

**MARION COUNTY HOSPITAL DISTRICT
FOURTH AMENDMENT TO INVESTMENT POLICY
APRIL 2019**

ARTICLE 1

PURPOSE

The purpose of this policy (the "Policy") is to set forth the investment objectives of the Marion County Hospital District, acting through its Board of Trustees, (hereinafter referred to as the "District" or "Trustees") and the parameters for the management of the Trustees' investment portfolio (the "Portfolio"). It is the intent of the Trustees that the Policy comply with all applicable laws, including, without limitation, F.S. § 218.415 (the "Act") and the District's enabling legislation. The Policy shall constitute a written investment plan under the Act.

ARTICLE 2

SCOPE

In accordance with Section 1 of the Act, the Policy applies to all funds under the control of the Trustees in excess of those required to meet current expenses (the "Covered Funds"). The Policy shall not apply to pension funds or funds related to the issuance of debt where other policies or indentures control the investment of such funds (the "Excluded Funds").

ARTICLE 3

INVESTMENT OBJECTIVES

In accordance with Section 2 of the Act, as more fully described below, the Trustees' investment objectives for the Portfolio are safety of capital, liquidity of funds, and investment income, in that order.

- 3.1 Safety of Capital. Investment transactions shall be structured to minimize capital losses, whether from securities defaults or erosion of market value. To attain this objective, reasonable diversification is required in order to minimize potential losses to the Portfolio. From time to time, securities may be traded for other similar securities to improve yield, maturity structure, credit quality or to achieve other investment objectives.
- 3.2 Liquidity. Investment transactions shall be structured to ensure the Portfolio is sufficiently liquid to enable the Trustees to meet reasonably anticipated cash flow requirements.
- 3.3 Investment Return. Investment transactions shall be structured to provide a market rate of return consistent with anticipated economic and market cycles or conditions, fulfill the liquidity objectives mentioned above and take into account investment risk constraints outlined in Section 3.4 by the Trustees (both short term and long term risk constraints). The Covered Funds shall be invested with the objective of preserving the long-term real purchasing power of the Reserve Fund's assets while seeking an appropriate level of investment return. The target return should be in line with the risk tolerance and operational objective of the District.
- 3.4 Risk Tolerance. The District seeks to control risk and reduce the volatility in its Portfolio

through diversification. However, short-term volatility is characteristic of the securities markets and will be tolerated if such volatility is consistent with the volatility of similar investment portfolios (such as the volatility of performance benchmarks, described below). The Trustees recognize and acknowledge that some risk must be assumed in order to achieve the long-term investment objectives of the Portfolio. In establishing its risk tolerance, the Portfolio's ability to withstand short-term and intermediate-term variability as well as the statistical probability of loss for a given period of time for the Portfolio is evaluated by the Trustees.

- 3.5 Investment Time Horizon. The Trustees recognize theirs is a long term investment horizon. Investments in securities that meet the relative safety concerns stated above and meet the necessary liquidity needs of the District may be held in longer term investments. Such investments may include direct investments in real estate, nursing homes, equities, bonds and other types of assets.

ARTICLE 4

PERFORMANCE MEASUREMENT

In accordance with Section 3 of the Act, the Trustees shall specify appropriate performance measures for the Portfolio.

Performance benchmarks are used by the Trustees to measure and evaluate the success of each Investment Advisor. The performance benchmarks selected by the Trustees should be representative of the MCHD Portfolio's long term return objectives and risk tolerance and be calculated over the same time period as the returns on the Portfolio with which the performance benchmark is being compared. These performance benchmarks are intended as targets only and are no guarantee or assurance of the performance of any investment or of the Portfolio.

Strategic Benchmark:

On a quarterly basis, the Investment Advisor will also report MCHD Portfolio's performance on a more granular level, using the broad strategic asset allocation categories referenced in Exhibit A. These asset classes are defined broadly and their respective benchmarks are defined in Exhibit B.

