



Defined Contribution Plans Investment Policy Statement

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1. Introduction

1.1. Background

The Defined Contribution Plans and the Retirement Medical Trust Plan (“Plan”) are long-term retirement savings vehicles that are intended as a source of retirement income for eligible participants. The investment options available from the Plan cover a broad range of investment risks and rewards appropriate for these kinds of retirement savings programs. Participants bear the risks and rewards of investment returns that result from the investment options that they select. The investment options (funds) made available will be determined by the Defined Contribution Committee (“DC Committee”) and may be changed as a result of periodic reviews.

The mix of investment options appropriate for a participant depends on the combination of a number of factors, including, among others, age, current income, length of time to retirement (or other expected use of the account), tolerance for investment risk, income replacement objectives, and a participant’s other assets. To permit participants to establish different investment strategies, the plans may offer a variety of investment categories, which have varying return and volatility characteristics. It is the responsibility of each participant to evaluate the investment options and to select an appropriate mix. A participant should consider, among others, the following risks:

- Volatility:** The risk of significant decreases in account value (including the loss of principal) over relatively short periods of time.
- Accumulation:** The risk of not accumulating sufficient assets to retire.
- Understanding:** The risk of investing for the wrong reasons.
- Diversification:** The risk of concentrating investments and suffering large losses from a single investment category or similar categories that do not perform well.
- Time Horizon:** The risk of investing too conservatively in early years and too aggressively when nearing retirement.

A risk/reward structure is basic to investments. Generally, those vehicles offering the greatest return over time also carry the highest risk or volatility of return. The inherent conflict between volatility and long-range accumulation can be lessened through diversification among asset classes. To provide participants the opportunity to select risk/reward strategies and to diversify, the Plan will offer a number of investment alternatives.

1.2. Purpose

The purpose of this Investment Policy Statement (“Policy”) is to provide documentation of the procedures demonstrating “care, skill, prudence and diligence” that will be used by the DC Committee in the selection and monitoring of diversified investment options for the Plan.

It is also the intent of this Policy to provide a meaningful framework for the investment management of the Plan assets and that the Policy will not be overly restrictive given the changing economic, business and investment market conditions. It is intended that the objectives be sufficiently specific to be meaningful, but flexible enough to be practical.

1.3. Plan Objectives

The goal of the Plan is to provide all employees with a comprehensive, prudently managed tax-deferred retirement savings program. The Plan objectives are the following:

- a. The Plan is established for the exclusive benefit of the participants and their beneficiaries.
- b. The Plan is a vehicle through which employees may accumulate assets to provide for a portion of their retirement needs.
- c. The Plan will seek to provide suitable and diversified investment options, considering that participants each have different investment horizons and standards of acceptable risk and returns.
- d. The Plan, through the DC Committee, will obtain investment options at a reasonable cost and control overall investment related service costs.
- e. The Plan, through the DC Committee, will establish investment objectives and standards for the investment options (funds) offered to assure that the assets are managed in accordance with the Policy.
- f. The Plan, through the DC Committee, will establish formal criteria to monitor and evaluate the performance results achieved by the investment fund managers.
- g. The Plan, through the DC Committee, will provide a formal process for reviewing and modifying the Investment Policy.
- h. The Plan, through the DC Committee, shall meet its fiduciary responsibilities.

Although the Employee Retirement Income Security Act of 1974 (ERISA) does not apply to the Plan, the Committee intends to operate the Plan generally in conformance with ERISA section 404(c).

1.4. Defined Contribution Committee Duties

Pursuant to the Bylaws of the DC Committee, the DC Committee’s duties include but are not limited to the duty to establish and periodically review this Policy, approve the selection and changes to the defined contribution investment option menu, and perform quarterly reviews of the investment options.

2. Description of Possible Investment Options

2.1. Money Market Option

A Money Market Option invests in cash equivalent securities with maturities of less than one year. The average quality of the portfolio must be A1, P1, or AAA. The objective of the fund is to protect underlying principal value and produce a reasonable level of current income. While the volatility risk of this option is the lowest, accumulation risk is the highest. A money market fund may not be necessary if the stable value/fixed interest options do not have restrictions on inter-fund transfers from the stable value fund/fixed interest option to other noncompeting funds in the portfolio.

