



BROOMFIELD PENSION BENEFITS

STATEMENT OF INVESTMENT POLICY

City and County of Broomfield

Pension Plan for General Employees

I. PURPOSE

The Plan Sponsor (the "Sponsor"), City and County of Broomfield, offers to its employees, the Pension Plan for General Employees (the "Plan"), a Defined Benefit Plan. The Investment Committee (the "Committee") has developed a Statement of Investment Policy (the "Policy") in order to establish investment objectives and guidelines for the management and monitoring of investments utilized within the Plan Portfolio (the "Portfolio").

The Policy contained herein is intended to be a guide for the Committee and the Investment Manager (the "Manager"), if any is hired.

II. DISCRETIONARY AUTHORITY

The Committee may grant the Manager full discretion to buy, sell, invest and reinvest the Assets consistent with the policy and guidelines set forth in this document. Investments will be limited to marketable securities including common and preferred stocks, convertible securities, government, municipal and corporate bonds, mutual and collective investment funds, and short-term money market instruments.

III. OBJECTIVE

The Committee has established a long-term return objective (the "Objective") for the Portfolio of 7.5% percent to be achieved through a combination of income and capital appreciation, in a manner consistent with fiduciary standards. Accordingly, the Manager will exercise appropriate care, skill, prudence and diligence in the management of the Assets.

It is expected that there will be some periods within which the Objective cannot be met because of general market conditions, unrelated to disciplined, long-term investment judgment. To avoid encouraging short-term investment changes by the Manager to meet the stated Objective each year, the Committee has established a Policy benchmark (the "Benchmark") for the purpose of measuring the relative performance of the Manager in managing the Assets (see sections V and VI).

IV. INVESTMENT PERFORMANCE

Investment performance will be measured quarterly, but it is not expected that Portfolio performance will meet or exceed the Benchmark each quarter or year. However, it is expected that the Portfolio will meet or exceed the Benchmark, over a Full Market Cycle (a "Cycle"). A Cycle, for this purpose, is considered to be a period of three to five years. The Market (the "Market") for the Portfolio is set by the Benchmark as defined by the underlying target weightings of each index within the Benchmark, as stated in section VI. In addition, the performance of each investment fund utilized within the overall Portfolio should be competitive over a Cycle with its established benchmark based on investment objective, investment style and market capitalization. The measurement of investment performance will take into consideration the following:

Return Objective

The minimum average annual return objective for the Portfolio, measured over a Cycle, shall be to generate a return that meets or exceeds that of the Benchmark. Accordingly, the Manager is accountable for the returns of the Portfolio and each of the underlying investment funds.

Risk Parameters

The Portfolio should experience risk (volatility and variability of returns) comparable to that of the Benchmark as measured over a Cycle. Accordingly, the Manager is accountable for the risk of the Portfolio and each of the underlying investment funds.

V. ASSET ALLOCATION

Asset Mix

The Asset Allocation of the Plan, ***based on aggregate book value***, shall reflect a Balanced investment approach with the following guidelines:

- Money Market Funds - Not More than 10%
- Fixed Income - Not Less than 25%
- Equity - Not More than 65%

The Asset Allocation of the Plan, ***based on market value***, shall reflect a Balanced investment approach with the following target allocations:

	Target%	Sub-Class Target %	Benchmark Targets
<u>STOCKS</u>	65%		
Domestic Large Cap Equity		60%	60% Russell 1000 Index
Domestic Small Cap Equity		15%	15% Russell 2000 Index
Foreign Equity		25%	25% MSCI EAFE Index
<u>FIXED-INCOME</u>	35%		
<u>Intermediate Fixed Income Style</u>		100%	100% Barclays Intermediate Gov't/Credit Bond Index

The Manager has the discretion to vary the ratio of stocks, bonds or cash within the parameters set forth above to maximize total return commensurate with potential risk. Allocations should not remain outside the stated maximums and minimums without written approval from the Committee.

VI. PERMISSIBLE INVESTMENTS

The following are investment guidelines and restrictions for management of assets within the Plan.

Mutual funds and commingled trust funds, as well as other collectively managed investment pools, the management of assets by the Investment Manager will be governed by policies and guidelines outlined in the Fund's most recent prospectus.

For separately managed portfolios, allowable investments will be limited by the following guidelines.