The Trustees acknowledge that each Investment Advisor may implement more granular sub-asset classes under each of these broader asset classes (for example, under the US Equity category, the Investment Advisor may want to invest in small cap or mid cap securities). If the Investment Advisor chooses to do so, they will develop and report on the appropriate strategic benchmarks for each of these sub-asset classes for performance evaluation purposes. In addition to the strategic and reference benchmarks outlined above

On an annual basis, the Trustees will review the prior year's performance for each Investment Advisor's portfolio after adjusting it for the spending requirements of each respective portfolio. The Trustees will then use this information to provide each Investment Advisor with guidance regarding the liquidity to be drawn from each portfolio to cover the spending requirements for the following year.

ARTICLE 5

RESPONSIBILITIES

The Trustees have responsibility for investing and managing the Portfolio as well as the

responsibility for establishing and modifying this Policy, including establishing the asset allocation for the Portfolio. The Trustees, the District's investment advisor (the "Investment Advisor"), and the investment managers (the "Investment Managers") are charged with implementing this Policy. Their respective responsibilities are set forth below.

Trustees

The Trustees are responsible for:

- Establishing, reviewing periodically, and modifying this Policy and its appendices from time to time.
- Setting the asset allocation targets and ranges for the Portfolio, and modifying them from time to time.
- Implementing this Policy, with input from the Investment Advisor.
- Overseeing the Portfolio's assets.
- Engaging the Investment Advisor to assist in carrying out the Trustees' investment responsibilities and to implement their investment strategy and decisions.
- Continuing or terminating the Investment Advisor and monitoring its performance.
- [Engaging and continuing or terminating the Investment Advisor's bank custodian, and monitoring its performance.]
- Monitoring the fees and other expenses associated with the management and administration of Portfolio.

Investment Advisors

The Investment Advisors are responsible for:

- Guiding the Trustees with respect to the strategic asset allocation.
- Setting and implementing any tactical strategy that seeks to take advantage of market dislocations (i.e., underweight/overweight specific sectors).
- Implementing rebalancing on a periodic basis or when otherwise appropriate.
- Implementing the Portfolio's asset allocation through the selection, continuation, and termination of Investment Managers.
- Selecting, continuing, or terminating Investment Managers based on appropriate criteria, including the following: investment philosophy, historical performance, experience of key personnel, and financial viability or changes in these factors. In selecting each Investment Manager, the Investment Advisor will take reasonable measures to assess the independence of the Investment Manager, including any conflicts of interest that the Investment Manager may have. (This Investment Manager selection responsibility also includes the ongoing monitoring of the Investment Managers for adherence to this Policy and his, her, or its stated investment strategy.)
- Reviewing Investment Managers, establishing the scope and terms of the delegation to Investment Managers, and monitoring their performance and compliance with the scope and terms of the delegation.
- Monitoring, analyzing the performance of, and recommending performance benchmarks for each Investment Manager.

- Preparing investment reports at least quarterly for the Trustees' review that contain the information necessary for them to exercise their judgment and carry out their investment responsibilities prudently.
- Preparing quarterly written statements, including a summary of the actions taken with respect to the District's assets under management.
- Attending meetings in person or by telephone conference with the Trustees as requested.
- Providing necessary information to and cooperating with the Trustees and the District's external auditors.
- Providing feedback regarding changes to this Policy when requested by the Trustees and proposing corresponding amendments to the relevant account documents, if necessary.

Investment Managers

Each Investment Manager is responsible for:

- Adhering to the investment strategy for which the Investment Manager was selected.
- Acting in accordance with the standard of care and restrictions on investment management set forth in this Policy.
- Suggesting performance benchmarks (described below) to facilitate the Trustees' and Investment Advisor's evaluation of the Investment Manager's performance.
- To the extent that the Investment Manager is authorized and directed by the Investment Advisor, voting all proxies for the Organization's securities.
- Taking reasonable steps to promptly communicate significant changes in the Investment Manager's firm to the Investment Advisor, including: changes in senior management or high-level personnel; changes in the Investment Manager's ownership; and changes in the Investment Manager's investment strategy and/or style.
- Taking reasonable steps to promptly report to the Investment Advisor any violation of this Policy, and any material adverse determinations against the firm or its principals, either by a court, the Securities Exchange Commission, or any other regulatory authority.

