, the long-term investment objective expressed in this IPS. Various asset classes and investment manager styles are used to create a broadly diversified portfolio. Both the actuarial return assumption and the asset allocation strategy will change through time to reflect current investment objectives and market conditions. The Board has developed long-term asset allocation ranges based on several factors including: the long-term investment goals of the Plan; the Board's tolerance for short-term losses; the Plan's liquidity needs; and any legal or regulatory issues. Based on the Board's analyses, the allowable long-term asset allocation ranges are outlined below.

Asset Class	Minimum	Maximum
Equities	35%	70%
Fixed Income	10%	60%
Alternatives	10%	40%

Liquidity
Although there is no specific allocation to cash, the Board recognizes that it is necessary to hold a portion of the assets as immediately available funds to pay scheduled and unscheduled benefits and administrative expenses. These cash reserves will be held in short term investment funds in the Plan's operating account at the custodial bank. The appropriate level of cash reserves will depend upon anticipated liquidity needs as determined by the Executive Director on an ongoing basis.

Rebalancing
The portfolio should be rebalanced to maintain the desired risk/return posture. When a cash contribution is made or withdrawal is needed, the portfolio should be rebalanced toward the long-term target, as possible, given the dollar amount of the contribution or withdrawal. That is, invest contributions in underweight asset classes and withdraw from overweight asset classes. In addition, the portfolio will be rebalanced if the actual asset allocation mix falls outside of the allowable ranges noted above.

Investment Guidelines

Fiduciary Standard
The Plan assets shall be invested and managed as a prudent investor would, by considering the purposes, terms, distribution requirements, and other circumstances. In satisfying this standard, all fiduciaries shall exercise reasonable care, skill and caution. Investment decisions should be evaluated within the context of the entire portfolio (rather than on an individual investment basis) and as part of an overall investment strategy having risk and return objectives reasonably suited to the Fund's purpose.

The Plan is a noninsured trust retirement plan, with a bank or trust company authorized to exercise trust powers in Colorado as trustee. As per Section 24-54-112 of the C.R.S., the Fund will be invested using the "Colorado Uniform Prudent Investor Act" found in the provisions of Part 3 of Article 1 of Title 15, C.R.S.

Investment Discretion
Investments shall be fully consistent with each manager's stated strategy and approach. Allowable investments are restricted by the Fiduciary Standard section and investment managers will be held to the Fiduciary Standard.

Separate accounts or pooled funds may be used based upon the most favorable approach for the Plan's circumstances. If pooled funds are used, the pooled fund's investment goals, policies, guidelines and restrictions are set forth in a separate document governing the investments of the pooled fund rather than in this Policy.

Securities Trading
Investment managers have a fiduciary obligation to obtain best execution for the Fund's investments. Transactions must be executed in such a manner that the Fund's total cost or proceeds in each transaction is the most favorable under the circumstances of the particular transaction. The manager should consider the full range and quality of a broker's services in placing trades, including, among other things, the value of research provided, execution capability, commission rate, financial responsibility, and responsiveness to the manager.

Proxy Voting
Investment managers have a fiduciary obligation regarding proxy voting. The investment manager must consider proxies as an asset of the Plan and is expected to vote only in the best economic interest of the participants of the Plan.

Review Standards

Performance Benchmarks
Active investment managers are expected to outperform, on a net-of-fee basis, the designated passive index, and rank above median within a peer universe of active investment managers. Passive products are expected to produce returns that have minimal tracking error to their target index returns.

Time Horizon
Active investment managers are expected to outperform their designated benchmarks over rolling three- to five-year periods. A three- to five-year period is used to allow investment managers the opportunity to meet their performance benchmarks, given shorter-term fluctuations due to style considerations. Investment managers who fail to

meet the performance benchmarks over these time periods may be terminated. Underperformance for two consecutive years may be cause for a formal review of the investment management firm's organization, process and performance.

Compliance with Policies and Guidelines

Each retained investment management firm's portfolio will be monitored for compliance with the Policies and Guidelines found in this and other documents. If a portfolio is determined to be out of compliance, the retained investment management firm will be contacted to develop a mutually agreed upon solution to bring the portfolio back into compliance with this Policy. If retained investment management fails to move the portfolio into compliance, termination of the retained investment management firm will be considered.

Other Standards

Any significant changes in investment philosophy and process, organizational structure, investment staff, or other non-performance reasons may be cause for termination, regardless of the status of their investment performance relative to their designated benchmarks.

The Board of Retirement retains the right to terminate an investment manager for any reason subject to the terms of the agreement between the two parties.