

SPECIAL MEMORIAL HOSPITAL AUTHORITY MEETING AGENDA

City Hall, Second Floor, Midwest City Conference Room, 100 N. Midwest Boulevard
Enter through S.W. door marked Council Chamber/Conference Room near drive-thru

Special assistance requests - tcoplen@midwestcityok.org or 739-1002 –
please provide no less than 24 hours notice
Special assistance request during a meeting call 739-1388

May 11, 2016 - 11:30 AM

- A. CALL TO ORDER.
- B. DISCUSSION ITEMS.
 - 1. Discussion and consideration of accepting the Hospital Authority Investment Performance Review for the period ending March 31, 2016 and action to reallocate assets, change fund managers or make changes in the Statement of Investment Policy, Guidelines and Objectives. (Secretary - S. Hancock)
 - 2. Discussion and consideration of revisions to the Midwest City Memorial Hospital Authority Fund Statement of Investment Policy, Guidelines and Objectives. (General Manager/Administrator - G. Henson)
- C. ADJOURNMENT.



DISCUSSION ITEMS





Midwest City Memorial Hospital Authority

100 North Midwest Boulevard
Midwest City, Oklahoma 73110
(405) 739-1207 Fax (405) 739-1208 TDD (405) 739-1359
E-mail: ghenson@midwestcityok.org

J. Guy Henson
*General Manager/
Administrator*

Trustees

Matthew D. Dukes II
Daniel McClure Jr.
Pat Byrne
Rick Dawkins
M. Sean Reed
Christine Allen
Jeff Moore

Board of Grantors

Sherry Beard
John Cauffiel
Marcia Conner
Pam Dimski
Pam Hall
Joyce Jackson
Charles McDade
Nancy Rice
Sheila Rose

MEMORANDUM

TO: Honorable Chairman and Trustees

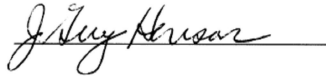
FROM: J. Guy Henson, General Manager/Administrator

DATE: May 12, 2016

SUBJECT: Discussion and consideration of accepting the Hospital Authority Investment Performance Review for the period ending March 31, 2015 and action to reallocate assets, change fund managers or make changes in the Statement of Investment Policy, Guidelines and Objectives.

Jim Garrels, President, Fiduciary Capital Advisors, will be present at the meeting to present the Performance Review. Any need to reallocate assets, change fund managers or make changes to the Investment Policy Guidelines and Objectives will be addressed at the meeting.

Action is at the discretion of the Authority.



J. Guy Henson
General Manager/Administrator

**MIDWEST CITY
MEMORIAL HOSPITAL AUTHORITY
INVESTMENT PERFORMANCE REVIEW
PERIODS ENDING
MARCH 31, 2016**

Fiduciary Capital Advisors, Inc.

004

**MIDWEST CITY MEMORIAL HOSPITAL AUTHORITY
COMPOSITE VS. POLICY PORTFOLIO
PERIODS ENDING 3-31-16**

	QTR		YTD		1 Year		3 Years	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Total Fund Composite	0.42	55	0.42	55	-1.64	24	7.51	18
Policy Portfolio*	0.47	54	0.47	54	-1.66	25	6.96	26

	5 Years		10 Years		From 12-31-96		From 9-30-96	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Total Fund Composite	7.19	25	5.66	31	7.06	26	7.22	35
Policy Portfolio*	7.45	19	5.72	29	6.66	36	6.90	43

* 60% S&P 500, 20% BARCLAYS CAPITAL AGG, 10% MSCI EAFE, 10% MSCI EM

This report is based on information we believe to be reliable but can in no way guarantee as to its accuracy or completeness. Past performance is no guarantee of future results.

**MIDWEST CITY MEMORIAL HOSPITAL AUTHORITY
RETURN SUMMARY
PERCENTILE RANKS
PERIODS ENDING 3-31-16**

	QTR		YTD		1 Year		3 Years		5 Years		10 Years		From 12-31-96	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Vs. 100% Equity Universe														
Total Equity	0.34	47	0.34	47	0.01	18	11.31	19	10.52	22	6.30	42	6.90	67
Active - Equity	-0.97	64	-0.97	64	-2.30	34	11.16	21	8.98	46	5.12	71	6.07	82
Passive - Equity	1.35	31	1.35	31	1.82	8	11.61	15	11.55	9	7.12	21	7.42	52
S&P 500	1.35	31	1.35	31	1.78	8	11.82	13	11.58	9	7.01	24	7.43	51
Vs. 100% Fixed Income Universe														
Total Fixed Income	3.09	14	3.09	14	2.07	6	2.48	12	3.84	22	5.03	21	5.52	17
Active - Fixed	3.15	13	3.15	13	2.25	5	2.46	12	3.81	22	5.15	19	5.68	13
Passive - Fixed	3.07	15	3.07	15	2.04	6	2.58	10	3.96	19	5.00	22	5.50	18
BC Aggregate	3.03	16	3.03	16	1.96	7	2.50	11	3.78	23	4.90	25	5.52	17
BC G/C	3.47	9	3.47	9	1.75	11	2.42	13	4.04	17	4.93	24	5.56	17
90 Day US T-Bill	0.05	89	0.05	89	0.08	57	0.05	81	0.06	97	1.07	98	2.26	98
Vs. 100% International Universe														
Total International	-2.07	63	-2.07	63	-7.72	62	1.87	69	2.11	61	2.63	54	4.69	71
Active - International	-0.01	36	-0.01	36	-6.46	51	1.59	72	2.05	62	3.43	41	5.14	62
Passive - International	-3.03	78	-3.03	78	-8.22	67	2.32	64	2.34	58	1.94	64	4.28	76
MSCI-EAFE	-3.01	78	-3.01	78	-8.27	67	2.23	64	2.29	59	1.80	68	4.12	80

