INVESTMENT POLICY STATEMENT

For

University of Northern Colorado Foundation, Inc.

November 1, 2002
Amended March 13, 2009

Innovest Portfolio Solutions LLC
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303-694-1900

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EXECUTIVE SUMMARY

Type of Fund: ....University Foundation

Current Assets:....................................Approximately $65,000,000

Planning Time Horizon:......................Greater than 5 years

Modeled Return: ....5.75% over Consumer Price Index

Modeled Risk Tolerance: Losses not to exceed -15.2% in any year, with a statistical confidence level of 95%

Asset Allocation	Lower Limit	**Strategic Allocation**	Upper Limit
Large Cap Equity	29%	32%	35%
Small/Mid Cap Equity	4%	7%	10%
International Equity	6%	9%	12%
Domestic Fixed Income	17%	20%	23%
Bank Loans	6%	9%	12%
High Yield	3%	6%	9%
Real Estate	0%	3%	6%
Commodities	2%	5%	8%
Alternative Investments			
Low Correlated Hedge Funds	2%	5%	8%
Venture Capital/Private Equity	1%	4%	7%

(1) There is a 5% probability that the 1 year modeled loss of -15.2% will be exceeded. NOTE: The 1 year modeled loss will vary from year to year depending on future capital market assumptions.

PURPOSE

The University of Northern Colorado Foundation, Inc. (Foundation) Board of Directors (Board) establishes this Investment Policy Statement (IPS) to provide objectives, guidelines and restrictions for the management of the Foundation's investment portfolio (Investment Portfolio). The investment program is defined in the IPS by:

- Stating the Board's attitudes, expectations, objectives and guidelines for the Investment Portfolio.
- Setting forth an investment structure for managing the Investment Portfolio. This structure includes the use of various asset classes, investment management styles and asset allocation that are expected to provide prudent diversification and to maximize total investment return within prudent levels of risk over the long-term.
- Providing guidelines for the Investment Portfolio that control the level of overall risk and liquidity in the portfolio, so that all Foundation assets are managed in accordance with stated objectives.
- Encouraging effective communication between the Board, the Investment Committee (Committee) , the investment consultant (Consultant) and the money managers.
- Establishing formal criteria to monitor, evaluate and compare the performance results achieved by the money managers on a regular basis.
- Complying with all applicable fiduciary requirements that experienced investment professionals would utilize, and with all applicable laws, rules and regulations from various local, state and federal political entities.

This IPS has been formulated based upon consideration by the Board of the financial implications of a wide range of policies and describes the prudent investment process that the Board deems appropriate.

MISSION

The mission of the Foundation is:

- To support and augment University programs by responsible stewardship of the funds donated to the Foundation, and

- To promote growth of the funds in order to realize the greatest return on Foundation assets by building reserves and attracting new donors as a result of responsible management of the funds.

RESPONSIBILITIES

The Board is a fiduciary, and is responsible for providing the overall investment policy for the Investment Portfolio. The Board provides for the prudent management of the Investment Portfolio through this IPS with the establishment of investment policy objectives and guidelines, guidelines for the prudent selection of investment managers, and procedures for ongoing monitoring and evaluation.

The Board may delegate any or all of its duties enumerated in this IPS. The Board is, however, responsible for periodic review of the overall investment policy for the Investment Portfolio as contained in this IPS and compliance with this IPS.

The Board has delegated investment and management responsibilities to the Committee. The Board has delegated authority to the Committee to fulfill the Board's duties, as contained in this IPS.

STATEMENT OF OBJECTIVES

The objectives have been established in conjunction with a comprehensive review of the current and projected financial requirements. The objectives are:

1. To maintain the purchasing power of the Investment Portfolio and all future contributions to it by producing positive real rates of return.

2. To maximize return within reasonable and prudent levels of risk.

3. To maintain an appropriate asset allocation based on a total return policy that is compatible with a flexible spending policy.

