

RULES AND REGULATIONS – FINANCE AND BUDGET

Cape George Colony Club Investment Policy POLICY

This policy provides guidelines for the ongoing management of the Association's investment of its reserve funds so as to protect and ensure the safety of those assets. The policy addresses the methods and practices which should be exercised to ensure effective and judicious fiscal investment management of CGCC's reserve funds. This policy does not set forth: (1) the minimum reserve fund balance required; (2) any statutory mandates for reserve studies and disclosure therein; and (3) the tax consequences of the investment options contained herein.

REASON FOR THE POLICY

Reserve funds are for the major maintenance, repair, and replacement of those items for which the Association is responsible and that must be periodically maintained, repaired, or replaced. Reserve funds are to be invested in a manner that assures maximum safety and appropriate liquidity and, finally maximizes yield within the previous constraints.

The investment objectives are, in order of priority:

- Preservation and safety of principal;
 - Liquidity and accessibility to meet expected and unexpected expenditures; and lastly,
 - Maximization of yield.
-

POLICY STATEMENT

This investment policy outlines the methods and practices to be followed when investing CGCC's reserve funds. All Board members and delegated Agents involved in the investment process shall act responsibly as fiduciaries of the CGCC's members trust.

Invested funds representing reserve assets shall be maintained in separate and distinct accounts in accordance with guidance issued by the IRS and others.

Investment Guidelines

- A. All funds held for capital expenditures as part of the reserve fund shall be deposited and invested in a manner to accomplish the following:
 - a. **Safety of Funds:** Safety of principal is the foremost objective of the investment programs. Investments shall be undertaken in a manner that seeks to ensure the preservations of capital, the mitigation of credit risk and the minimization of interest rate risk.
 - b. **Liquidity of Funds:** The investment portfolio shall remain sufficiently liquid to meet all planned reserve fund expenditures for the following fiscal year.
 - c. **Types of Investments:** The reserve fund portfolios shall consist largely of:
 - i. Money market accounts;
 - ii. Certificates of deposit (CDs);

RULES AND REGULATIONS – FINANCE AND BUDGET

- iii. Savings accounts;
 - iv. Checking accounts; and occasionally
 - v. U.S. Treasury obligations
 - d. **Yield:** The reserve portfolio is expected to earn a competitive rate of return subject to the restrictions on the types of investments, the need for liquidity and the necessity to safeguard the portfolio's principal.
- B. Only the Treasurer assisted by the President shall be authorized to perform investing activities on behalf of CGCC. These are the only two Officers authorized to conduct investment management, cash management or treasury functions. From time to time, advice may be sought from the General Manager, the Finance Committee and other outside advisors as the Treasurer deems appropriate.
- C. CGCC shall not invest in the following asset classes:
- a. Individual stocks;
 - b. Equity or bond mutual funds, domestic or foreign;
 - c. Mutual funds consisting of mortgages, derivatives, other exotic financial instruments or excessively synthetic combinations thereof;
 - d. Options on equity, debt or commodities;
 - e. Floating rate securities or floating rate certificates of deposit; and
 - f. Investment in a single institute in excess of FDIC or NCUA insurance limits.
- D. Banks, savings institutes and credit unions shall be approved by written resolution by the Board of Directors to provide depository and other bank services to CGCC in relation to its reserve fund investing activities. To be eligible for authorization, an institution must be domiciled in the United States, be a member of the FDIC or NCUA and must meet the minimum credit criteria of credit analysis provided by commercially available rating services.
- E. On an annual basis, an investment report shall be prepared and submitted to the Board. At a minimum that report shall list the reserve fund investments held by CGCC, the current market valuation of the investments and the earnings on those investments for the fiscal year just ended.

Approved by the Board of Trustees, August 11 2011

Approved by the Board of Trustees, February 14, 2019

Katie Habegger, President

Joel Janetski, Secretary