**MIDWEST CITY MEMORIAL HOSPITAL AUTHORITY
RETURN SUMMARY
PERIODS ENDING 3-31-16**

	QTR		YTD		1 Year		3 Years		5 Years		10 Years		Fr 12-31-96	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Vs. 100% Equity Universe														
Growth Funds														
Harbor Capital Appreciation	-5.49	93	-5.49	93	-0.63	22	14.08	3	*15.29	*6	(12/31/12)	--	--	--
T. Rowe Price New America	-4.79	90	-4.79	90	-2.08	32	12.96	6	*14.71	*10	(12/31/12)	--	--	--
S&P 500	1.35	31	1.35	31	1.78	8	11.82	13	*14.37	*13	(12/31/12)	--	--	--
Vs. 100% Equity Universe														
Vanguard Mid Cap Growth	-2.67	80	-2.67	80	-8.76	78	9.20	45	9.23	42	7.29	18	*8.58	*15 (12/03)
S&P 500	1.35	31	1.35	31	1.78	8	11.82	13	11.58	9	7.01	24	*7.36	*42 (12/03)
PrimeCap Odyssey Agg. Growth	-3.21	83	-3.21	83	-4.45	52	16.38	1	*20.39	*1	(12/31/12)	--	--	--
S&P 500	1.35	31	1.35	31	1.78	8	11.82	13	*14.37	*13	(12/31/12)	--	--	--
Vs. 100% Equity Universe														
Value Funds														
Dodge & Cox Stock	-0.99	64	-0.99	64	-4.29	51	9.51	41	*16.53	*18	(9/30/11)	--	--	--
S&P 500	1.35	31	1.35	31	1.78	8	11.82	13	*16.73	*14	(9/30/11)	--	--	--
Vanguard Equity Income	3.55	12	3.55	12	4.48	2	10.82	25	*13.63	*23	(12/31/12)	--	--	--
S&P 500	1.35	31	1.35	31	1.78	8	11.82	13	*14.37	*13	(12/31/12)	--	--	--
Vs. 100% Fixed Income Universe														
Active Fixed Income Composite	3.15	13	3.15	13	2.25	5	2.46	12	3.81	22	5.15	19	5.68	13
Vanguard Short Term Inv. Grade	1.76	53	1.76	53	1.86	9	1.79	33	*2.43	*53	(9/30/11)	--	--	--
Vanguard Short Term Treasury	1.26	67	1.26	67	1.26	22	0.84	62	*0.84	*86	(9/30/11)	--	--	--
Vanguard Int. Term Inv. Grade	3.54	9	3.54	9	2.80	3	3.02	5	4.98	6	5.80	7	*5.19	*11 (12/03)
BC Aggregate	3.03	16	3.03	16	1.96	7	2.50	11	3.78	23	4.90	25	*4.49	*27 (12/03)
Vanguard Int. Term Treasury	3.45	9	3.45	9	3.18	2	2.02	25	3.81	22	5.22	17	*5.82	*14 (12/99)
Vanguard Long Term Treasury	8.33	1	8.33	1	2.67	3	5.95	1	9.58	1	7.83	1	*8.07	*1 (12/99)
BC Aggregate	3.03	16	3.03	16	1.96	7	2.50	11	*2.82	*44	(9/30/11)	--	*5.48	*23 (12/99)
BC G/C	3.47	9	3.47	9	1.75	11	2.42	13	4.04	17	4.93	24	5.56	17
Average Fixed Income Fund	1.76	53	1.76	53	-0.18	63	1.12	54	2.82	51	3.99	53	4.56	52
Vs. 100% International Universe														
International Funds Composite	-0.01	36	-0.01	36	-6.46	51	1.59	72	2.05	62	3.43	41	5.14	62
Vanguard International Growth	-2.01	63	-2.01	63	-7.62	61	3.21	51	2.66	55	3.60	38	5.33	58
MFS International	1.54	19	1.54	19	-3.10	27	1.79	70	3.09	50	4.11	30	*5.39	*25 (9/05)
Harbor International Inst.	0.50	28	0.50	28	-8.61	70	1.02	79	*4.32	*60	(9/30/08)	--	--	--
MSCI-EAFE	-3.01	78	-3.01	78	-8.27	67	2.23	64	*3.73	*66	(9/30/08)	--	*2.98	*69 (9/05)
MSCI-EAFE	-3.01	78	-3.01	78	-8.27	67	2.23	64	2.29	59	1.80	68	4.12	80
Average International Fund	-0.75	45	-0.75	45	-5.89	47	3.44	49	3.08	50	2.92	47	5.71	47

MIDWEST CITY MEMORIAL HOSPITAL AUTHORITY
RETURN SUMMARY
PERIODS ENDING 12-31-15
UNIVERSES BETA ADJUSTED

	QTR		YTD		1 Year		3 Year		5 Year		10 Year		From 12-31-03	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Vs. 100% Large Cap Growth Universe (Mid-Beta)														
Harbor Capital Appreciation	-5.49	97	-5.49	97	-0.63	41	14.08	3	*15.29	*8	(12/31/12)	--	--	--
Russell 1000 Growth	0.74	30	0.74	30	2.52	5	13.61	5	*15.72	*5	(12/31/12)	--	--	--
Average Large Cap Growth	-1.11	58	-1.11	58	-2.02	57	10.43	58	*12.73	*61	(12/31/12)	--	--	--
Vs. 100% Large Cap Growth Universe (Hi-Beta)														
T. Rowe Price New America	-4.79	64	-4.79	64	-2.08	40	12.96	27	*14.71	*27	(12/31/12)	--	--	--
Russell 1000 Growth	0.74	2	0.74	2	2.52	6	13.61	20	*15.72	*13	(12/31/12)	--	--	--
Average Large Cap Growth	-1.11	16	-1.11	16	-2.02	40	10.43	64	*12.73	*62	(12/31/12)	--	--	--
Vs. 100% Mid Cap Growth Universe (Mid-Beta)														
Vanguard Mid Cap Growth	-2.67	73	-2.67	73	-8.76	64	9.20	22	9.23	21	7.29	23	*8.58	*35 (12/03)
Russell Mid Growth	0.58	37	0.58	37	-4.75	30	10.99	5	9.99	10	7.43	20	*8.94	*22 (12/03)
Average Mid Cap Growth	-0.98	59	-0.98	59	-7.99	59	7.45	61	7.32	57	5.89	63	*7.63	*60 (12/03)
Vs. 100% Mid Cap Growth Universe (Hi-Beta)														
PrimeCap Odyssey Agg. Growth	-3.21	51	-3.21	51	-4.45	4	16.38	1	*20.39	*1	(12/31/12)	--	--	--
Russell Mid Growth	0.58	18	0.58	18	-4.75	4	10.99	3	*13.87	*4	(12/31/12)	--	--	--
Average Mid Cap Growth	-0.98	31	-0.98	31	-7.99	23	7.45	35	*10.62	*35	(12/31/12)	--	--	--
Vs. 100% Large Cap Value Universe (Hi-Beta)														
Dodge & Cox Stock	-0.99	56	-0.99	56	-4.29	29	9.51	32	*16.53	*18	(9/30/11)	--	--	--
Russell 1000 Value	1.64	16	1.64	16	-1.54	6	9.38	33	*16.04	*28	(9/30/11)	--	--	--
Average Large Cap Value	-0.52	46	-0.52	46	-4.05	27	8.47	54	*14.55	*63	(9/30/11)	--	--	--
Vs. 100% Large Cap Value Universe (Lo-Beta)														
Vanguard Equity Income	3.55	16	3.55	16	4.48	1	10.82	11	*13.63	*13	(12/31/12)	--	--	--
Russell 1000 Value	1.64	49	1.64	49	-1.54	42	9.38	40	*12.59	*31	(12/31/12)	--	--	--
Average Large Cap Value	-0.52	88	-0.52	88	-4.05	80	8.47	57	*11.39	*56	(12/31/12)	--	--	--

**MIDWEST CITY MEMORIAL HOSPITAL AUTHORITY
PERIODS ENDING 3-31-16**

MIDWEST CITY COMPOSITE VS. POLICY PORTFOLIO

	1 Year	3 Years	5 Years	10 Years	From 9-30-96
Alpha	0.01	0.14	-0.05	-0.01	0.08
Beta	1.07	1.05	1.05	1.01	1.00
R - squared	1.00	0.99	0.99	0.99	0.98
STD for Composite	8.46	7.02	10.40	12.37	12.09
STD for Policy Portfolio*	7.92	6.66	9.85	12.14	11.99