Fixed Income Portfolio(s)

- Allowable investments within the portfolio may include:
 - U.S. Treasury Securities.
 - Government Agency securities, excluding Mortgage-Backed securities.
 - Corporate Bonds, Notes, Debentures with a minimum credit rating of BBB by Standard and Poor's or Baa by Moody's Investor Service.
 - No single investment will be greater than 5% of the total assets of the portfolio (valued at market), with the exception of U.S. Government and U.S. Government Agency securities.
 - The portfolio will not own more than 5% of the outstanding debt of any company, with the exception of U.S. Government and U.S. Government Agency securities.
 - Fixed income holdings should be diversified by maturity with representation in short-, intermediate- and long-term bonds in order to control interest rate risk.
 - All securities must be U.S. dollar-denominated. No foreign currency denominated instruments are allowed.

Equity Portfolio(s)

- Allowable investments within the portfolio may include:
 - Common or preferred shares of U.S. corporations listed and traded on nationally recognized exchanges or over-the-counter markets (including American Depository Receipts (ADRs)).
 - Foreign stocks (including foreign common stock listed on U.S. exchanges and ADRs traded in U.S. markets are limited to 10% of the portfolio).
 - Convertible bonds, debentures or preferred shares which are convertible into corporate stock.
 - Equity real estate investment trusts (REITs).
 - Cash or cash-equivalent securities, including Rule 2a-7 money market mutual funds and equivalent commingled funds; U.S. Treasury Bills; commercial paper; certificates of deposit; bankers' acceptances and repurchase agreements collateralized at a minimum of 102% (plus accrued interest) by U.S. Treasury or Agency securities.
 - S&P 500 Index future and options contracts used solely to equitize cash positions in the portfolio.

Prohibited Investments for All Portfolios

- Securities specifically prohibited from purchase for all portfolios include, but are not limited to:
 - Stock in non-public corporations, private placement or any other non-marketable issues.

- Letter or restricted stock.
- Short sales of any type.
- Share purchases involving the use of margin.
- CMO residuals and support tranches.
- Stripped mortgage-related securities (Interest Only Strips – “IOs”, Principal Only Strips – “POs”) both generic and prepayment protected.
- Leveraged Floaters and Inverse Floaters, including Money Market obligations.
- Tiered-Index Bonds, Range Notes and all other forms of structured notes whose return characteristics are tied to changes in prepayments on mortgages or changes in a specified interest rate index or market rate.
- Natural resource real properties such as oil, gas or timber.
- Precious metals.
- All other forms of derivatives not specifically defined as permissible.

The Committee may restrict specific investments from the Portfolio on grounds other than economic risk and reward. Should the Committee restrict security investments, a list of the prohibited investments will be given to the Manager. This list may be periodically updated.

VII. PORTFOLIO REVIEWS

Portfolio reviews with the Committee will be held at least annually and sufficiently after the close of the plan year to have performance measurement results available for review. The materials for this meeting should include, but not be limited to:

- Forward look at the economic and market environment, and the Portfolio’s posture given potential scenarios.
- Investment environment and strategy employed for the most recent plan year, with particular attention to departures from prior outlook report.
- Performance of the Portfolio and underlying assets classes relative to stated benchmarks, including returns for 1, 3 and 12-months, and 3 and 5-year periods, when available.
- Administrative, procedural or other matters.
- Other items of importance which may occur, such as changes in our working relationship if necessary to comply with pertinent legislation; material changes in the Manager’s organization; investment philosophy or outlook; recommendations concerning any change in policy which the Manager believes should be considered by the Committee.

In addition to a monthly statement, a written quarterly report is required and should include, but not be limited to, the following information:

- Statement of assets in the Manager’s current format.
- Statement of the current asset mix or allocation.
- Quarterly performance measures and benchmark comparisons.
- Statement of transactions in the Asset custodian’s current format.

VIII. MISCELLANEOUS

For the calculation of percentages in one a particular security, market value will be used as the basis unless otherwise indicated.

The Manager will use its own judgment in placing securities transactions with brokerage firms, unless otherwise directed by the Committee. All transactions should be entered into on the basis of best execution. Notwithstanding the above, the Manager is expected to deal with financially strong firms capable of giving the Plan a reasonable combination of price, commission and service.

All changes or exceptions to this document will be in writing, signed by the representatives of the Committee and delivered to the Manager.