ARTICLE 6

PRUDENCE AND ETHICAL STANDARDS

- 6.1 General. In accordance with Section 4 of the Act, the Policy shall describe the level of prudence and ethical standards to be followed by the Trustees in carrying out its investment activities with respect to the Covered Funds.
- 6.2 Standards for Trustees' Personnel. The Trustees, Executive Director, officers, committee members, and employees (collectively, "Trustees' Personnel") who are involved with the investment of the Covered Funds shall comply with all applicable ethical standards. Additionally, Trustees' Personnel shall comply with the "Prudent Person Rule," which rule is hereby adopted by the Trustees and described below. Trustees' Personnel acting in accordance with the Policy shall be relieved of personal responsibility for the performance of the Portfolio (including an individual security's credit risk or market price changes).

The "Prudent Person Rule" states that:

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment.

- 6.3 Standards for other Advisors. Any person or firm hired or retained to invest, monitor, or advise concerning the Portfolio (collectively, “Experts”) shall comply with all applicable ethical standards. Additionally, Experts shall comply at a minimum with the higher “Prudent Expert Standard,” which is described below.

The “Prudent Expert Standard” states that: Investments (including investing and reinvesting moneys and acquiring, retaining, managing, and disposing of investments of these funds) shall be made with the judgment, care, skill, prudence, and diligence under the circumstances then prevailing, which persons of prudence, discretion, and intelligence, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims by diversifying the investments of the funds, so as to minimize the risk, considering the probable income as well as the probable safety of their capital.

ARTICLE 7

AUTHORIZED INVESTMENTS AND PORTFOLIO COMPOSITION

- 7.1 General. In accordance with Section 5 of the Act, the Trustees hereby authorize the Covered Funds to be invested in the investments described in Section 7.2 (the “Authorized Investments”). Covered Funds may only be invested in Authorized Investments.
- 7.2 Authorized Investments. In accordance with Sections 5, 6, 7, and 16 of the Act and the District’s enabling legislation, the Authorized Investments will comply with the investment return objectives and risk tolerance outlined in Article 3 of this Policy and with the Strategic Asset Allocation outlined in Exhibit A of this Policy.
- 7.3 Restrictions on Investments.
- (a) All purchases of securities must be for cash and there will be no leveraged purchasing or margin transactions (except for pooled investment vehicles).
 - (b) No short sales.
 - (c) No investments will be made in asset classes not listed in the Strategic Asset Allocation outlined in Exhibit A of this Policy.
 - (d) No investments will be made in strategies with an unusually long time horizon.

These above restrictions will not be applied to the underlying holdings of any investments in commingled vehicles such as mutual funds, LP or LLC structures.

- 7.4 Alternative Investment Classification

Alternative Investment Classifications have primary attributes and defining characteristics, to ensure an asset be classified as an alternative.

1. Investment vehicles with a private structure maintaining less transparency and less liquidity than traditional investments.
2. Discretion to trade all asset classes and a wide range of financial instruments while

- employing a variety of skill-based investment styles, strategies, and techniques in diverse markets.
3. The investment's returns are driven by complex trading strategies involving leverage, short sales, and financial derivatives, causing unusual risk exposures, even though the underlying asset might be traditional securities.
 4. An objective to achieve absolute returns regardless of whether markets are rising or falling. Absolute returns have little or no correlation with returns of major asset classes.
 5. The investment's returns are driven by exposures to underlying assets with nontraditional cash flows- that is, cash flows that are not highly correlated with those that underlie traditional stocks and bonds. Although traditional investments are funded by cash flows from traditional operating firms, many alternative investments are funded by cash flows from nontraditional sources, which results in their returns to be less correlated with the returns of the overall stock market.
 6. The investment's returns are structured to generate nontraditional payouts. Any new or existing assets in the MCHD that may fall into any of these categories or fall outside the scope of traditional investments or strategies, should be classified as an alternative investment.