* 60% S&P 500, 20% BARCLAYS CAPITAL AGG, 10% MSCI EAFE, 10% MSCI EM

MIDWEST CITY COMPOSITE VS. S&P 500

	1 Year	3 Years	5 Years	10 Years	From 9-30-96
Alpha	-0.94	-1.08	-1.14	-0.50	-0.33
Beta	0.88	0.84	0.82	0.75	0.70
R - squared	0.99	0.93	0.96	0.96	0.95
STD for Composite	8.46	7.02	10.40	12.37	12.09
STD for S&P 500	9.58	8.06	12.42	16.26	16.97

**MIDWEST CITY MEMORIAL HOSPITAL AUTHORITY
ASSET ALLOCATION
PERIOD ENDED 3-31-16**

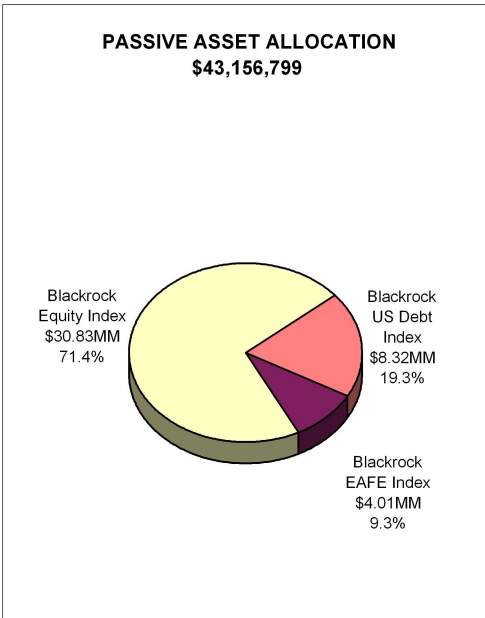
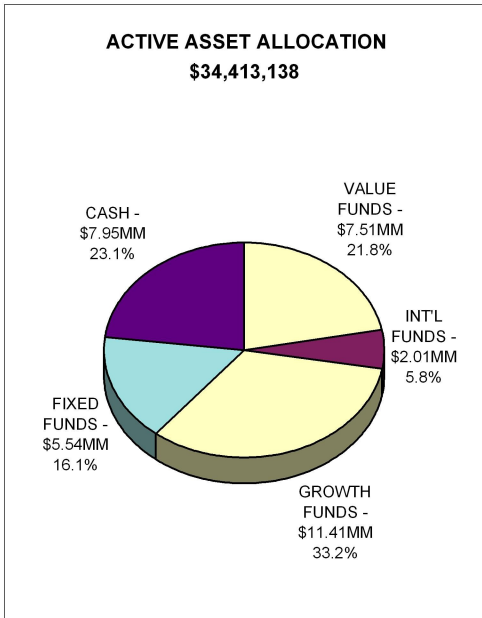
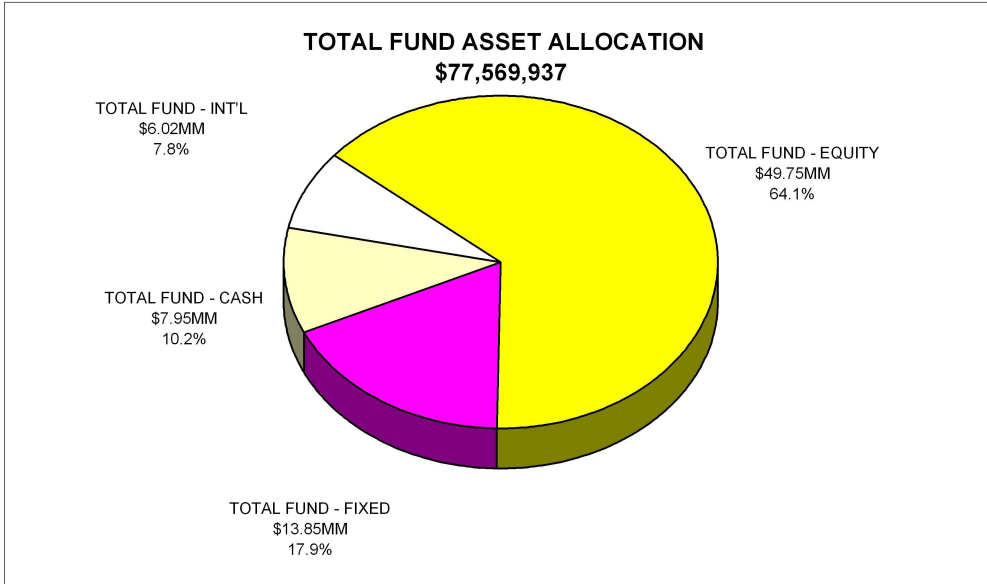
	Domestic Equity	Foreign Equity	US Bond	Emerging Markets	Cash	Total	Percent of Total	Target	Range
Blackrock Equity Index	30,833,966					30,833,966	39.7%		
Harbor Capital Appreciation	2,930,165					2,930,165	3.8%		
T. Rowe Price New America Gr.	2,496,217					2,496,217	3.2%		
Primecap Odyssey Agg Growth	3,242,482					3,242,482	4.2%		
Vanguard Mid Growth	2,743,352					2,743,352	3.5%		
Dodge & Cox Stock	3,908,730					3,908,730	5.0%		
Vanguard Equity Income	3,597,213					3,597,213	4.6%		
TOTAL US EQUITY	49,752,125					49,752,125	64.1%	60.0%	20.0 - 85.0%
Blackrock EAFE Index		4,007,688				4,007,688	5.2%		
Harbor Int'l Inst.		648,739				648,739	0.8%		
MFS International		681,627				681,627	0.9%		
Vanguard Int'l Growth		679,576				679,576	0.9%		
TOTAL INTERNATIONAL		6,017,630				6,017,630	7.8%	10.0%	2.5 - 30.0%
VANGUARD EM STOCK INDEX				0		0	0.0%	10.0%	2.5 - 10.0%
Blackrock US Debt Index			8,315,144			8,315,144	10.7%		
Vanguard Short Tm. Treas.			1,238,646			1,238,646	1.6%		
Vanguard Short Tm. Inv. Gr.			1,315,985			1,315,985	1.7%		
Vanguard Int. Tm. Treas.			547,122			547,122	0.7%		
Vanguard Int. Tm. Inv. Gr.			1,750,849			1,750,849	2.3%		
Vanguard Long Tm. Treas.			684,982			684,982	0.9%		
TOTAL US BOND			13,852,729			13,852,729	17.9%	20.0%	2.5 - 80.0%
TOTAL CASH					7,947,453	7,947,453	10.2%	0.0%	0.0 - 20.0%
TOTAL	49,752,125	6,017,630	13,852,729	0	7,947,453	77,569,937		100.0%	
	64.1%	7.8%	17.9%	0.0%	10.2%	100.0%			

**MIDWEST CITY MEMORIAL HOSPITAL AUTHORITY
PERIOD ENDED 3-31-16**

ALLOCATION CHANGE			
	December 31, 2015	March 31, 2016	Change
Domestic Equity	52,993,030	49,752,125	-3,240,905
Foreign Equity	6,144,640	6,017,630	-127,010
Domestic Bond	13,437,419	13,852,729	415,310
Emerging Markets	4,634,155	0	-4,634,155
Cash	48,186	7,947,453	7,899,267
TOTAL FUND	77,257,429	77,569,937	312,508