2.2. Stable Value / Fixed Interest Option

A Stable Value / Fixed Interest Option invests in book value investments which may include General Account annuity products, Separate Account Annuity products, Guaranteed Investment Contracts (GICs), Bank Investment Contracts (BICs), "Synthetic" GIC arrangements and money market instruments, and may invest in intermediate and long term fixed income securities. Investments may either be made directly or through pooled arrangements. The long-term objective of the fund is to provide higher income than a money market fund while still protecting principal.

2.3. Bond Option

A Bond Option invests in cash equivalents and marketable fixed income securities. The portfolio may have an average duration that is short, intermediate or long-term. The average portfolio quality may range from AAA to B (or a comparable rating) or better by Moody's, Standard & Poor's or Fitch's ratings services. Sector and issue concentration guidelines will be dictated by the stated policies of the investment fund manager(s) and may include non-U.S. issuers.

The investment objective is to provide longer-term preservation of capital while earning an above average level of current income. However interest rates may fluctuate over time, primarily in response to changes in interest rates and economic conditions. Principal may or may not be guaranteed against loss as specified by the selected option.

2.4. Balanced Option

A Balanced Option actively invests in several asset classes (typically common stocks, bonds and money market instruments). Investment returns come from both current income and capital changes. Professional investment fund managers make the asset allocation decisions, and the option can be used by participants who do not wish to self-manage their asset mix. The Balanced Option is expected to produce higher longer-term returns than the Bond Option, although volatility may be greater.

Asset allocation, quality and sector concentration guidelines will be dictated by the stated policies of the investment fund manager or prospectus of a fund. The investment objective is to provide a diversified investment return of current income and capital appreciation.

2.5. Large Capitalization¹ (Large Cap) Option

A Large Capitalization (Large Cap) Option actively invests in those companies that comprise the top 70% of the overall stock market capitalization. This asset class may contain value funds that invest in stocks of companies the investment fund manager believes the stock market undervalues and has the potential for market appreciation. This asset class may also contain growth funds that invest in stocks of companies the fund manager believes will grow at a faster rate than its peers or the corresponding market. This asset class may include funds that are blended to include both value and growth stocks. Stocks in this asset class may provide additional investment growth through the reinvestment of dividends.

2.6. Medium Capitalization (Mid Cap) Option

A Medium Capitalization (Mid Cap) Option actively invests in companies that comprise the next 20% of the overall stock market (beyond the 70% of the large cap options). This asset class may contain value funds that invest in stocks of companies the investment fund manager believes the stock market undervalues and has the potential for market appreciation. This asset class may also contain growth funds that invest in stocks of companies the fund manager believes will grow at a faster rate than its peers or the corresponding market. This asset class may include funds that are blended to include both value and growth stocks. Mid-sized companies may be less able to weather economic shifts or other adverse developments than larger, more established companies.

2.7. Small Capitalization (Small Cap) Option

A Small Capitalization (Small Cap) Option actively invests in companies that comprise the remaining 10% of the overall stock market capitalization (beyond the 70% large cap and 20% mid cap). This asset class may contain value funds that invest in stocks of companies the investment fund manager believes the stock market undervalues and has the potential for market appreciation. This asset class may also contain growth funds that invests in stocks of companies the fund manager believes will grow at a faster rate than its peers or the corresponding market. This asset class may include funds that are blended to include both value and growth stocks. Small-sized companies may be less able to weather economic shifts or other adverse developments than larger, more established companies.

2.8. International Equity Option

An International Equity Option actively invests primarily in common stock of established non-U.S. issuers. This fund can be expected to be subject to risk factors not prevalent in

¹ Market capitalization is determined by multiplying the total number of outstanding shares of stock by the market price of the stock. Market capitalization changes with the changes in the price of the stock and increasing or decreasing the outstanding number of shares. Currently, a company is categorized as large if the capitalization is over \$10.153 billion; mid cap is over \$2.172 billion up to \$10.152 billion; small cap is under \$2.172 billion. However, this changes with significant swings in the stock market. To maintain consistency the 70%, 20%, 10% are used to determine equity asset classes.

domestic markets, including currency risk. Currency fluctuation will contribute to increased performance volatility.

The Global Equity Option (aka World Equity Option) invests in common stocks of established non-U.S. issuers as well as domestic common stocks as deemed appropriate by the investment fund managers. These funds are appropriate for a portion of a participant's account for which additional risk is acceptable in exchange for diversification from options tied to domestic markets. Currency fluctuation will contribute to increased performance volatility.

