

Investment Policies

Pondera Healthcare Foundation

Introduction

This statement of investment policies is adopted by the Board of Directors of Pondera Healthcare Foundation (the “Foundation”). It shall be effective as of the date of its adoption and until further revision by the Board of Directors (the “Board”). Its purpose is to provide for the creation of various funds to be held by the Foundation, and to establish guidelines for the management of those funds. These policies may be revised by the Board at any time. It is the intent of the Board to establish separate funds for the Board’s liquid assets for the purposes of managing investment risk and optimizing investment returns within acceptable risk parameters.

The Board determines that the following funds shall be established for the Foundation, in the amounts and manner described herein.

- **“Operating Fund”**
- **“Short-term Reserve Fund”**
- **“Long-term Reserve Fund”**
- **“Permanent Endowment Fund”**

The Board recognizes that it will require time to raise the funds to fully establish each of these funds.

In addition, the Board intends to establish under a separate policy an endowment fund that qualifies for the Montana Qualified Endowment Tax Credit pursuant to Mont. Code Ann. §§ Mont. Code Ann. §§ 15-30-2327 et seq.

Procedures

- A. The following procedures will be followed to ensure the investment policy statement is consistent with the mission of the Foundation and accurately reflects current financial conditions:
 1. The Finance Committee shall review this investment policy annually.

2. The Finance Committee will recommend annually any changes in this policy to the Board.

B. The following procedures will be used to determine the dollar amounts to be placed in the each of the various funds.

1. The Finance Committee along with the Treasurer will recommend annually to the Board the dollar amounts to be held in the Operating Fund and Short-term Reserve Fund.

B. The Finance Committee will recommend annually to the Board the dollar amounts to be held in the Long-Term Reserve Fund and Endowment Fund.

Operating Fund

Purpose

The purpose of the Operating Fund is to provide sufficient cash to meet the recurring operational and start-up expenses of the Foundation, including (but not limited to) the acquisition of necessary office equipment and supplies; postage; printing; public relations; and fundraising expenses. In addition, the Operating Fund may be used for such other expenditures as the Board approves, including disbursements to fulfill and further the purposes of the Foundation.

Investment Objectives

The primary investment objective of the Operating Fund is to provide liquidity to meet the needs stated above. The Operating Fund is anticipated to be primarily held in the Foundation's checking account (which may be interest or non-interest bearing) and an interest bearing savings account. Other appropriate investments for the Operating Fund may include certificates of deposit at insured commercial banking organizations and money market funds

In view of the liquidity purposes of the Operating Fund, the maturities on investments for the Operating Fund shall be 12 months or less.

Amount

It is the intention of the Board to hold \$10,000 in the Operating Fund of the Foundation. The Board recognizes that this amount may fluctuate depending upon receipts and disbursements.

If funds held in the Operating Fund exceed \$10,000, and there is not an anticipated need for such excess (such as building up the Operating Fund to prepare to meet expenses for a fundraising event), the funds in excess of \$10,000 shall be transferred to the Short-term Reserve Fund.

If funds in the Operating Fund fall below \$10,000, unrestricted donations may be added to the Operating Fund to increase it to \$10,000, unless the Board determines that a lesser amount is adequate to provide for the operational needs of the Foundation in the near future.

Short-term Reserve Fund

Purpose

The purpose of the Short-term Reserve Fund is to establish a fund that earns a better rate of return than the Operating Fund, and which will hold funds that are anticipated to be available for disbursements that achieve the charitable and non-profit purposes of the Foundation within the following year.

Investment Objectives

The primary investment objective of the Short-term Fund is to provide a higher rate of return than the Operating Fund, but to maintain liquidity to meet the relatively short-term needs of the Foundation, including disbursements to further its charitable and non-profit purposes. The Operating Fund is anticipated to be primarily held in interest bearing savings accounts or mutual funds. Other appropriate investments for the Short-term Reserve Fund may include certificates of deposit at insured commercial banking organizations and direct obligations of the U.S. Government, its agencies and instrumentalities.

