

**THE HEALTH CARE FOUNDATION
INVESTMENT POLICY STATEMENT
Adopted 10.17.2016**

Section 1. Introduction and Scope

1.1 Introduction. This statement governs the investment of assets held in trust for the Health Care Foundation (the "HCF") in order that the Investment Committee, the Investment Manager, Investment Consultant and the Board of Directors (Board) may be made aware of the Investment Policy with regard to the investment of the HCF's assets, the investment objectives and the expectations and requirements with respect to the ongoing management of the HCF.

1.2 The Health Care Foundation. The HCF is expected to operate into perpetuity, so the funds will be invested long-term. Endowment strategies regarding fund-raising, spending and investment must be adopted as they will protect the principal of the funds and produce reasonable total returns.

1.3 Purpose of the Investment Policy. In keeping with fiduciary duty and obligation, the purpose of this Investment Policy Statement is to represent the HCF's philosophy regarding the investment of HCF assets.

1.4. Scope: This policy applies to assets that are a part of the HCF and for which the Investment Committee and Board has responsibility.

1.5 Fiduciary Duty In seeking to attain the investment objectives set forth in the policy, the Investment Committee and Board, Investment Consultant, and Investment Managers shall exercise prudence and appropriate care. All investment actions and decisions must be based solely on the interest of the HCF. Fiduciaries must provide full and fair disclosure to the Board/Committee of all material facts regarding any potential conflicts of interests.

Section 2. Roles and Responsibilities

Board of Directors: The Board has the ultimate fiduciary responsibility for the HCF investment portfolio. The Board must ensure that appropriate policies governing the management of the HCF are in place and that these policies are being effectively implemented. To implement these responsibilities, the Board sets and approves the Investment Policy Statement and delegates responsibility to the Investment Committee for ongoing monitoring.

Investment Committee: The investment Committee is authorized by the Board to meet with financial managers and financial consultant and develop recommendations for presentation to the Board subject to this Policy Statement.

Investment Consultant: The Investment Consultant is responsible for assisting the Investment Committee and the Board and overseeing the investment portfolio. The consultant is the

primary source of investment research/education and Investment Manager information. On an ongoing basis the consultant will:

1. Provide proactive recommendations;
2. Supply the Investment Committee with reports (e.g., asset allocation studies, investment research and education) or information as reasonably requested;
3. Monitor each Investment Manager/fund;
4. Provide the Investment Committee with quarterly performance reports; and
5. Assist the Investment Committee periodically, with a review of the Investment Policy Statement, including an assessment of the current asset allocation and investment objectives.

Investment Manager: The Investment Manager has the responsibility for managing the underlying assets consistent with their stated approach and with this policy. The Investment Manager will report investment results and meet with the Investment Committee, staff, Board and/or Investment Consultant as requested.

Section 3. General Investment Guidelines

3.1 Investment Goals and Objectives: The Investment Manager shall act in a fiduciary capacity on behalf of the HCF to make every effort to assist the HCF in achieving their objectives.

- a) The return objective for the portfolio, measured over rolling three-year and five-year periods, is to provide an annualized total return, net of fees, of five percent (5%) over the rate of inflation (as measured by the Consumer Price Inflation (CPI). This measurement /comparable must be included in all quarterly reports (CPI plus 5%).
- b) The Investment Committee has set an additional goal of outperforming, net of all expenses; a composite market index which best represents the weighted asset allocation of the appropriate market index for each of the HCF's underlying investments.

The objectives recognize that the investment horizon is long-term and that investment competence must be measured throughout a meaningful period of time. While the quantitative assessment of managerial competence will be measured over a complete market cycle (or five years), specific quantitative and qualitative factors, which will be reported to the HCF by the Investment Consultant and reviewed by the HCF on an ongoing basis, including:

- overall market trends and conditions,
- a manager's performance relative to its peers,
- fundamental changes in the manager investment philosophy,
- changes in the manager organizational structure,
- financial condition (including significant changes in total assets under management),

- personnel,
- fee structure,
- and any regulatory activity or litigation brought against the manager.

3.2 Asset Management. The Investment Manager shall have full discretion to invest and manage assets of the HCF under its supervision, subject to the guidelines set forth in this Investment Policy.