2.9. Global Equity Option

A Global Equity Option actively invests primarily in common stock of both domestic and international issuers. This fund can be expected to be subject to risk factors not prevalent in domestic markets, including currency risk. Currency fluctuation will contribute to increased performance volatility.

2.10. Index Fund Option

An Index Fund Option passively invests identically or nearly identically to the market index whose return it seeks to duplicate. The objective of an index fund is to provide market diversification and a market average rate of return reflective of the market segment represented by a given index, e.g., the Standard & Poor's 500, or Russell 1000.

2.11. Asset Allocation Funds (Model Portfolios)

Asset Allocation Funds (Model Portfolios) offer an allocation of investments, principally stocks, bonds, and cash or cash equivalents that are considered appropriate for a given stage or age of an individual's investment life cycle. An aggressive asset allocation fund or an age targeted fund with a longer timeframe will have greater weighting in stocks than a moderate or conservative asset allocation fund or an age targeted fund with a shorter timeframe. A conservative asset allocation fund will be more heavily weighted toward current income and preservation of capital. The objective of an asset allocation fund is to provide a composite rate of return from current income and capital appreciation that is appropriate for a given stage of an individual's investment life cycle.

Asset allocation, credit quality, duration and sector concentration guidelines will be dictated by the stated policies of the investment fund manager or prospectus of the fund.

2.12. Socially Responsible Investing ("SRI") Option

A Socially Responsible Fund is a mutual fund that has a Socially Responsible active investment strategy as a stated prospectus objective and which attempts to invest in companies with sustainable business models without compromising investor returns. SRI funds combine thorough financial analysis with environmental, social and corporate governance screening. Although screening criteria varies across the SRI fund universe, these funds will generally avoid companies that are significantly involved in the manufacture of weapons or weapons-related products, manufacture tobacco products, are involved in

gambling as a main line of business, or engage in unethical business practices. In addition to these traditional SRI screens, these funds may look for companies that have positive impacts on the environment, fair workplace practices, robust corporate governance, high product integrity and positive community involvement.

The Committee may decide to provide one or more Socially-Responsible Investment (SRI) options in the list of core options for participants that are interested in this style of investment choice. SRIs may be categorized in various asset classes. The SRI must remain competitive to its specific asset class and will be subject to investment analysis and potential replacement in the ongoing fund review process. Additionally, the SRI fund must also adhere to its socially responsible criteria. Departures from the criteria must be documented with the Defined Contribution Committee and may result in deletion.

2.13. Specialty Funds

Specialty funds are mutual funds that specialize in specific investment instruments or sectors.

2.14. Self-Directed Brokerage Account Option

A Self-Directed Brokerage Account (“SDBA”) Option may be offered. Participants electing the SDBA will be required to sign a letter that acknowledges that they are sufficiently sophisticated and knowledgeable about investment matters that they are capable of making, managing and controlling their own investment choice or that they are selecting an investment advisor to provide investment direction and selection. **Funds in the SDBA are not subject to the due diligence of the core fund offerings** and maintain additional transaction charges and fees.

3. Fund Selection Criteria for Actively Managed Funds

The Committee establishes the minimum criteria as set below for selection of any fund as an investment option. Refer to Section 5, Investment Option Details for the recommended number of investment funds per investment option.

3.1. Minimum Operating Criteria

To be considered, an investment fund should:

- a. Have net assets of at least \$100 million. The intent is to restrict selection of mutual funds to the size appropriate for the potential cash flow to be generated by the Plan. If, however, this restriction reduces the potential pool of funds inappropriately, this criterion may be reduced to broaden selection. Total assets of all share classes should be considered if under the same investment fund manager.

To be considered, an investment fund must:

- a. Have been in operation for a minimum period of five years prior to selection.
- b. Eliminate front end loads and surrender charges.

- c. Be compatible with the Recordkeeper's record keeping accounting and system practices.
- d. Be open to new deposits, including defined contribution plans.
- e. Guarantee transactions based on the mutual fund price at the close of business that day if the transaction is received in proper order before the NYSE closes. If the transaction is received after the close of the NYSE, the transaction must be processed after the close of business the next day.

3.2. Administrative Criteria

The following criteria will be used to determine the suitability of an investment fund.