4. To control costs of managing and administering the Investment Portfolio.

GUIDELINES AND INVESTMENT POLICY

Time Horizon

The investment guidelines are based upon an investment horizon of greater than five years, so that interim fluctuations should be viewed with appropriate perspective. Similarly, the strategic asset allocation for the Investment Portfolio is based on this long-term perspective.

Liquidity

The goal of the endowment and operations spending policy is to provide a reasonable, predictable, stable and sustainable level of distribution that supports current needs and provides for growth in assets and income over time. The spending rate for annual distribution is 4.0 percent of the three-year moving average of year-end market values of investable assets.

It is anticipated that there will be future additions to the Investment Portfolio. The amount and timing of such additions are unknown.

Risk Tolerances

The Board recognizes the difficulty of achieving the investment objectives in light of the uncertainties and complexities of contemporary investment markets. The Board also recognizes that some risk must be assumed to achieve the long-term investment objectives.

In establishing the risk tolerances of the Investment Portfolio the ability to withstand short and intermediate term variability were considered. The Foundation’s current financial condition, prospects for the future and several other factors suggest collectively that some interim fluctuations in market value and rates of return can be tolerated in order to achieve long-term objectives.

For purposes of quantifying the Investment Portfolio's risk tolerance based on its strategic asset allocation, the Board established that losses should not exceed 15.2% in any one year, modeled with a statistical confidence level of 90%. Risk tolerance will be reviewed each year in light of changes in the capital markets.

Performance Expectations

The desired investment objective is a long-term rate of return on the Investment Portfolio that is at least 5.75% greater than the rate of inflation as measured by the Consumer Price Index (CPI). The rate of return has been based upon the assumption that future real returns will approximate the long-term rates of return experienced for each asset class in the Investment Portfolio.

The Board realizes that market performance varies and that a 5.75% real rate of return may not be meaningful during some periods. Accordingly, relative performance benchmarks for the managers are set forth in the "Control Procedures" section.

Asset Allocation Constraints

The Board believes that risk and liquidity are, in large part, a function of asset class mix. The Board has reviewed the long-term performance characteristics of various asset classes, focusing on balancing risks and returns. The following asset classes were selected:

- Domestic Equity
- International Equity
- Domestic Fixed Income
- Bank Loans
- High Yield
- Real EstateCommodities
- Low Correlated Hedge Funds
- Private Equity

Based on the time horizon, risk tolerances, performance expectations and asset class preferences identified by the Board for the Investment Portfolio, a strategic asset allocation was selected. The strategic asset allocation of the Investment Portfolio is as follows:

Asset Allocation	Lower Limit	**Strategic Allocation**	Upper Limit
Large Cap Equity	29%	32%	35%
Small/Mid Cap Equity	4%	7%	10%
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Venture Capital/Private Equity	1%	4%	7%

Style neutrality will be a consideration in the implementation of the Strategic Allocation for domestic equities.

Rebalancing of Strategic Allocation

Cash inflows and outflows will be used to maintain the strategic asset allocation of the Investment Portfolio.

The actual allocation of the Investment Portfolio will be reviewed quarterly and will be discussed by the Investment Committee.

SECURITIES GUIDELINES

The Board is implementing this IPS with separate account money managers and mutual funds (collectively “money managers”).

Mutual Funds

Each mutual fund is expected to adhere to the terms and conditions set forth in its prospectus.

Domestic Equity Mutual Funds

Large Cap Core Equity: An investment strategy where the portfolio’s characteristics and performance mimic that of the S&P 500 Index.

Mid Cap Core Equity: An investment strategy where the manager invests mainly in mid capitalization companies that have both growth and value characteristics. The benchmark is the S&P 400 Index; the universe is the Mid Cap Core Equity Universe.

Small Cap Core Equity: An investment strategy where the manager invests mainly in small capitalization companies that have both growth and value characteristics. The benchmark is the S&P 600 Index; the universe is the Small Cap Core Equity Universe.