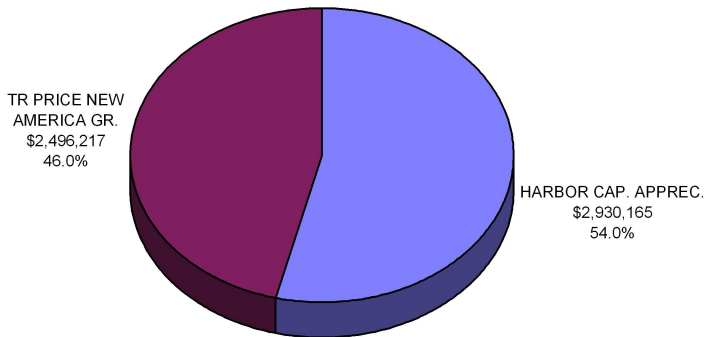
ACTUAL vs. POLICY PORTFOLIO			
	Actual Allocation	Policy Allocation	Allocation Range
Domestic Equity	64.1%	60.0%	20 - 85%
Foreign Equity	7.8%	10.0%	2.5 - 30%
Domestic Bond	17.9%	20.0%	2.5 - 80%
Emerging Markets	0.0%	10.0%	2.5 - 10%
Cash	10.2%	0.0%	0 - 20%

