

# GEORIGIA HOSPITAL ASSOCIATION

## RESERVE INVESTMENT FUND INVESTMENT POLICY and PROCEDURE

### POLICY:

Assets of the Reserved Investment Fund shall be invested in order to achieve the objective of maximizing the return and limiting the downside return in any one year to a -20% (with 95% probability of success).

### PROCEDURE:

1. The maximum asset allocation of the Fund shall be 50% equities. The Audit/Finance Committee shall review the asset allocation at least semi-annually.
2. The equity portion of the portfolio shall be invested in a portfolio such as the Flex Growth Portfolio. 100% of the assets of the portfolio can be invested in stock funds. The stock classes include Large-Cap Growth, Large-Cap Value, Mid to Small-Cap Growth, Mid to Small-Cap Growth Value, International and Specialty. The portfolio may also invest in bond funds and money market funds.
3. The bond portion shall be invested into individual bonds in sufficient quantity as to Properly diversify the portfolio. The ratings on the bonds by a nationally recognized rating agency shall be A (S&P) or better. The maturity of any bond shall not exceed ten years. A portion of the bond portfolio shall be held in short term money market instruments sufficient to meet liquidity needs. High yield corporate bonds which are considered stock substitutes are also acceptable investments.
4. The maximum amount that may be invested in taxable securities (excluding short term money market instruments) of any one issue which is not backed by the full faith and credit of the U.S. Government or a federally sponsored agency is 10% of the assets of a portfolio.
5. Leverage techniques, private placements with the exception of Life Settlements, short techniques or investments of any direct participation plans are prohibited. Futures, commodities, or option techniques, as well as investments of any risk derivatives, are also prohibited. Derivatives which possess a level of risk less than the underlying asset (i.e. CMO PACS) are permitted.

Approved by the Board of Trustees: May 18, 1990

Amended: November 14, 1995

March 10, 1998

March 15, 2002

September 6, 2005

May 12, 2006

INVESTMENTS

Association funds shall be invested under policies established by the Finance and Audit Committee. However, investment in other than the following requires approval by the Board of Trustees:

- Certificate of deposit
- Open time deposits
- Obligations of U.S. Government or its agencies
- Commercial Paper A-1 or P-1 Rating