ARTICLE 8

MATURITY AND LIQUIDITY REQUIREMENTS

- 8.1 General. In accordance with Section 6 of the Act, the Portfolio shall be structured to provide sufficient liquidity to pay obligations as they become due. Consequently, to the extent possible, the Trustees will attempt to match investment maturities with known cash needs and anticipated cash flow requirements.
- 8.2 Specific Guidelines. Unless matched to a specific cash flow requirement, the Trustees will not directly invest Covered Funds in securities maturing more than 10 years from the date of purchase.

ARTICLE 9

PORTFOLIO COMPOSITION / MANAGEMENT

- 9.1 In accordance with Section 7 of the Act, the Trustees establish the following guidelines for investments and limits on security issues, issuers, and maturities. Such guidelines are consistent with the nature and size of the public funds within the custody of the Trustees. In creating an investment portfolio, the Trustees and their Investment Advisors shall consider the following factors:
 - general economic conditions;
 - the possible effect of inflation or deflation;
 - the expected tax consequences, if any, of investment decisions or strategies;
 - the role that each investment or course of action plays within the overall Portfolio;
 - the expected total return from income and the appreciation of investments;
 - other resources of the MCHD;
 - the needs of the MCHD and of particular funds in the Portfolio to make distributions and to preserve capital;

- an asset's special relationship or special value, if any, to the purpose of the MCHD;
- the requirement of diversification;
- liquidity considerations;
- the impact of management or administration costs; and
- risk management.

Management and investment decisions about an individual asset will be made not in isolation but rather in the context of the Portfolio as a whole and as part of an overall investment strategy having risk and return objectives reasonably suited to the Portfolio and the goals of the MCHD.

9.2 Delegation Standards

The Trustees will delegate to the Investment Advisors the management and investment of the Portfolio to the extent that it can prudently delegate under the circumstances, and will act in accordance with the standard of care described above in selecting, continuing, or terminating the Investment Advisors, establishing the scope and terms of the delegation, and monitoring the Investment Advisor's performance and compliance with the scope and terms of the delegation.

9.3 Rebalancing and Cash Flows

The Investment Advisors should consider rebalancing at least once a quarter or more frequently, if necessary

The Trustees will identify the destination of all cash flows, including additional contributions to the MCHD's assets, consistent with this Policy. MCHD's net cash flows may be used to implement the rebalancing activities in order to minimize transaction costs.

9.4 Performance [Benchmarks]/[Goals]

Performance benchmarks are used by the Trustees to measure and evaluate the success of each Investment Advisor. The performance benchmarks selected by the Trustees are outlined in detail in Article 4 of this Policy.

9.5 Reporting and Oversight

The Trustees will meet periodically to review the reports of the Investment Advisors and the Investment Managers, and to evaluate the performance of the Portfolio and adherence by the Investment Advisors and the Investment Managers to this Policy. The performance of the Portfolio will be measured relative to appropriate and agreed upon benchmarks described above.

9.6 Revisions

The Trustees will review this Policy on an annual basis. In conducting such review, the Trustees may consult with the Investment Advisors regarding the performance of the investments, the current asset allocation, the MCHD's overall investment strategy, general economic and market conditions, and any other relevant information that may bear on this Policy. The Investment Advisors shall have a reasonable period of time to bring their Portfolio in line with any changes made to the Strategic Asset Allocation set forth on Exhibit A.