**MIDWEST CITY MEMORIAL HOSPITAL AUTHORITY
ASSET ALLOCATION
PERIOD ENDED 3-31-16**

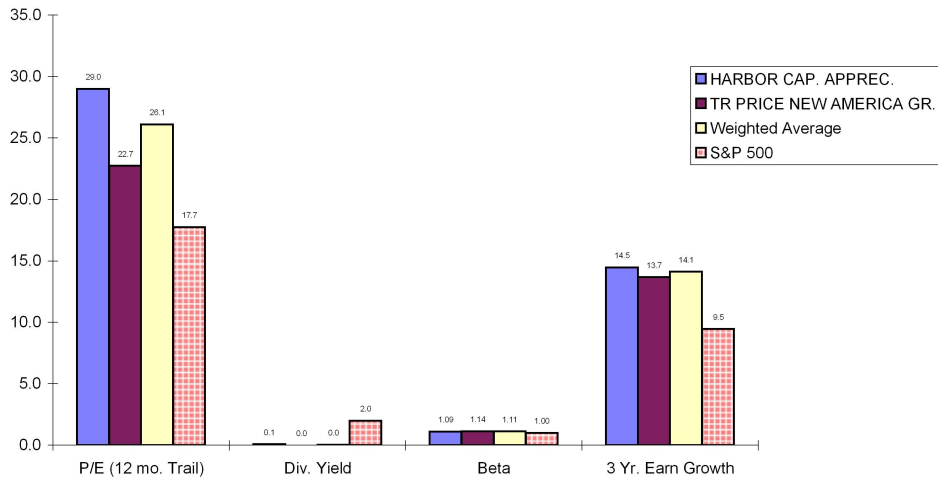


MIDWEST CITY MEMORIAL HOSPITAL AUTHORITY
 PERIOD ENDED 3-31-16

LARGE GROWTH FUNDS COMPOSITE ASSET ALLOCATION
 \$5,426,382

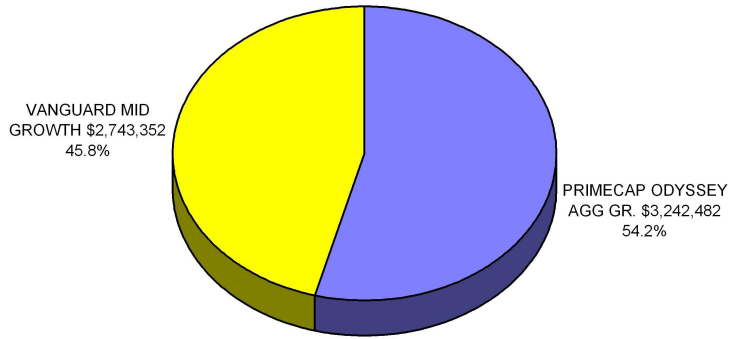


LARGE GROWTH EQUITY CHARACTERISTICS v. S&P 500

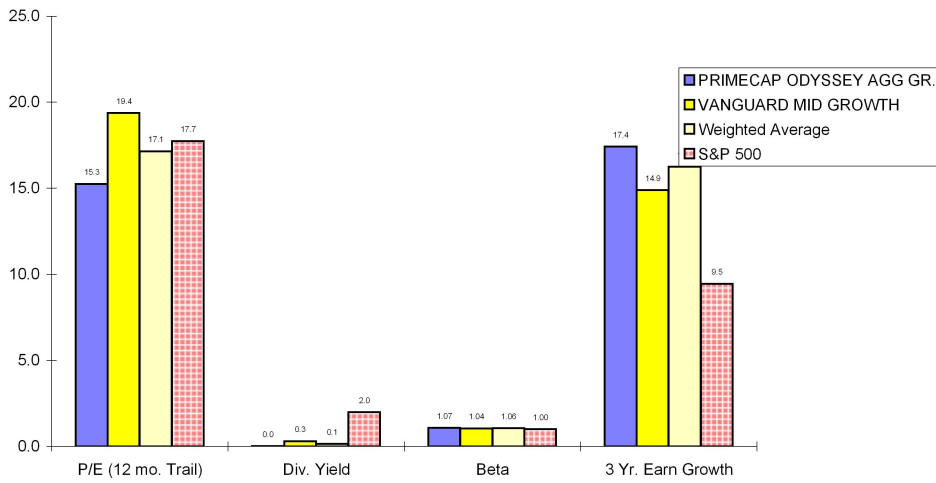


MIDWEST CITY MEMORIAL HOSPITAL AUTHORITY
PERIODS ENDED 3-31-16

MID GROWTH FUNDS COMPOSITE ASSET ALLOCATION
\$5,985,834

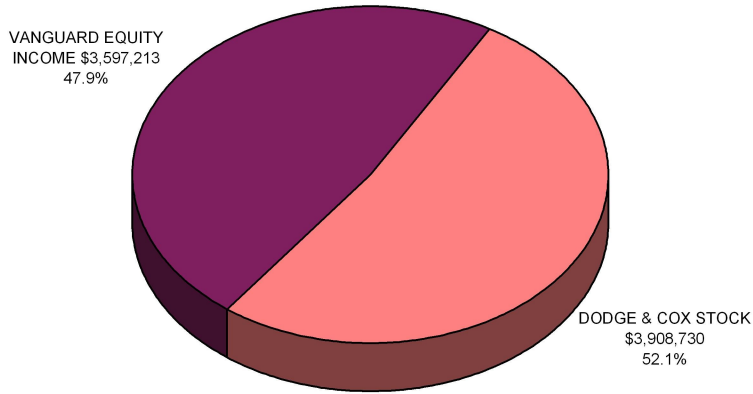


MID GROWTH EQUITY CHARACTERISTICS v. S&P 500

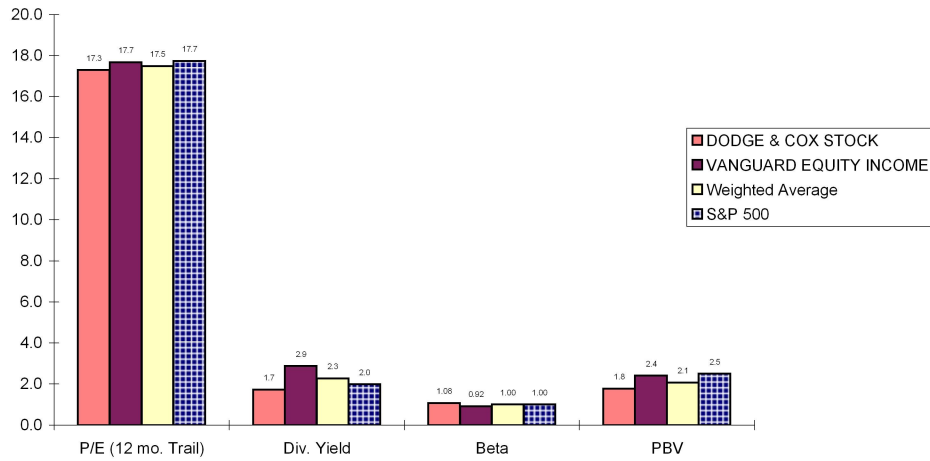


**MIDWEST CITY MEMORIAL HOSPITAL AUTHORITY
PERIOD ENDED 3-31-16**

**VALUE FUNDS COMPOSITE ASSET ALLOCATION
\$7,505,943**

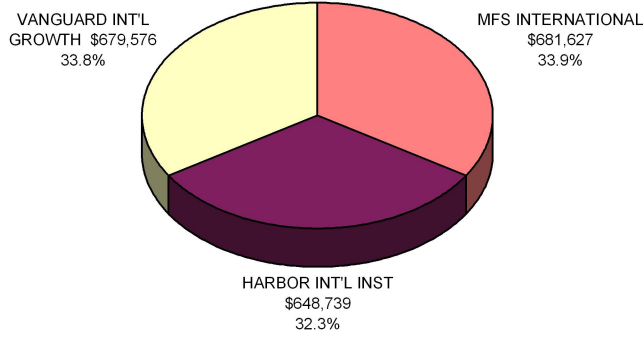


VALUE EQUITY CHARACTERISTICS v. S&P 500

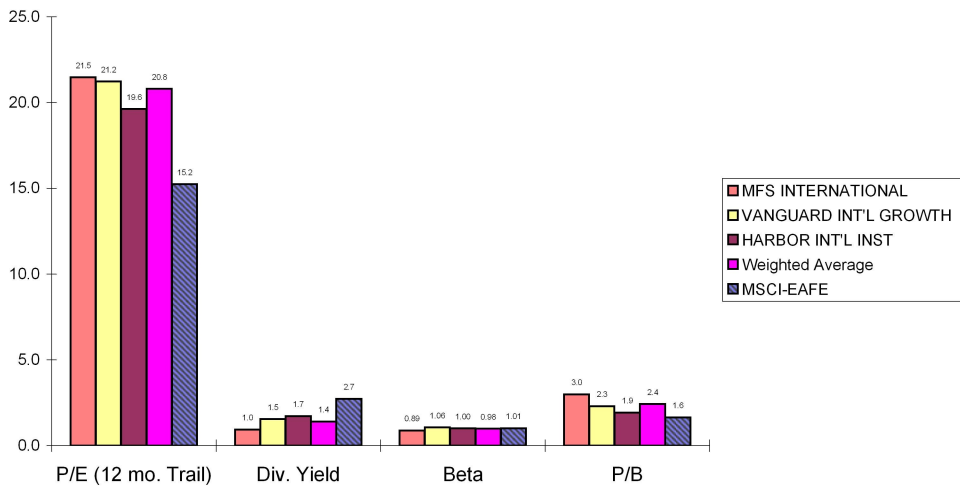


**MIDWEST CITY MEMORIAL HOSPITAL AUTHORITY
PERIOD ENDED 3-31-16**

**INTERNATIONAL FUNDS COMPOSITE ASSET ALLOCATION
\$2,009,942**

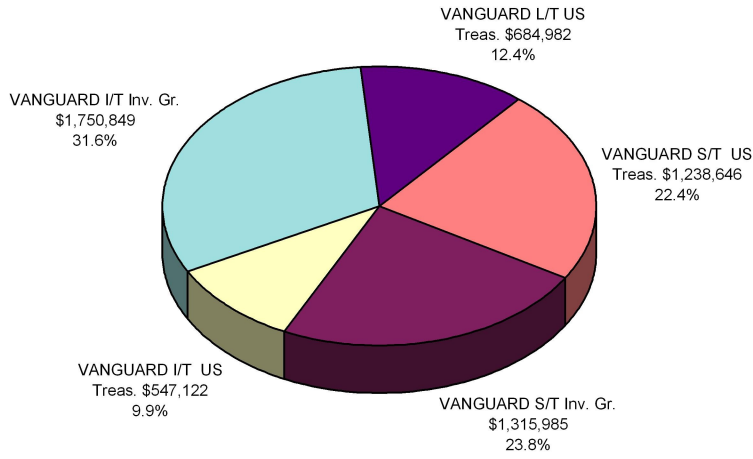


INTERNATIONAL EQUITY CHARACTERISTICS

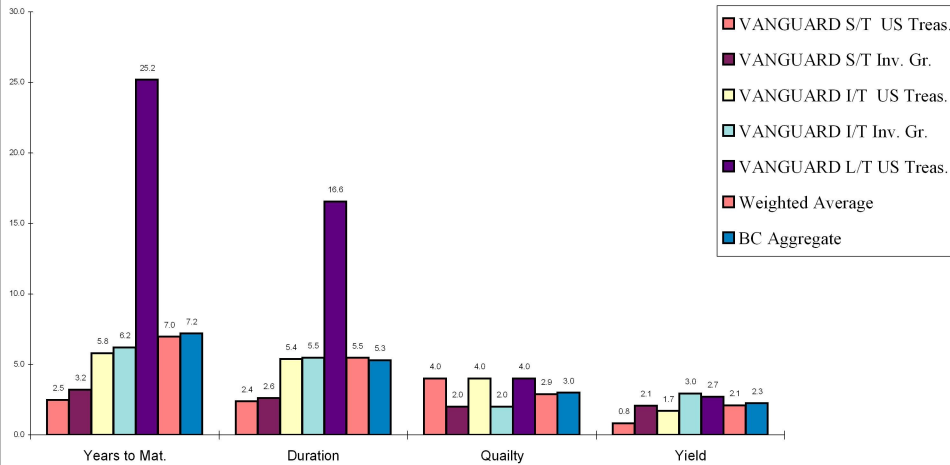


MIDWEST CITY MEMORIAL HOSPITAL AUTHORITY
 PERIOD ENDED 3-31-16

ACTIVE FIXED INCOME ASSET ALLOCATION
 \$5,537,585



ACTIVE FIXED INCOME CHARACTERISTICS



Midwest City Memorial Hospital Authority

Market Value of Fund Plus Real Estate Investments

	Begin MV	Contributions	Gains/(Losses)	PERIOD Distributions For Real Estate Investments	PERIOD Real Estate Sales	Investment End of Period	% ROR	NET Distributions/Sales For Real Estate Investments	Total MV Including Real Estate
1996	0.00	40,000,000	1,894,724			41,894,724	5.00		41,894,724
1997	41,894,724	6,500,000	9,149,906			57,544,631	21.43		57,544,631
1998	57,544,631		10,313,934			67,858,566	17.96		67,858,566
1999	67,858,566		9,842,497	(892,504)		76,808,558	14.66	892,504	77,701,062
2000	76,808,558		1,255,636	(7,530,000)		70,534,196	1.61	8,422,504	78,956,700
2001	70,534,196		(3,474,570)	(17,000,001)	881,724	50,941,348	(4.96)	24,540,781	75,482,129
2002	50,941,348		(6,288,441)	(3,000,000)		41,645,681	(12.42)	27,540,781	69,186,462
2003	41,645,681		8,377,102	(7,000,000)	2,000,000	45,006,531	24.06	32,540,781	77,547,312
2004	45,006,531		5,328,106	(2,000,000)		48,318,461	12.32	34,540,781	82,859,242
2005	48,318,461		3,559,195	(27,212,736)	27,006,977	51,651,524	5.88	34,746,540	86,398,063
2006	51,651,524		7,786,194			59,433,416	15.11	34,746,540	94,179,956
2007	59,433,416		4,280,658	(3,300,000)		60,414,074	7.30	38,046,540	98,460,614
2008	60,414,074		(17,021,674)			43,392,400	(28.12)	38,046,540	81,438,940
2009	43,392,400		8,759,495			52,151,895	21.30	38,046,540	90,198,435
2010	52,151,895		6,528,733	(1,800,000)		56,880,628	9.32	39,846,540	96,727,168
2011	56,880,628		(1,072,322)			55,808,306	(1.79)	39,846,540	95,654,846
2012	55,808,306		7,553,650			63,361,956	13.60	39,846,540	103,208,496
2013	63,361,956		13,845,096			77,207,052	21.94	39,846,540	117,053,592
2014	77,207,052		5,844,036	(5,650,000)		77,401,088	8.46	45,496,540	122,897,628
2015	77,401,088		(143,659)			77,257,429	(0.12)	45,496,540	122,753,969
1q16	77,257,429		312,508			77,569,937	0.42	45,496,540	123,066,477
TOTAL		46,500,000	76,630,804	(75,385,240)	29,888,701	77,569,937		45,496,540	123,066,477

9/30/96
INCEPTION
ROR: 7.22%



Midwest City Memorial Hospital Authority

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Midwest City, Oklahoma 73110
(405) 739-1207 Fax (405) 739-1208 TDD (405) 739-1359
E-mail: ghenson@midwestcityok.org

J. Guy Henson
*General Manager/
Administrator*

Trustees

Matthew D. Dukes II
Daniel McClure Jr.
Pat Byrne
Rick Dawkins
M. Sean Reed
Christine Allen
Jeff Moore

Board of Grantors

Sherry Beard
John Cauffiel
Marcia Conner
Pam Dimski
Pam Hall
Joyce Jackson
Charles McDade
Nancy Rice
Sheila Rose

MEMORANDUM

TO: Honorable Chairman and Trustees

FROM: J. Guy Henson, General Manager/Administrator

DATE: May 12, 2016