International Equity Mutual Funds

An investment strategy where the manager develops well-diversified portfolio holdings of mostly large issues in developed countries with liquid markets, resulting in characteristics similar to that of an index such as the MSCI EAFE Index.

Fixed Income Mutual Funds

Domestic Fixed Income: A fixed income (bond) strategy that constructs portfolios to approximate the investment results of the Barclays Capital Government/Corporate Bond Index with a modest amount of variability in duration around the index. The objective is to achieve value added from sector or issue selection. The benchmark is the Barclays Capital Aggregate Bond Index; the style universe is the Core Fixed Income Universe.

High Yield: Managers whose investment objective is to obtain high current income by investing primarily in non-investment grade fixed-income securities. Due to the increased level of default risk, security selection focuses on credit-risk analysis. The benchmark is Barclay's Capital High Yield Index; the style universe is CAI: High Yield Style.

Bank Loans: A fixed income investment strategy that invests in floating rate bank loans. The interest rates on these loans are typically reset on a periodic basis to account for changes in the level of interest rates. The benchmark is the CSFB Leveraged Loan Index; the style universe is the Bank Loan Funds Universe.

Commodity Mutual Funds

Investment vehicles that gain exposure to commodity price movements (e.g. changes in the price of oil, corn, gold, etc.) primarily through the use of futures, swaps and other commodity-linked securities. The benchmark is the Dow Jones-AIG Commodity Index.

Separate Account Money Managers

Every separate account money manager (except alternative investment managers) selected to manage the Foundation's Investment Portfolio must adhere to the following guidelines. The following securities and transactions are not authorized without prior Board approval:

- Letter stock and other unregistered securities; commodities or other commodity contracts; and short sales or margin transactions.
- Securities lending; pledging or hypothecating securities.
- Investments in the equity securities of any company with a record of less than three years of continuous operation, including the operation of any predecessor.
- Investments for the purpose of exercising control of management.

In addition, separate account money managers must adhere to the following guidelines for the following asset classes.

Domestic Equities

- Equity holdings in any one company should not exceed 7% at current market value of the equity portfolio. Not more than 15% of the market value of the equity portfolio should be invested in any one industry and not more than 30% in any one sector.

- Equity holdings shall be restricted to readily marketable securities of corporations that are actively traded.

- The manager shall have the discretion to invest a portion of the assets in cash reserves when they deem appropriate. However, the manager will be evaluated against their peers on the performance of the total funds under their direct management.

- The manager may not invest more than 10% of the market value of the equity portfolio subject to their discretion in foreign equities.

International Equities

- The portfolio is expected to be diversified across countries, with the majority of assets invested in countries represented in the benchmark of the Morgan Stanley Capital International, Europe, Australia & Far East index (MSCI EAFE). Equity holdings in any one company should not exceed 7% of the market value equity portfolio. The equity portfolio sector weightings should not exceed +/- 10% of the MSCI EAFE Index sector weightings.

- The manager may enter into foreign exchange contracts on currency provided that use of such contracts is limited to hedging currency exposure existing within the manager's portfolio. There shall be no direct foreign currency speculation or any related investment activity.

Investment Grade Fixed Income

- At least 85% of the fixed-income securities held in the portfolio shall have a Moody's, Standard & Poor's and/or a Fitch's credit quality rating of no less than "BBB". U.S. Treasury securities and U.S. government agency securities, which are unrated securities, are qualified for inclusion in the portfolio.

- The exposure of the portfolio to any one issuer, other than securities of the U.S. government or U. S. agencies, shall not exceed 10% of the market value of the fixed income portfolio.

- The duration of the portfolio should fall within a 25% range around the benchmark index.

- To the extent possible, holdings of individual issues shall be large enough for easy liquidation.

