INVESTMENT POLICY

Colorado Springs Health Foundation Investment Policy Statement

I. Introduction

This document describes a specific set of investment policies and procedures that will assist the Colorado Springs Health Foundation (CSHF) Investment Committee in overseeing the investment of the CSHF's assets (the Portfolio). The guidelines serve to:

1. Articulate a plan for investing the CSHF's fund assets
2. Communicate an investment framework between the Investment Committee and the Investment Consultant
3. Articulate standards for the measurement of portfolio and managers' performance
4. Define the CSHF's spending policies
5. Ensure that the funds will be wisely invested and managed to secure the existence of the Foundation in perpetuity

II. Background and Mission

A. A.CSHF was established on September 29, 2012. The Foundation was created when University of Colorado Health acquired the majority of the assets of the former hospital. CSHF is a public charity providing grants to organizations promoting health in the Colorado Springs Region.
B. CSHF is a non-profit organization as defined by 501 (c) 3 of the United States Internal Revenue Service Code of 1986 as amended and operates as a public charity as further defined in Section 509 (a) (1) of the IRS code.
C. CSHF operates on a fiscal year. The fiscal year begins January 1 and ends December 31. The annual operating and spending budgets coincide with the fiscal year.
D. The terms of the lease purchase agreement provide an opportunity to receive approximately $_____________less debt and pension requirements from the lease. CSHF is in a position to accept gifts and bequests from donors who wish to contribute to this effort. CSHF also will accept various gifts from previously established trusts which had designated Memorial Hospital or any of its related companies as a beneficiary.
E. The mission of the CSHF is to provide grants that target immediate healthcare needs and encourage healthy living.
F. CSHF seeks to "make a difference" through its strategic grant-making program. It envisions providing targeted financial support to assist in the furthering of new ideas and programs, to expand existing programs -- CSHF does not wish to function as an operating agency.

III. Duties and Responsibilities

CSHF's Trustees are responsible as fiduciaries to manage all of its investable assets. In order to do this, CSHF directs the Investment Committee (the Committee) to assume responsibility for all of the activities that include, but are not limited to, the following: All decisions and recommendations of the Investment Committee must be approved by the full Board of Trustees

Establish investment goals with regards to spending policy, portfolio returns, and appropriate risk exposure as reflected by the Committee.

1. Update annually the spending policies
2. Select and retain a qualified professional investment manager. Review the recommendations for the appropriate investments
3. Provide the investment manager with anticipated spending needs and an annual withdrawal rate
4. Voting the proxies of any investment vehicle where full discretion has not been granted
5. Utilize the Investment Policy Statement to provide boundaries, where necessary, for ensuring the portfolio's investments are managed consistent with the short-term and long-term financial goals of CSHF. At the same time, recognize its investment flexibility in the face of changes in capital market conditions and in the financial circumstances of the foundation.
6. Review this Investment Policy Statement at least once per year. Changes to this Investment Policy Statement can be made only by unanimous affirmation by the members of the Committee, and ratification by the full Board of Trustees and subsequent approval by City Council in accord with City Council Resolution 92-12. Written confirmation of the changes will be provided to all Committee members and to any other parties hired on behalf of the Portfolio as soon thereafter as is practical.

IV. Investment Objectives and Spending Policy

A. The Portfolio is to be invested with the objective of preserving the long-term, real purchasing power of assets while providing a relatively predictable and growing stream of annual distributions (in real terms) in support of CSHF.
B. For the purpose of making distributions, the Portfolio shall make use of a total return based spending policy, meaning that it will fund distributions from net investment income, net realized capital gains, and proceeds from the sale of investments.
C. The distribution of Portfolio assets will be permitted to the extent that such distributions do not exceed a level that would erode the Portfolio's real assets over time. The Committee will seek to reduce the variability of annual Portfolio distributions by factoring past spending and Portfolio asset values into its current spending decisions. The Committee will review its spending assumptions

annually for the purpose of deciding whether any changes therein necessitate amending the Portfolio's spending policy, its target asset allocation, or both.

D. The Board of Trustees awards grants, including approval of its administrative budget, in accordance with the spending policy adopted annually. The annual cash payout is currently defined as no greater than 5% of the average fair market value, using a five-year, 12-quarter trailing average.