ARTICLE 10

RISK AND DIVERSIFICATION

In accordance with Section 8 of the Act, the Trustees shall appropriately diversify its investment portfolio. Investments shall be diversified to the extent practicable to control the risk of loss resulting from over concentration of assets in a specific maturity, issuer, instrument, dealer, or security through which financial instruments are bought and sold.

ARTICLE 11

THIRD-PARTY CUSTODIAL AGREEMENTS

In accordance with Section 10 of the Act, Trustees securities shall be held with a third party custodian; and all securities purchased by, and all collateral obtained by, the Trustees shall be properly designated as an asset of the Trustees. No withdrawal of securities, in whole or in part, shall be made from safekeeping, except by an investment manager approved by the Trustees.

Securities transactions between a broker-dealer and the custodian involving purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, if applicable, to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

ARTICLE 12

BID REQUIREMENTS

In accordance with Section 12 of the Act, when feasible and appropriate, Trustees' staff shall determine the approximate maturity date based on cash-flow needs and market conditions, analyze and select one or more optimal types of investment, and competitively bid the security in question. Except as otherwise required by law, the bid deemed to best meet the Trustees' investment objectives as described in Article 3 must be selected.

ARTICLE 13

INTERNAL CONTROLS

In accordance with Section 13 of the Act, the Executive Director shall maintain a system of written internal controls and operating procedures. Such controls shall be reviewed by the Trustees' independent auditors as part of any financial audit periodically required of the Trustees. The internal controls shall be designed to prevent losses of funds which might arise from fraud, employee error, and misrepresentation by third parties, or imprudent actions by employees of the Trustees.

ARTICLE 14

CONTINUING EDUCATION

In accordance with Section 14 of the Act, the Executive Director and the Trustees shall annually complete 8 hours of continuing education in subjects or courses of study related to money management, investment practices and investment options.

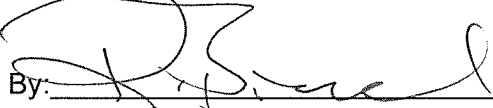
ARTICLE 15
REPORTING

In accordance with Section 15 of the Act, performance of the Portfolio shall be reported at least quarterly and submitted to the Trustees. The periodic reports shall include details of the characteristics and performance of the Portfolio, including, without limitation, securities in the portfolio by class or type, book value, income earned, and market value as of the report date.

ARTICLE 16
ADOPTION DATE

The Policy shall be effective beginning April 29, 2019.

THE MARION COUNTY HOSPITAL DISTRICT

By:  _____

Rich Bianculli, Chairman

ATTEST:



Randy Klein, Secretary/Treasurer

EXHIBIT A

STRATEGIC ASSET ALLOCATION

Asset Class / Sub-asset Class	Lower Limit	Target Allocation	Upper Limit
Cash	1.0%	5.0%	19.0%
Fixed Income**	35.0%	40.0%	45.0%
US Equity	25.0%	30.0%	40.0%
Non-US Equity	5.0%	10.0%	15.0%
Alternatives*	5.0%	10.0%	15.0%
Illiquid Alternatives*	2.0%	5.0%	10.0%

*All Alternative investments to be decided by the Board of Trustees before funding

**Non-Investment Grade Fixed Income to be no more than 10%.

EXHIBIT B

STRATEGIC BENCHMARK

ASSET CLASS	BENCHMARK
Investment Grade Fixed Income	Barclays US Aggregate Bond Total Return Index
US Equities	S&P Total Return Index
Non-US Equity	MSCI ACWI ex US
Alternatives	HFRI Fund of Funds Total Return Index
Private Equity	Cambridge Associates Private Equity Index

The strategic benchmark outlined above will vary for each Investment Advisor based on their macro-economic views and how each Investment Advisor chooses to implement those views. The benchmark outlined above is a general guideline for the broad asset allocation categories outlined in Exhibit A. Each Investment Advisor is responsible for providing appropriate benchmarks for any sub-asset class they choose to implement that falls within the broader asset classes mentioned above.