- The manager shall have the discretion to invest a portion of the assets in cash reserves when they deem appropriate. However, the manager will be evaluated against their peers on the performance of the total funds under their direct management

High Yield Fixed Income

- The majority of the fixed income securities held in the portfolio shall carry a Standard & Poor's, Moody's, Duff and Phelps' or Fitch credit quality rating below BBB.

- No more than 10% of the market value of the portfolio may be invested in either U.S. Treasury or Government agency securities unless the manager has specific written authorization.

- No more than 10% of the market value of the portfolio may be invested in non-U.S. dollar denominated securities unless the manager has specific written authorization.

- No more than 10% of the market value of the portfolio may be invested in securities in bankruptcy at the time of purchase.

- Exposure to any one issuer, other than to securities of the U.S. Government or its agencies, may not exceed 10% of the market value of the portfolio.

- Allocation to any one economic sector should not be excessive and should be consistent relative to the High Yield market and to managers following similar style disciplines.

- Holdings of individual issues shall be large enough for easy liquidation.

Real Estate

An investment strategy where the manager invests in a well diversified portfolio of equity real estate. The portfolio should be diversified both by geographic region and property type. The benchmark is the NCREIF Index; the universe is the Total Real Estate Database.

Low Correlated Hedge Fund Products

- The Investment Portfolio may include absolute return strategy products. The primary objective of the absolute return strategies selected shall be diversification, and low correlation with other asset classes. The overall risk profile expected from absolute return strategies shall be maintained at a lower level than that of direct equity portfolios although individual absolute return vehicles may entail greater risk.

- In such investments, leverage will be carefully monitored with the expectation to minimize the risks of leverage.

- Investments will be sought which provide premiums over public market returns sufficient to compensate for the risk and illiquidity of absolute return products. Return expectations may vary greatly depending on the investment strategy.

- Investments in absolute return products will be through fund-of-fund vehicles. The fund-of-fund vehicles will be either limited liability partnerships, limited liability corporations or group trusts. The vehicle's manager will have discretion with respect to management of the fund-of-funds investment program, operating within the parameters delineated in the fund's legal documentation.

- Guidelines

    - The securities guidelines for fund-of-fund vehicles will be determined by the fund-of-fund's legal documentation.

    - Investment in the fund-of-funds vehicle should not represent more than 20% of the total market value of the fund-of-funds.

    - The manager of the fund-of-funds vehicle shall be a Bank, or a registered advisor under the Investment Advisors Act of 1940.

Venture Capital/Private Equity

- Venture capital and private equity investments include (1) venture capital funds focusing on start-up, early and expansion stage companies, (2) mezzanine funds investing in equity and debt instruments of established companies, (3) buy-out and acquisition funds which make controlling and non-controlling investments in established companies, and (4) special situation funds.

- Investments will be sought which provide premiums over public market returns sufficient to compensate for the risk and illiquidity of venture capital/private equity investments. Return expectations may vary greatly depending on the investment strategy.

- Investments in venture capital/private equity will be through fund-of-fund vehicles. The fund-of-fund vehicles will be either limited liability partnerships, limited liability corporations or group trusts. The vehicle's manager will have discretion with respect to management of the fund-of-funds investment program, operating within the parameters delineated in the fund's legal documentation.

- Guidelines

    - The securities guidelines for fund-of-fund vehicles will be determined by the fund-of-fund's legal documentation.

    - Investment in the fund-of-funds vehicle should not represent more than 20% of the total market value of the fund-of-funds.

    - The manager of the fund-of-funds vehicle shall be a Bank, or a registered advisor under the Investment Advisors Act of 1940.

Cash/Cash Equivalents:

- Cash equivalent reserves shall consist of cash instruments having a quality rating of A-2, P-2 or higher. Eurodollar Certificates of Deposit, time deposits, repurchase agreements are also acceptable investment vehicles.

- Any idle cash not invested by the investment managers shall be invested daily through an automatic sweep managed by the custodian.