SUBJECT: Discussion and consideration of revisions to the Midwest City Memorial Hospital Authority Fund Statement of Investment Policy, Guidelines and Objectives.

Please find attached the Statement of Investment Policy, Guidelines and Objectives dated December 2012, and the revisions to the December 2012 document, which is dated May 2016. Jim will review the proposed May 2016 changes and the overall document itself at this special meeting. With new Trustees, we felt it would be appropriate to provide a general overview of the investment strategy.

J. Guy Henson
General Manager/Administrator

MIDWEST CITY
HOSPITAL AUTHORITY FUND
STATEMENT OF INVESTMENT POLICY,
GUIDELINES AND OBJECTIVES

DECEMBER 2012

MIDWEST CITY
HOSPITAL AUTHORITY FUND
STATEMENT OF INVESTMENT POLICY,
GUIDELINES AND OBJECTIVES

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MIDWEST CITY HOSPITAL AUTHORITY FUND

Statement of Investment Policy, Guidelines and Objectives for the Fund December 2012

I. PURPOSE AND OBJECTIVE

The primary purpose of the Midwest City Hospital Authority Fund ("Fund") is to preserve its principal, produce a proscribed level of income, and provide for growth of principal with no outside additions to the Fund being anticipated. Assets will be invested in a diversified portfolio to achieve attractive real rates of return. Prudent standards for the preservation of capital will be followed, with the goal to achieve the highest possible rate of return consistent with the Fund's tolerance for risk as determined by the Board of Trustees in its role as a fiduciary.

II. SCOPE

This policy applies only to the financial assets of the Midwest City Hospital Authority Fund of Midwest City, Oklahoma.

III. PARTIES ASSOCIATED WITH THE FUND

A. Board of Trustees (The Board)

1. Holds ultimate responsibility of the Fund and the appropriateness of its investment policy and its execution.
2. Retains consultants, investment managers and other advisors to implement and execute the investment policy as it relates to the Fund.
3. Reviews adequacy of or the need for change of this Statement.
4. Meets with investment managers and reviews quarterly reports concerning the Fund's asset management.
5. Engages a custodian.
6. Defines investment policy guidelines and objectives for the Fund including risk tolerance.

B. Investment Managers

1. Will have full discretion in the management of assets allocated to the investment managers subject to the overall investment guidelines set by The Board. The term investment manager shall include any investment vehicle utilized by the Board and shall include the use of investment advisors managing separate accounts, mutual funds, collective trust funds of banks or trust companies, and insurance company separate accounts.
2. Serve as fiduciaries responsible for specific securities decisions.
3. Will abide by duties, responsibilities and guidelines detailed in any specific manager agreement.
4. The managers will operate within a set of guidelines, objectives and constraints which are included within.
5. Meet as required with The Board at least annually and provide reports relative to the status of the portion of the fund in which they manage, and discuss performance objectives met and if applicable explain why the objectives were not met. The Board may, at its discretion waive this requirement if other than separate accounts are utilized (e.g. mutual funds).
6. Meet with and/or inform The Board in writing of any changes in investment philosophy or professional staff.

C. Custodian

1. Accepts possession of securities for safekeeping; collects and disburses income; collects principal of sold, matured or called items, and provides periodic accounting statements.
2. Meets as required with The Board and provides reports relative to the status of the Fund.
3. Will abide by duties, responsibilities and guidelines detailed in any specific custodial agreement.

