



Policy BD-108

Investment Guidelines for Operating Funds

PURPOSE:

To provide guidelines for the investment of PTSF operating funds.

POLICY:

PTSF desires to be fiscally self-sustaining and not dependent upon government or grant monies to perform the core functions of its mission. To that end, each year PTSF budgets to generate net income equivalent to 1-3% of its annual operating revenue. These surplus operating funds or reserves are placed in the PTSF investment portfolio and subsequently reinvested back into PTSF to support new programs or expense increases for existing services. PTSF's goal is to have the equivalent of two years of operating expenses held as reserves in its investment portfolio. The reserves are maintained at this level primarily for the following reasons:

- In the event the organization needs to dissolve and pay down its obligations or debts
- In the event trauma center fees are delayed due to financial hardship
- Unforeseen economic pressures or financial hardships impacting trauma centers
- In the event PTSF needs additional funding for legal services, expert fees and other costs associated with litigation
- For advancement of strategic initiatives of PTSF

PROCEDURE:

1. The long-term goals for the investment of assets for PTSF are as follows:
 - Preserve principal, with a subordinate goal of offsetting inflation;
 - Provides sufficient liquidity to meet unanticipated withdrawals.
2. To ensure that fixed income assets will not be sold at principal loss, the assets will be managed in a balanced mode. The fixed income assets will provide an intermediate term focus (1-5 years). This orientation will allow the portfolio to maintain a current yield while seeking a total return in excess of inflation. Cash equivalents, which are defined as fixed income issues that mature in less than one year after purchase, will provide a short term focus. Equities are defined as issues designed to grow in value over time to provide an increase in overall market value.
3. To maintain control of the overall risk in PTSF's assets, specific asset mix targets, and ranges are as follows:

ASSET	TARGET	RANGE
Fixed Income	55%	45% - 65%
Cash Equivalents	5%	0% - 10%
Equities	40%	30% - 50%

4. The cash equivalents must be collateralized by PTSF's investment agent. The investment agent shall provide the Foundation with written notification of the procedure used for collateral and the collateral amount.
5. Transfer of funds between fixed income assets and cash equivalents is made by the investment agent, in consultation with both the PTSF Executive Director and Secretary/Treasurer.
6. The following guidelines and definitions shall be used to determine acceptable types of investments:
 - a. Types of Securities
 - i. Equity Securities shall be represented by any of the following:
 1. Common Stocks
 2. Preferred Stocks
 3. Registered Mutual Funds
 - ii. Fixed-Income Securities shall be represented by marketable debt issues by:
 1. U.S. Treasury or Agencies
 2. U.S. "Domestic" Corporations
 3. U.S. "Domestic" Banks or other financial institutions, including savings and loan associations, insurance companies, and independent or captive finance companies. Total maximum amount allowed at any one bank or savings and loan is \$100,000.
 - iii. Cash Equivalent investments may be represented by any of the following:
 1. U.S. Treasury Bills
 2. U.S. Government Repurchase Agreement
 3. Money Market Funds
 4. Commercial Paper
 5. Certificates of Deposit (maximum \$100,000 at any one institution)
 - b. Quality Equities Sections
 - i. Stocks held in the portfolio must be publically traded on a United States domestic exchange
 - c. Fixed-Income Sections
 - i. Bonds held in the portfolio must be rated investment grade ("Baa") or equivalent by the rating services.
 - d. Cash Equivalent Sections
 - i. If commercial paper is used for short term investments, it must be of high quality, rated at least the equivalent of "A 1" or "P 1" by an independent rating service. Obligations of domestic banks shall be limited to banks whose quality ranks in the top 25% of the industry, as ranked by Keefe Bruyette & Woods.
 - e. Prohibited Investments
 - i. The following categories of securities are not considered appropriate at the present time:
 1. Private Placements
 2. Unregistered or Restricted Stock
 3. Options & Futures
 4. Margin Trading
 5. Commodities



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6. Real Estate
 7. Partnerships (limited or general)
7. Finance will administer this Investment Policy as directed by the board; however, if any investment is below its cost by 20% or more for each of the past nine (9) months (as measured at the end of each month), then an adjustment is to be made to the investment carrying value, to reflect the lesser value.

Approved by PTSF Board of Directors and/or Executive Committee:

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