SELECTION OF MONEY MANAGERS

The Plan Advisory Committee, with the assistance of the Consultant, will select appropriate fund managers to manage the Plan assets. The following minimum criteria must be met:

1. The fund options will be managed by a bank, insurance company, investment management company, or investment adviser as defined by the Registered Investment Advisers Act of 1940.

2. Historical quarterly performance numbers calculated on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style will be utilized for performance screening.

3. Performance evaluation reports that illustrate the risk/return profile of the manager relative to other managers of like investment style will be utilized.

4. Detailed information on the history of the firm, key personnel, and costs, will be analyzed.

5. The investment strategy that will be followed must be described and it must be documented that the strategy has been successfully adhered to over time.

6. Fund managers must compare favorably against a comparable peer group for selection.

7. Each fund manager will acknowledge, through the fund prospectus, the following duties and responsibilities:

    a. Exercise investment discretion, including holding cash equivalents as an alternative, within stated investment constraints, objectives and guidelines.
    b. Promptly inform, by prospectus, all significant and/or material matters and changes pertaining to the investment of Plan assets, especially as they relate to their stated investment philosophy and investment management decision process. These factors include, but are not limited to:
        1. Investment strategy
        2. Portfolio structure
        3. Tactical approaches
        4. Ownership
        5. Organizational structure
        6. Financial condition
        7. Professional staff

8. Recommendations for guideline changes
9. Internal expenses and management costs

-and-

All legal material, SEC and other regulatory agency proceedings affecting the firm.

c. Utilize the same care, skill, prudence and due diligence under the circumstances then prevailing that experienced investment professionals acting in a like capacity and fully familiar with such matters would use in like activities for like retirement plans with like aims in accordance and compliance with IRS regulations and all applicable laws, rules and regulations from local, state, federal and international political entities as it pertains to fiduciary duties and responsibilities.

8. The Plan Advisory Committee and its consultant will determine the appropriateness of each mutual fund manager based on the objectives and guidelines stated in the IPS.

CONTROL PROCEDURES

Performance Objectives

Investment performance will be reviewed at least annually by the Board and Consultant to determine the continued feasibility of achieving the investment objectives and the appropriateness of the IPS for achieving those objectives.

It is not expected that the IPS will change frequently. In particular, short-term changes in the financial markets should not require adjustments to the IPS.

Duties and Responsibilities of the Money Managers

Each mutual fund is expected to adhere to the terms and conditions set forth in its prospectus.

The duties and responsibilities of each separate account money manager retained by the Board include the following:

(1) Managing the Foundation assets under its care, custody and/or control in accordance with the IPS objectives and guidelines set forth herein, and also expressed in separate written agreements when deviation is deemed prudent and desirable by the Board.

(2) Exercising investment discretion within the IPS objectives and guidelines set forth herein.

(3) Promptly informing the Board in writing regarding all significant and/or material matters and changes pertaining to the investment of Foundation assets, including, but not limited to:

    a. Investment strategy
    b. Portfolio structure
    c. Tactical approaches
    d. Ownership
    e. Organizational structure
    f. Financial condition
    g. Professional staff
    h. Recommendations for guideline changes
    i. All legal material, SEC and other regulatory agency proceedings affecting the firm.

(4) Promptly voting all proxies and related actions in a manner consistent with the long-term interests and objectives of the Foundation set forth herein. Each manager shall keep detailed records of said voting of proxies and related actions and will comply with all regulatory obligations related thereto

(5) Utilize the same care, skill, prudence and due diligence under the circumstances then prevailing that experienced investment professionals acting in a like capacity and fully familiar with such matters would use in like activities for like Funds with like aims in accordance and compliance with applicable laws, rules and regulations from local, state, and federal entities as pertains to fiduciary duties and responsibilities.

(6) Acknowledge and agree in writing to their fiduciary responsibility to fully comply with the entire IPS set forth herein, and as modified in the future.