In view of the relatively short-term needs of the Short-term Reserve Fund, the maturities on investments held in this Fund shall be three years or less.

Amount

It is the intention of the Board to hold \$5,000 in the Short-term Reserve Fund of the Foundation. The Board recognizes that this amount may fluctuate depending upon receipts and disbursements.

If funds held in the Operating Fund exceed \$5,000, and there is not an anticipated need to use the Short-term Reserve Fund to fulfill the charitable and nonprofit purposes of the Foundation (such as the disbursement of scholarships for medical training for EMTS or disbursements to satisfy an approved project of the Foundation), the funds in excess of \$5,000 shall be transferred to the Long-term Reserve Fund.

If funds in the Short-term Reserve Fund fall below \$5,000, unrestricted donations may be added to the Short-term Reserve Fund to increase it to \$5,000, unless the Board determines that a lesser amount is adequate to provide for the short-term needs of the Foundation.

If the Operating Fund of the Foundation falls below its goal of \$10,000, the Board has the authority to transfer funds from the Short-term Reserve Fund to the Operating Fund as necessary to meet the purposes of the Operating Fund.

Long-term Reserve Fund

Purpose of Long-term Reserve Fund

The purpose of the Long-term Reserve Fund is to provide secure long-term funding for the mission of the Foundation. The assets of the Long-term Reserve Fund shall be managed in such a way as to facilitate the Foundation's goals and objectives as outlined in the Foundation's Articles of Incorporation and as designated by the Board.

Unless otherwise decided by the Board, the annual total return of the Long-term Reserve Fund shall be available to be disbursed in furtherance of the Foundation's charitable purposes, as determined by the Board. The Board also has the discretion to retain a portion of the annual total return for reinvestment in the Long-term Reserve Fund.

It is the intent of the Board, so far as possible, to retain and increase the principal of the Long-term Reserve Fund. However, the Board has the discretion to expend principal in furtherance of the Foundation's charitable purposes.

Investment Objectives

The investment strategy of the Long-term Reserve Fund is to emphasize total return -- the aggregate return from capital appreciation and dividend and interest income. The investment objectives of Long-term Reserve Fund shall include:

- Long-term growth of capital – To emphasize the Long-term growth of principal while avoiding excessive risk. Short-term volatility consistent with the volatility of a comparable market index is anticipated, though management should strive to contain it.
- Preservation of purchasing power – To achieve returns in excess of the rate of inflation plus spending over the investment time horizon in order to preserve purchasing power of the fund’s assets. Risk control is an important element in the investment of assets.

Investment Guidelines

1. Investments shall be made solely in the interest of the Foundation and the objectives of the Long-term Reserve Fund.
2. The assets shall be invested consistent with the Montana Uniform Prudent Investor Act., including the principle of diversification.
3. At a minimum, the total return of the Long-term Reserve Fund shall exceed the rate of inflation, as measured by the Consumer Price Index.
4. The funds of the Long-term Reserve Fund shall be allocated in accordance with the following diversification range, which may be modified from time to time by the Board, taking into account any recommendations of the Finance Committee:

Asset Class	Minimum	Maximum
Equities	30%	60%
Fixed Income	40%	70%
Cash Equivalents	0%	20%

Amount

It is the intent of the Board that amounts that are not allocated to the Operating Fund or the Short-term Reserve Fund shall be contributed to the Long-term Reserve Fund. Amounts from the Long-term Reserve Fund may be transferred, upon approval of the Board, from the Long-term Reserve Fund to the Short-term Reserve Fund or the Operating Fund. Amounts may also be distributed from the Long-term Reserve Fund to fulfill the charitable purposes of the Foundation, as determined by the Board.

Permanent Endowment Fund

The Board has established a permanent, irrevocable endowment fund (the “Endowment Fund”) and has adopted the following policy governing the Fund. It is the intent of the Foundation that this Endowment Fund constitute a “qualified endowment” for purposes of the Montana qualified endowment credit, Mont. Code Ann. §§ 15-30-2327 to -2329.