- a. Investment fund manager's tenure of least three years is preferred.
- b. All fees, commissions and charges will be disclosed to the Plan Administrator, the Committee and all participants.
- c. The fund has an expense ratio that is average or below average in relationship to the same investment category.
- d. The Recordkeeper must be able to administer each investment fund on a "revenue equalization" basis whereby each participant in the plan pays their fair pro-rata share of the administrative expenses for this plan.
- e. The investment fund provider and/or Recordkeeper must be able to provide communication and reporting services as needed to monitor the performance criteria in a timely and informational manner.

3.3. Risk / Reward Criteria

The following criteria will be used to narrow the number of suitable investment funds to a short-list.

- a. Returns should have outperformed the average of their investment categories for the most recent, one-year, three-year, and five-year periods.
- b. Risk factors will be considered, including Sharpe Ratio, standard deviations and in some instances the Information Ratio. Lower volatility is preferred.
- c. The fund's investment category placement over the last three years will be reviewed and funds that remain in the same investment category will be preferred. The investment category established by the Fund Family for the previous eight quarters, will determine the category placement of a fund under the Plan. In the event that a fund has not had consistency of placement within an investment category over the eight quarters prior to selection, it shall be placed in the category most recently determined by the Fund Family. It is recognized that the placement of a fund within its category may be a consideration in its selection. For example, if a fund has consistently, over a period of time, moved toward the outside ranges of its category, it may not be an appropriate candidate for selection since it may have a high probability of changing categories.
- d. Equity funds with at least 50 holdings will be preferred.
- e. The top ten holdings must total less than 40% of the equity portfolio.

The list of funds will be ranked. The highest ranking funds will be considered as finalists.

3.4. Finalist Criteria

The following criteria will be used to narrow the number of investment funds to those that may be selected for inclusion in the Plan.

- a. Returns should meet or exceed those of the appropriate benchmark indices. Refer to Section 5, Investment Option Details for the appropriate benchmark indices.
- b. Consistent performance return in each year of the one-year, three-year and five-year periods will be preferred. Rankings within the peer group will be reviewed.
- c. Consistent risk includes moderate Standard Deviation (as determined by a comparison with the average standard deviation for that investment category and the Sharpe Ratio) as determined by Morningstar.
- d. Under extenuating circumstances such as, change in investment manager or to take into account the length of any extraordinary economic conditions, shorter and longer term performance information may be considered.
- e. A Comparison Chart will be sent to the Recordkeeper or completed by the consultant. Issues to be addressed in the questionnaire include:
 1. Number of mutual funds managed by the investment fund manager,
 2. Staff turnover / tenure of the investment fund manager,
 3. For Large Cap, Mid Cap, Small Cap, International Equity, and Global Equity investment options, include average market capitalization, portfolio turnover, number of holdings (over fifty equity holdings is preferred), consistency of style, sector weighting and security selection,
 4. For Money Market and Stable Value, include duration of management, sector selection, credit quality, duration and security selection style,
 5. Confirm fees and expenses,
 6. Confirm Minimum Operating Criteria compliance and
 7. Disclosure that, based on the knowledge of the Recordkeeper, the fund family has not participated in unethical trading practices.

3.5. Selection

Based on the information collected during the previous evaluations, the remaining investment funds will be reviewed and funds may be eliminated based on:

- a. Inconsistent performance history
- b. Above average risk factors
- c. Excessive movement within asset class
- d. Qualitative factors such as excessive account turnover or an inappropriate investment style, or too few equity holdings, or holdings are concentrated in very few sectors
- e. Inability to satisfy the Minimum Operational Criteria
- f. Fund's assets are so large that the portfolio manager lacks the flexibility to buy and sell securities in a timely and efficient manner

The Committee will then select from the remaining funds the investment funds to be included in the Plan.

4. Monitoring Process

The Committee will provide at least a quarterly review to assess the continuing compliance of all of the Plan's investment funds. The Committee may perform more frequent monitoring as necessary.

The quarterly review will be used to determine the following:

- a. Whether performance remains within the standards established by the Policy.
- b. Whether the investment fund manager's investment category has remained consistent.
- c. What changes in benchmarks and objectives have been made and the impact of these changes on future results and performance monitoring criteria.
- d. Changes in the regulatory requirements that may necessitate changes in the monitoring criteria.
- e. Whether a fund should be placed on a watch list.
- f. Whether a fund should be deselected and/or replaced.