Fund-of-funds reporting requirements will be governed by the fund's legal documentation, which at a minimum will provide for quarterly unaudited financial statements and other relevant investment holdings exhibits, and annual audited financial statements and relevant investment holding exhibits.

Monitoring of Money Managers

Performance will be evaluated and reported quarterly to test progress toward the attainment of longer-term targets. It is understood that there are likely to be short-term periods during which performance deviates from market indices. During such times, greater emphasis shall be placed on *peer*-performance comparisons with money managers employing similar styles.

On a timely basis, but not less than four times a year, the Board will meet to focus on:

- Money manager's adherence to the IPS guidelines;
- Material changes in the money manager's organization, investment philosophy and/or personnel; and,
- Comparisons of the money manager's results to appropriate indices and peer groups, specifically:

Asset Category	*Broad Index*	*Peer Group Universe*
Large Cap Growth Equity	S&P 500/Barra Growth	Large Growth Equity
Large Cap Value Equity	S&P 500 /Barra Value	Large Value Equity
Mid Cap Equity	75% S&P 400/25% S&P 600	Broad Mid Cap Equity
Small Cap Equity	75% S&P 600/25% S&P 400	Broad Small Cap Equity
International Equity	MSCI EAFE	Core International Equity
Domestic Fixed Income	Barclays Aggregate	Core Fixed Income
High Yield Fixed Income	Barclays High Yield Index	CAI: High Yield Style
Bank Loans	CSFB Leveraged Loan Index	Bank Loan Funds Universe
Real Estate	NCREIF Total Index	CAI Total Real Estate

Commodities	Dow Jones-AIG Commodity Index	NA
Low Correlated Hedge Funds	HFRI Fund of Funds Composite Index	NA
Venture Capital/Private Equity	Cambridge Associates Private Equity	NA

The risk associated with each money manager's portfolio, as measured by the variability of quarterly returns (standard deviation), must not exceed that of the benchmark index and the peer group without a corresponding increase in performance above the benchmark and peer group.

The Board is aware that the ongoing review and analysis of money managers is just as important as the due diligence implemented during the money manager selection process. Accordingly, a thorough review and analysis of a money manager will be conducted if:

- A money manager performs in the bottom quartile (below 75th percentile) of their peer group over a quarter or annual period.

- A money manager falls in the southeast quadrant of the risk/return scatterplot for a 3 and/or 5-year time period.

- A money manager has a 5-year risk adjusted return fall below that of the median manager within the appropriate peer group.

Furthermore, performance which may require the replacement of a money manager includes:

- Money managers that consistently perform below the median (50th percentile) of their peer group over rolling three year periods.

- Money managers which perform below the median (50th percentile) of their peer group over a five year period.

- Money managers with negative alphas for a 5-year time period.

Review and replacement guidelines for alternative investment managers may be established, in addition to or in place of the above criteria, that reflect their specific investment strategy.

Major organizational changes also warrant immediate review of the money manager including:

- Change in professionals
- Significant account losses
- Significant growth of new business
- Change in ownership

The performance of the money managers will be monitored on an ongoing basis by the Board and Consultant and it is at the Board's discretion to take corrective action by replacing a money manager if they deem it appropriate at any time.

Undersigned has read, understands and acknowledges its responsibilities, including its fiduciary status, as contained in this Investment Policy Statement.

Prepared:
Innovest Portfolio Solutions LLC

Date: ______________________

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Richard M. Todd

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Wendy J. Dominguez

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Scott O. Middleton

Accepted:
University of Northern Colorado
Foundation, Inc.

Date: ______________________

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Accepted:
Denver Investment Advisors, Inc.

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Date

Accepted:
BRC Investment Management

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Accepted:
Advisory Research

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Accepted:
Kalmar Investments

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Date

Accepted:
Three Peaks Capital Management, LLC

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Date