1. Establishment of Endowment Fund. The Foundation shall establish a separate account at a financial institution or stock brokerage firm, to be entitled the “Pondera Healthcare Foundation Endowment Fund.” The Board of Directors shall select the financial institution or stock brokerage firm at which the Endowment Fund shall be established, and may change financial institutions or stock brokerage firms from time to time as the Board of Directors determines to be appropriate.

2. Additions to Endowment Fund. All gifts that donors designate as being “permanent,” “irrevocable,” “qualified endowment,” or similar language indicating endowment purposes shall be deposited into the Endowment Fund. In addition, the Board of Directors may designate such other funds to be added to the Endowment Fund from unrestricted gifts or other sources as the Board of Directors determines to be appropriate from time to time.

3. Investment Strategy. The investment strategy of the Endowment Fund is to emphasize total return -- the aggregate return from capital appreciation and dividend and interest income. The investment objectives of Endowment Fund shall include:

- Long-term growth of capital – To emphasize the long-term growth of principal while avoiding excessive risk. Short-term volatility consistent with the volatility of a comparable market index is anticipated, though managers of the Fund should strive to contain it.

- Preservation of purchasing power – To achieve returns in excess of the rate of inflation plus spending over the investment time horizon in order to preserve purchasing power of Endowment Fund assets. Risk control is an important element in the investment of Endowment Fund assets.

4. Investment Allocation. The assets of the Endowment Fund shall be allocated in accordance with the following diversification range, which may be modified from time to time by the Board:

Asset Class	Minimum	Maximum
Equities	30%	60%
Fixed Income	40%	70%
Cash Equivalents	0%	20%

5. **Invasion of Principal Not Allowed.** The principal of the Endowment Fund shall not be invaded or expended for any reason. “Principal” means the historical value of contributions to the Endowment Fund at the time such contributions are received. It does not include capital appreciation or capital gains after receipt of a contribution.

6. **Use of Income.** “Income” shall include interest, dividends, capital gains, and appreciation in value of any assets of the Endowment Fund. Endowment Fund income shall be used to support the charitable purposes of the Foundation, in amounts and in a manner determined by the Board of Directors. Pursuant to Mont. Code Ann. § 15-30-2327(a)(ii), Endowment Fund income shall not be expended directly for constructing, renovating, or purchasing operational assets, such as buildings or equipment.

The Board of Directors may from time to time determine to reinvest some portion of the income back into the principal of the Endowment Fund, to allow for continued growth of the Endowment Fund.

7. **Review of Investments.** The assets of the Endowment Fund shall be reviewed at least twice a year by the Finance Committee of the Foundation.

8. **Amendments.** The Board of Directors may make such changes from time to time to the policy governing the Endowment Fund as it determines to be in the best financial interest of the Foundation; provided, however, that the Board may not revoke the Endowment Fund nor allow principal of the Endowment Fund to be expended or invaded.

Engagement of Advisors

In fulfilling its responsibility to manage the funds of the Foundation, the Foundation is authorized to delegate certain responsibilities to professional experts in various fields. These include, but are not limited to, investment managers and consultants, custodians, and other financial specialists. The following procedure shall be followed by the Board in engaging a new or replacing a current investment manager, consultant, custodian, or other financial specialist:

- A. The Finance Committee will solicit requests for proposals from investment managers and consultants, custodians, and other financial specialists, and interview those who have submitted such proposals.
- B. Based upon the interviews and submitted proposals, the Finance Committee will recommend one or more prospective investment managers, consultants, custodians, and other financial specialists for consideration by the Board of Directors.
- C. The Board of Directors shall make the final decision as to hiring investment managers, consultants, custodians, and other financial specialists.

Adopted by the Board of Directors at its meetings on February 18, 2015 and July 15, 2015.

s/ Kristen G. Juras
Kristen G. Juras, Secretary