I. INVESTMENT GUIDELINES

A. POLICY

This policy sets the guidelines to be followed for investment of corporate cash reserves. This policy intentionally reflects a conservative strategy which sacrifices some potential earnings for security of the capital invested and which places some premium on liquidity to meet emergencies. There are two general classes of funds to be invested: operating funds and reserves.

B. OPERATING FUNDS

Operating funds are the funds used for ongoing operations of the Corporate Office to meet payroll, travel expenses, etc. Except for immediate cash needs, these funds should be kept in money-market accounts and transferred to the corporate checking accounts as needed. Facility & Administrative (F&A) corporate cost reimbursements and Management Fee payments are to be transferred into the money-market account as excess cash is accumulated.

The minimum level for Operating Funds should be sufficient to fund one full board meeting at a U.S. site, plus funds for one month's Corporate operations.

C. RESERVES

Reserves are funds accumulated beyond those needed for immediate expenditure:

1. FIRST LEVEL RESERVES

First level reserve funds are available to augment the operating funds during any operating year. The first-level reserves should meet the full corporate budget for approximately twelve (12) months at the current-year budgeted level. This requirement can be met by a combination of short-term investments and/or a standby Line of Credit, guaranteed by reserve funds**.** When possible, investments shall be made in increments not exceeding federally insured amounts for certificates of deposit with maturity dates scheduled to provide required liquidity during the fiscal year. Short-term Treasuries should be similarly staggered.

2. SECOND LEVEL RESERVES

Second level reserve funds are available for investment periods longer than one year. In order to maximize interest earnings these funds should be invested in increments up to federally insured amounts for certificates of deposit with staggered maturity dates.

D. INVESTMENT INSTRUMENTS

1. Investments of First Level Reserves may be made in U.S. Government instruments; in Certificates of Deposit or other instruments insured by the FDIC or FSLIC; Commercial paper backed by bank letters of credit; high quality bankers' acceptances; or repurchase agreements issued by reputable financial institutions.

   Investment decisions should have preservation of capital as the first priority and portfolio liquidity must come before yield considerations. Even though certificates of deposit are insured, care should be taken in such investments because in case of failure, these funds are temporarily non-liquid; and,

2. Investments of Second Level Reserves may be made in the same instruments as prescribed for First Level Reserves. In addition Second Level Reserves may be invested in U. S. Government guaranteed bonds, investment grade corporate bonds or Mutual Funds of over $500 million in assets that invest in U.S. Government guaranteed bonds, Investment grade corporate bonds and equities.

   Equities may not exceed 50% of the Second Level Reserves and Corporate bonds may not exceed 25% of the Second Level Reserves.