V. Portfolio Investment Policies

Asset Allocation Policy

1. The Committee recognizes that the strategic allocation of Portfolio assets across broadly-defined financial asset and sub-asset categories with varying degrees of risk, return, and return correlation will be the most significant determinant of long-term investment returns and Portfolio asset value stability.
2. The Committee expects that actual returns and return volatility may vary widely from expectations and return objectives across short periods of time. While the Committee wishes to retain flexibility with respect to making periodic changes to the Portfolio's asset allocation, it expects to do so only in the event of material changes to the fund, to the assumptions underlying fund spending policies, and/or to the capital markets and asset classes in which the Portfolio invests.
3. Fund assets will be managed as a balanced portfolio comprised of two major components: an equity portion and a fixed income portion, managing in an unlevered, long-only strategy utilizing marketable securities. The expected role of fund equity investments will be to maximize the long-term real growth of Portfolio assets, while the role of fixed income investments will be to generate current income, provide for more stable periodic returns, and provide some protection in a recessionary or deflationary environment. Cash investments will, under normal circumstances, only be considered as temporary Portfolio holdings, and will be used for fund liquidity needs or to facilitate a planned program of dollar cost averaging into investments in either or both of the equity and fixed income asset classes.
4. Outlined below are the long-term strategic asset allocation guidelines, determined by the Committee, in consultation with the investment consultant, to be the most appropriate, given the fund's long-term objectives and short-term constraints. Portfolio assets will, under normal circumstances, be allocated across broad asset and sub-asset classes in accordance with the following guidelines:

Asset Class	Sub-Asset Class	Target Range
Equity		65% to 85%
Fixed Income		15% to 35%
Alternative Investments		0-15%
Cash		0-5%

5. To the extent the Portfolio holds non-traditional, illiquid, and/or non-marketable investments including (but not limited to) hedge funds, private equity or debt, or real estate, these assets will be treated collectively as "alternative investments" for purposes of measuring the Portfolio's asset allocation.

A. Diversification Policy

1. Diversification across and within asset classes is the primary means by which the Committee expects the Portfolio to avoid undue risk of large losses over long time periods. To protect the Portfolio against unfavorable outcomes within an asset class due to the assumption of large risks, the Committee will take reasonable precautions to avoid excessive investment concentrations. Specifically, the following guidelines will be in place:
    a. With the exception of fixed income investments explicitly guaranteed by the U.S. government, no single investment security shall represent more than 5% of total Portfolio assets.
    b. With the exception of passively managed investment vehicles seeking to match the returns on a broadly diversified market index, no single investment pool or investment company (mutual fund) shall comprise more than 20% of total Portfolio assets.

B. Rebalancing Policy

It is expected that the Portfolio's actual asset allocation will vary from its target asset allocation as a result of the varying periodic returns earned on its investments in different asset and sub-asset classes. The Portfolio will be re-balanced to its target asset allocation under the following circumstances:

1. Utilize incoming cash flow (contributions) or outgoing money movements (disbursements) of the portfolio to realign the current weightings closer to the target weightings for the portfolio.

2. The portfolio will be reviewed quarterly by the investment consultant to determine the deviation from target weightings. During each quarterly review, the following parameters will be applied:
   a) If any asset class (equity or fixed income) within the portfolio is +/-5 percentage points from its target weighting, the portfolio will be rebalanced.
   b) If any fund within the portfolio has increased or decreased by greater than 20% of its target weighting, the fund may be rebalanced.

3. The investment consultant may provide a rebalancing recommendation at any time.
4. The investment consultant shall act within a reasonable period of time to evaluate deviation from these ranges.

C. Other Investment Policies

Unless expressly authorized by the Committee, the investment manager of the Portfolio is prohibited from:

1. Pledging or hypothecating securities
2. Making investment decisions with respect to the portfolio that are inconsistent with applicable state or federal laws

VI. Monitoring Portfolio Investments and Performance

The Committee will monitor the Portfolio's investment performance against the Portfolio's stated investment objectives. At a frequency to be decided by the Committee, it will formally assess the Portfolio and the performance of its underlying investments as follows:

A. The Portfolio's composite investment performance (net of fees) will be judged against an absolute long-term real return objective and a composite benchmark consisting of the following unmanaged market indices weighted according to the expected target asset allocations stipulated by the Portfolio's investment guidelines:
   1. U.S. Equity: MSCI US Broad Market Index or similar broad domestic index
   2. Non-U.S. Equity: MSCI All Country World ex-US index
   3. Investment Grade Fixed Income: Barclays US Intermediate Government/Credit index
B. The performance of professional investment managers hired on behalf of the Portfolio will be judged against a market-based index appropriately selected or tailored to the manager's agreed-upon investment objective and the normal investment characteristics of the manager's portfolio.
C. In keeping with the Portfolio's overall long-term financial objective, the Committee will evaluate Portfolio and manager performance over a suitably long-term investment horizon on a rolling three-year and five-year basis.

VII. Account Reviews

Each investment manager is expected to be available to meet with the Committee at least quarterly to review portfolio structure, strategy, and investment performance. Investment reports shall be provided on a (calendar) quarterly basis or as requested by the Institution.

These guidelines are approved by the Committee and are provided to the investment manager. It is the intention of the Committee to review these guidelines formally with the investment manager at least annually and revise them as appropriate.

Either the Committee or the investment consultant may suggest revisions at any time if it is felt to be in the best interests of the Portfolio. In addition, it shall be the responsibility of the investment consultant to request a review by the committee if at any time these guidelines would restrict the ability to utilize the full resources of its organization or limit the application of the investment approach felt to be appropriate given the outlook for the economy or capital markets.