D. Investment Consultant/Advisor

1. Assists The Board in developing investment policy guidelines, including asset class choices, asset allocation targets and risk diversification.
2. Provides The Board with objective information on a broad spectrum of investment management specialists and helps construct a portfolio management team of superior investment managers.
3. Monitors performance of investment managers and provides regular quarterly reports to The Board, which will aid them in carrying out the content of this Statement.
4. Reports conclusions and recommendations in writing to The Board as required.
5. Evaluates and makes written recommendations as needed on portfolio management.
6. Will abide by duties, responsibilities, and guidelines detailed in any specific consulting agreement.
7. Advise The Board of policy position for cash reserves and investment manager retention, as required.

IV. INVESTMENT GUIDELINES AND OBJECTIVES

The Prudent Person Rule shall govern The Board in its choice of investment alternatives as it may in its sole discretion elect from time to time. The primary investment focus of The Board will be to invest in domestic and international common stocks, government and corporate bonds, short-term fixed income securities maturing in one year or less (cash equivalents), by utilizing primarily index funds, mutual funds, or collective trust funds. In addition, the Board may, in its sole discretion, invest portions of the fund corpus, or income, in real estate. Such investments would typically include developed or undeveloped real property located in Midwest City, Oklahoma or its environs, or commingled funds which invest in various kinds of property located throughout the United States.

A. Investment Approach-Diversification

Although the total fund is a balanced fund (comprised of stocks, bonds and cash equivalents), The Board has elected to utilize equity (common stocks plus cash equivalents) and fixed income (bonds plus cash equivalents) specialists for each component of the total fund.

The Board through its Consultant shall monitor the portfolio characteristics of the investment managers in order to ensure that their styles (investment approaches) are diverse as well as complementary. Characteristics for the equity managers shall include price to earnings ratio (P.E.), dividend yield, beta (volatility relative to the S&P 500 Index), price to book values, Return on Equity, and 3 year trailing earnings growth. Fixed income managers will be monitored for average years to maturity and duration.

The investment managers to the fund should not in the aggregate:

1. Invest more than 5% of the plan assets under its management in the securities of any one issuer based on cost, securities of the U.S. government excepted.
2. Invest more than 20% of the plan assets under its management in any industry of the market based on cost.

B. Investment Type and Quality

1. Common Stocks (Domestic)
Limit common stocks purchases to those issues on which the Investment Manager's research or portfolio management personnel maintain current opinions. Consider both the perceived ability of the company to appreciate and achieve future growth in earnings and in current dividend return in evaluating the potential total return of a security considered for purchase.
2. Fixed Income Securities (maturity greater than one year).
Fixed income securities must be rated at least Baa or BBB (investment grade) by both Moody's and Standard and Poor's to qualify for purchase. Issues subsequently downgraded below Baa or BBB rated quality must be sold within 60 days. Investment managers may appear before The Board to seek an exception to the sale of the issue within the 60 day provision.
3. Cash Equivalents
 - a. A1, P1 rated commercial paper.
 - b. Obligations of the U.S. government or its agencies maturing in 1 year or less.
 - c. Broker's or bank repurchase agreements--collateralized by the U.S. government/agency assets.
 - d. Money market mutual funds
Subject to the same restrictions a,b,c immediately listed above.
 - e. Bank STIF funds (short-term investment fund)
Subject to the same restrictions a,b,c immediately above.
4. International Investments and International Index Funds
Investment company shares (mutual funds), collective trust funds of banks or trust companies, and insurance company separate accounts. Mutual and collective trust funds, and insurance company separate accounts shall have at least a 5 year history, \$50 million in assets under management, the same management for the previous five years, and the same investment philosophy/strategy for the previous five years. Should an international index fund be utilized, the fund will strive to replicate MSCI/EAFE Index (Morgan Stanley Capital International/Europe, Australasia, and Far East Index).

5. Index and Mutual Funds (Domestic)
Investment company shares (mutual funds), collective trust funds of bank or trust companies, and insurance company separate accounts. Mutual and collective trust funds, and insurance company separate accounts shall have at least a 5 year history, \$50 million in assets under management, the same management for the previous five years, and the same investment philosophy/strategy for the previous five years. The domestic index fund(s) must strive to replicate the return of Standard and Poor's 500 Stock Index or the Barclays Capital Government/Credit Bond Index or the Barclays Capital Aggregate Bond Index.
- C. Liquidity
1. Common Stock--Average daily trading volume in any given issue should be sufficient to allow timely purchase or sale without causing undue distortion in price due to such action.
 2. Fixed Income--The investment advisors to the fund should restrict their purchases of non-U.S. government securities to issues of at least \$50 million or more.

V. PORTFOLIO ASSET ALLOCATION GUIDELINES

A. Asset Allocation Ranges

The Board has adopted the asset allocation policy shown below for the Fund assets. Target percentages have been determined for each asset class along with allocation ranges. It is the intent to rebalance the assets back to target allocations when the allocations fall outside the minimum and maximum ranges. Percentage allocations are intended to serve as guidelines. The Board will not be required to remain strictly within the designated ranges when market conditions or an investment transition (asset class or manager) may require an interim investment strategy, and therefore a temporary imbalance in asset mix.

	Minimum	Asset Allocation Target	Maximum
Equities*			
Domestic	20%	60%	85%
International	2.5%	10%	30%
Fixed Income**	2.5%	20%	80%
Real Estate	0.0%	0%	20%
Cash Equivalents	0.0%	0%	20%
Emerging Markets	5.0%	10%	15%

* Equity and fixed includes passive portions (60% of the 60% in domestic equity, 50% of the 10% in international equity, and 60% of the 20% in fixed income).

** Includes bonds, cash, and cash equivalents.

Should the asset mix of the Fund vary from The Board's policy $\pm 5\%$ at the end of any fiscal quarter due to market fluctuations the asset mix shall be rebalanced either by the direction of cash flow and/or shifting of assets.

B. Cash Reserve Policy

If the Board elects to reduce risk exposure by raising cash reserves, it may, at its discretion, retain a manager to manage such cash reserves in a Special Cash Reserve Fund. The implementation of a cash reserve policy, should the Board, upon the recommendation of its Consultation/Advisor, elect to do so, will not be based on interest rates or market forecasts, but will be driven by the current level of interest rates as reflected by the Fed Funds rate as determined by the Federal Reserve. The policy of The Board, should it elect to implement a cash reserve policy, will be as follows:

	% of Total Fund Invested in Special Cash Reserve Fund	Fed Funds Rate Levels
Policy Position 1a	0-3	5% or less
Policy Position 1b	12	>5% - <6%
Policy Position 2	18	6% - <7%
Policy Position 3	24	7% - <8%
Policy Position 4	30	8% - <9%
Policy Position 5	36	9% or above

C. Money Manager Risk Limits

1. Equity Manager(s)

The Equity portion of the fund shall be as fully invested as possible at all times. This generally means at least 95% of assets under a common stock manager's control. If in their opinion, it is necessary to protect the fund corpus on a long-term basis, by exceeding the cash equivalents limit, the manager must contact The Board for the appropriate approval or guidance.

2. Fixed Income Manager(s)

The fixed income portion of the fund may be invested 100% in cash equivalents or up to 100% in fixed income securities maturing in 30 years or less.

The active fixed income manager(s) will maintain portfolio duration at a minimum of 50% and a maximum of 150% of the Barclays Capital Aggregate Bond Index (Index = 100).