3.3 Asset Allocation. Total asset allocation targets and ranges for the HCF are as follows:

Target Asset

Asset	Target
Equities: Domestic, small cap and international	75% - 85%
Fixed Income Allocation targets will be review annually	15% - 25%

3.4 Rebalancing. Interest and dividends generated by Investment Manager will generally be reinvested according to the Investment Manager mandate. The Investment Manager will review the HCF’s allocation levels and rebalanced to target allocations as needed.

3.5 Distribution Goal. The HCF’s distribution policy is 5% of the twelve quarter (three year) moving average market value of the HCF’s assets.

3.6 Risk. Since the HCF is expected to operate into perpetuity while providing for current spending needs, the HCF will balance the need for capital appreciation with preservation of capital through a diversified asset allocation mix. Risk will be minimized through diversification of assets, as well as careful selection and ongoing monitoring of Investment Manager.

Section 4. Allowable Investment/Restrictions

The investment criteria for the Investment Manager utilizing a mutual fund or commingled fund will be subject to the prospectus, offering circular or other offering documents prepared by the Investment Manager.

a) Fixed Income Managers;

- | | |
|--|--------------------|
| Money Market Instruments | REIT Debt |
| U.S. Treasury and Agency Notes and Bonds | Capital Securities |
| Municipal Bonds | Pooled Funds |
| Corporate Securities | Swaps |
| Private Placements (Including 144As) | Currencies |
| Bank Loans | Preferred Stock |

Yankee and euro Bonds	Convertible Securities
Asset-Backed Securities	Emerging Market Securities
Non-US Dollar-denominated Securities	Non-Leveraged Structured Notes
Futures and Forwards (Including Exchange Traded Swaps Futures)	
Mortgage-Backed Securities (including CMOs and REMICs)	

b) Equity Managers:

Common Stock	Commercial Paper Rated A-1/P-1
Covered Stock Option	Calls Pool Funds
Short Term Fixed Income Securities	Preferred Securities
REITS	Convertible Securities
U.S. Treasury Bills Foreign Securities in the form of ADRs	

c) The Investment Manager shall not use derivatives.

Section 5. Investment Management Guidelines

The HCF's assets may be invested in separately managed accounts, commingled funds, limited partnerships, or mutual funds, and it is acknowledged that this Policy does not control these pooled investment vehicles. The manager of these funds will have full discretion over the portfolio management decisions.

Section 6. Concentration

6.1 Concentration. Security concentration shall be limited to the following:

- a) No stock, bond, security, property or issue may represent more than five percent (5%) of the total Foundation portfolio.
- b) No single issue, property or security may represent more than ten percent (10%) of the investment manager's total assets.
- c) No single investment manager strategy may represent more than twenty percent (20%) of the total Foundation portfolio.
- d) International equity managers including emerging markets have a target of 15% - 25% of the total Foundation portfolio.

Section 7. Investment Manager Responsibilities and Portfolio Review

7.1 Legal Compliance. The Investment Manager is responsible for strict compliance with the provisions of the prudent investor rule as it pertains to their duties and responsibilities as fiduciaries.

7.2 Evaluation Timetable. The manager will be expected to provide such data as is required for proper monitoring to the Committee/Board on a timely basis each quarter. In addition, the manager will provide transaction registers and portfolio valuations, including cost and market data, on a monthly basis.

Section 8. Acknowledgement

8.1 Investment Manager. This Investment Policy is meant to be a guideline to the Investment Manager(s), and as such, the investment manager shall feel free to make suggested changes and recommendations to the Investment Committee on a continuous basis in order to maximize the total fund rate of return.

8.2 Investment Policy. Any modifications to this Investment Policy shall be reviewed with the Investment Manager, Investment Consultant, Investment Committee and Board prior to implementation. The Investment Policy will be reviewed and revised as needed to ensure that it continues to reflect the Board expectations and objectives.

The signatures below affirm that this statement has been read, understood, and accepted.

Board Officers:

John Philbrook
President

Date: 10/04/16

Judy Bailey
Vice-President

Date: 10/04/16

Sherrie Tinoco
Secretary/Treasurer

Date: 10/04/16