A quarterly investment review report shall be evaluated by the DC Committee to ensure that fund performance complies with the objectives outlined in this Policy. Tools and metrics shall be included within the report to assist the committee in the evaluation process. These tools include, but are not limited to, the following:

- a. Scorecard System for actively managed funds (See Addendum.)
- b. One, three and five year performance and benchmarking
- c. Glide path suitability for Target-Date (age based) funds

The foregoing investment monitoring criteria shall not, under any circumstances, be taken as definitive, conclusive, or controlling for removal, termination, or continuation of an investment option. All determinations should be made by the DC Committee, in accordance with Plan objectives, taking into consideration all relevant facts and circumstances.

4.1. Watch List

If a fund fails to meet the criteria standards, as determined by the DC Committee, it will be placed on a "Watch List." Performance will then be evaluated by the committee on a quarterly basis to assess whether the fund should remain on the watch list or if performance or circumstances have improved to the degree that it can be removed from the watch list. The committee may, at its discretion, consider a fund on the watch list for possible deselection and removal from the portfolio based on the quarterly evaluation including evaluation of all tools, metrics, and relevant circumstances. If a fund continues to remain on the "Watch List" for the following three quarters, or four of the following seven quarters, the fund should be considered for possible removal.

In addition, an investment fund may be placed on the Watch List if any of the following conditions occur:

- a. Change of investment fund manager

- b. Change of sub-advisor
- c. Significant change in ownership or control
- d. Significant or prolonged change in investment style or drift
- e. Substantive change in portfolio turnover that significantly exceeds the fund's history
- f. Any violation of SEC rules or regulations or breach of fiduciary duty
- g. Operational difficulties concerning fund transfers or pricing
- h. Excessive costs or trading practices
- i. Negligible use by participants

4.2. Fund Replacement

When it is determined that an investment fund is no longer appropriate for the Plan, a replacement fund search may be initiated by the DC Committee in accordance with Section 3, Fund Selection Criteria.

Regarding the Plan assets already deposited with the deselected investment fund, each participant will have a transition period of a length set by the Committee, but not less than 30 days in which he or she may transfer their assets to a fund option of the participant's choice.

In the event a participant does not voluntarily select a replacement investment fund(s) by the end of the transition period, the Committee will direct the Recordkeeper to transfer the current balance of the deselected investment fund to the most appropriate existing and/or replacement investment fund within the investment category. In the event the Recordkeeper does not offer another investment in the same investment category, the deselected fund will be transferred to the stable value fund.

In addition, the Committee may request a comparison of current funds in the portfolio to similarly managed funds that are available for possible inclusion in the portfolio. Based on the comparisons, the Committee may opt to replace funds that may have had acceptable performance.

5. Investment Option Details

Investment Option	Recommended Number of Funds	Best Fit Index	Peer Group
Money Market Option	0 to 1	90 Day T-Bills	90 Day T-Bills
Stable Value Option	0 to 1	90 Day T-Bills or BarCap Intermediated or Aggregate Benchmark	BarCap Intermediate or Aggregate Index
Bond Option	1 to 3	Barclays Aggregate Bond Index	Multi Sector, inflation protection, intermediate or international
Balanced Option	0 to 1	Morningstar Moderate	Moderate Allocation
Large Cap Option	0 to 1	Standard & Poor's 500 Index Russell 1000 Growth Index Russell 1000 Value Index	U.S. Large Company Equity U.S. Large Growth U.S. Large Value

Investment Option	Recommended Number of Funds	Best Fit Index	Peer Group
Mid Cap Option	0 to 1	Russell Mid-cap Index Russell Mid-cap Growth Index Russell Mid-cap Value Index	U.S. Mid Company Equity U.S. Mid Growth U.S. Mid Value
Small Cap Option	0 to 1	Russell 2000 Index Russell 2000 Growth Index Russell 2000 Value Index	U.S. Small Company Equity U.S. Small Growth U.S. Small Value
International Equity	0 to 1	MSCI All Country World Index Free ex-U.S. MSCI All Country World Index Free ex-U.S. Growth MSCI All Country World Index Free ex-U.S. Value MSCI Emerging Markets Index	Non-U.S. Equity, including World and World ex. U.S. and Emerging Markets.
Global Equity	0 to 1	MSCI World NR	World Stock
Index Funds	0 to 4	Corresponding index	Corresponding Index
Asset Allocation Funds, includes both risk based and age based.	0 to 10	Morningstar risk based or specific target date period/range indexes	Asset Allocation Funds will be compared to returns of comparably composed asset allocation funds. Target Date Funds will be compared to returns of comparably composed dated age based funds with consideration for glidepath, equity and fixed income structures and risk components.
Socially Responsible Funds, (SRI)	0 to 1	Based on index determined by asset class and category	Based on performance within peer group determined by investment style and continuation of meeting its stated SRI objectives
Specialty Funds	0 to 2	Based on sector or investment objective	Based on sector or investment objective

The DC Committee may adjust the number of recommended funds for any investment option if, in its discretion, the DC Committee determines it is in the best interest of the participants to do so.