D. Equity Style Allocation

The Board may or may not seek to take advantage of the cyclical behavior of the growth and value approaches to investing by rebalancing the portion of the fund invested in growth and value approaches to each other.

1. Equity

The Board defines the characteristics of the growth and value investing relative to the characteristics of the overall market (S&P 500 Stock Index) as follows:

Relative to the S&P 500

	<u>Growth</u>	<u>Value</u>
Price to Earnings Ratio (P.E.)	Higher	Lower
Dividend Yield	Lower	Higher
Volatility (Beta)	Higher	Lower
Price to Book Value	N/A	Lower
Earnings Growth	Higher	N/A

Periodic rebalancing recommendations by the investment consultant/advisor to The Board shall be in writing, as the growth and value approaches become over, under, or fairly valued relative to each other in the following manner:

Growth vs. Value Structure

WHEN:

Growth Stocks Overvalued	Growth 40% - Value 60%
Growth Stocks Fairly Valued	Growth 50% - Value 50%
Growth Stocks Undervalued	Growth 60% - Value 40%

Rebalancing will not affect other segments of the equity portions of the fund not invested in growth or value.

2. Fixed

Approximately 60% of the fixed income portfolio will be passively managed utilizing an index fund which will strive to replicate the return of the Barclays Capital Aggregate Bond Index, with the remainder actively managed.

VI. PERFORMANCE OBJECTIVES

The Fund's total return will be expected to provide equal or superior results, using a three to five year moving average, relative to the following benchmarks:

1. An absolute return objective of the Consumer Price Index plus 4% compounded annually.
2. An income return sufficient to meet any disbursement requirement as stipulated by the Board.
3. A return exceeding the 90 Day U.S. Treasury Bill rate (risk-free rate).
4. Domestic equity fund returns which exceed the S&P 500 Stock Index return by 1% (100 basis points), per year and fixed income returns which exceed Barclays Capital Aggregate Bond Index by ½% per year (50 basis points).
5. Stock and bond returns which fall into the top 25% of the Consultant's Universe* (or other representative universe approved by The Board) of common stock and bond funds (referred to as equity and fixed income by Consultant's), with some consistency.
6. Passive domestic returns which replicate the return of the Standard and Poor's 500 Stock Index, passive fixed returns which replicate the return of the Barclays Capital Aggregate Bond Index, and passive international returns which replicate the return of the MSCI EAFE International Index and Emerging Market passive equity returns which replicate the MSCI Emerging Markets Index. The Board may elect to utilize other types of index funds, in which case the same standard will apply.
7. Active international equity returns which exceeds the MSCI EAFE Index by 1% per year.

* The FCA universe currently consists of data on several thousand mutual funds provided by Morningstar, Inc., which is screened for conformity to the portfolio characteristics described in this statement (P.E., dividend yield, etc).

VII. MANAGER PERFORMANCE

1. Manager performance shall be monitored using a three to five year moving average and performance will be compared to:
 - a. An unmanaged market index fund.
 - b. A relative return target of the top 50% of the Consultant's manager universe, (or other representative universe approved by The Board) with some consistency.
 - c. An absolute return target of the Consumer Price Index plus 4% compounded annually.
2. Performance will be reviewed for the following periods:
 - a. Three month, one, three, and five years.

VIII. MANAGER TERMINATION

Investment managers will be considered for termination if one or more of the following occur:

- a. Major changes in professional personnel.
- b. Major changes in the investment process.
- c. There appears to be minimal probability of the manager achieving long-term investment objectives.
- d. The trend of the managers percentile ranking versus the consultant's universe is down.
- e. The trend of the manager's ranking versus his own peer group is down.

IX. ETHICS AND CONFLICTS OF INTEREST

Trustees, officers, employees, investment managers and consultants involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials and consultants shall disclose to the Chairperson of the Board of Trustees any direct financial institutions that conduct business with the Fund, and they shall further disclose any personal financial investment positions that could be related to the performance of the portfolio of the Fund. Such disclosure shall be made within 90 days to the Board of any such position being taken. Employees, officers, trustees and consultants shall subordinate their personal investment transactions to those of the Fund, particularly with regard to the time of purchases and sales.

X. INVESTMENT POLICY ADOPTION

The statement of investment policy, guidelines and objectives for the Fund shall be adopted and approved by the Board of Trustees of the Fund. The policy document shall be reviewed on an annual basis by the Board with any modifications presented to the Board for approval and adoption. All Money Managers must be advised of any modifications to the policy in a timely manner.

**MIDWEST CITY
HOSPITAL AUTHORITY FUND
STATEMENT OF INVESTMENT POLICY,
GUIDELINES AND OBJECTIVES**

MAY 2016

V. PORTFOLIO ASSET ALLOCATION GUIDELINES

A. Asset Allocation Ranges

The Board has adopted the asset allocation policy shown below for the Fund assets. Target percentages have been determined for each asset class along with allocation ranges. It is the intent to rebalance the assets back to target allocations when the allocations fall outside the minimum and maximum ranges. Percentage allocations are intended to serve as guidelines. The Board will not be required to remain strictly within the designated ranges when market conditions or an investment transition (asset class or manager) may require an interim investment strategy, and therefore a temporary imbalance in asset mix.

	Minimum	Asset Allocation Target	Maximum
Equities*			
Domestic	20%	70%	85%
Fixed Income**	2.5%	30%	80%
Real Estate	0.0%	0%	20%
Cash Equivalents	0.0%	0%	36%

* Equity and fixed includes passive portions (60% of the 70% in domestic equity, 50% of the 10% in international equity, and 60% of the 30% in fixed income).

** Includes bonds, cash, and cash equivalents.

Should the asset mix of the Fund vary from The Board's policy \pm 5% at the end of any fiscal quarter due to market fluctuations the asset mix shall be rebalanced either by the direction of cash flow and/or shifting of assets.

2. Fixed

Approximately 60% of the fixed income portfolio will be passively managed utilizing an index fund which will strive to replicate the return of the Barclays Capital Aggregate Bond Index, with the remainder actively managed.

VI. PERFORMANCE OBJECTIVES

The Fund's total return will be expected to provide equal or superior results, using a three to five year moving average, relative to the following benchmarks:

1. An absolute return objective of the Consumer Price Index plus 4% compounded annually.
2. An income return sufficient to meet any disbursement requirement as stipulated by the Board.
3. A return exceeding the 90 Day U.S. Treasury Bill rate (risk-free rate).
4. Domestic equity fund returns which exceed the S&P 500 Stock Index return by 1% (100 basis points), per year and fixed income returns which exceed Barclays Capital Aggregate Bond Index by ½% per year (50 basis points).
5. Stock and bond returns which fall into the top 25% of the Consultant's Universe* (or other representative universe approved by The Board) of common stock and bond funds (referred to as equity and fixed income by Consultant's), with some consistency.
6. Passive domestic returns which replicate the return of the Standard and Poor's 500 Stock Index, passive fixed returns which replicate the return of the Barclays Capital Aggregate Bond Index. The Board may elect to utilize other types of index funds, in which case the same standard will apply.

* The FCA universe currently consists of data on several thousand mutual funds provided by Morningstar, Inc., which is screened for conformity to the portfolio characteristics described in this statement (P.E., dividend yield, etc).