6. Blackout Period

In accordance with the Sarbanes-Oxley Act of 2002, the Plan will give plan participants a minimum of 30-day advance notice of “blackout periods” affecting their rights to direct investments, take loans (if available) or obtain distributions. Blackout periods may occur when

plans change recordkeepers, recordkeeping systems or investment options. Individual participants will receive a blackout notice that contains, among other things:

- a. The reasons for the blackout period,
- b. A description of the rights that will be suspended during the blackout period,
- c. The start and end dates of the blackout period,
- d. A statement advising participants to evaluate their current investments based on their inability to direct or diversify assets during the blackout period.

7. Proxy Votes

The Plan Administrator is authorized to review Proxy Voting Requests and to vote proxy after receiving a recommendation report from the consultant for the Defined Contribution plans.

8. Disclosure of Fees, Commissions and Charges

All fees, commissions and charges for each selected investment option must be fully disclosed to the Committee before the option can be made available to plan participants. That is, in its review of a fund's performance history, the Committee must be shown the fund's gross performance less all applicable fees, commissions and charges, and the resulting net return.

In addition, these fees, commissions and charges will be disclosed to all participants at enrollment and at any other time as appropriate. The nature of all variances between gross return and net return will be disclosed to plan participants.

9. Investment Communications to Participants

Information about each investment option will be given or made available to Plan participants to help them to make informed investment choices. The Plan shall provide at least quarterly statements of fund performance to each participant.

Upon request, copies of investment fund prospectuses or similar equivalent information will be provided to participants as well as such other information as the Committee has available such as a list of underlying investments for a given fund.

10. Investment Education

It is the Committee's objective to provide participants with ongoing investment education. The purpose of the investment education program is to provide information and tools to assist in the development of a personal investment strategy for employees and facilitate the achievement of savings and retirement goals.

11. Review

It is the intention of the Committee to review this document annually and make necessary amendments.

If at any time a fund investment manager feels that these policy standards cannot be met, or that the guidelines constrict management, the Committee should be notified in writing so that recommendation for changing the policy, if deemed appropriate, can be made by the Committee to the County.

IN WITNESS WHEREOF, the County of San Bernardino, has executed this Investment Policy Statement as of June 16, 2015.

COUNTY OF SAN BERNARDINO

James Ramos, Chairman, Board of Supervisors

Dated _____

Addendum to Part 4: Monitoring process

Scorecard System Methodology™

The Scorecard System methodology incorporates both quantitative and qualitative factors in evaluating fund managers and their investment strategies. The Scorecard System is built around pass/fail criteria, on a scale of 0 to 10 (with 10 being the best). Although the Scorecard System has the ability to measure Active, Passive and Asset Allocation investing strategies, it will be used to evaluate only Actively Managed Asset classes in the Plan over a five year time period.

Eighty percent of the fund's score is quantitative (made up of eight unique factors), incorporating modern portfolio theory statistics, quadratic optimization analysis, and peer group rankings (among a few of the quantitative factors). The other 20% of the score is qualitative, taking into account things such as manager tenure, the fund's expense ratio relative to the average fund expense ratio in that asset class category, and the fund's strength of statistics (statistical significance). Other criteria that may be considered in the qualitative score includes the viability of the firm managing the assets, management or personnel issues at the firm, and/or whether there has been a change in direction of the fund's stated investment strategy. The following pages detail the specific factors for evaluating the active investing strategy.

Combined, these factors are a way of measuring the relative performance, characteristics, behavior and overall appropriateness of a fund for inclusion into the Plan as an investment option. General fund guidelines are shown in the "Scorecard Point System" table below. The Scorecard Point System is meant to be used in conjunction with the Policy to help identify which funds need to be discussed as "watch-list" or removal candidates; which funds continue to meet some minimum standards and continue to be appropriate; and/or which new top-ranked funds should be included in the Plan.

<i>Scorecard Point System</i>	
Good:	9-10 Points
Acceptable:	7-8 Points
Watch List:	5-6 Points
Poor:	0-4 Points