

Village of Fountainview Condo Association

Policy for Investments

Purpose: This Policy provides guidance regarding the Investment strategy to be used for Condo Funds.

Goals and Objectives: The Village of Fountainview (VoF) operating account surplus and reserve assets shall be invested in an effort to achieve the following prioritized objectives:

- 1) Preservation of the principal;
- 2) Match maturity dates of investments to anticipated needs;
- 3) Optimize investment performance for the class of investment.

Investment Strategy:

- 1) **Short Term Needs** - On a quarterly basis, the Council shall review the Investments and maintain an amount equal to 100 % of the anticipated 60 day forecasted need for funds in the operating account and 125% of the anticipated 90 day need for funds from the Reserve Account.
- 2) **Non-liquid Portion** – All assets in excess of the Short-Term Needs are available for investment as follows:

Laddering Strategy – Investments selected shall have maturities that are spread over a period of 2 or more years (cycle time) such that an equal value (approximately) of investments matures each month. The cycle time may be adjusted from time to time depending on market conditions. Also, the maturities may vary due to the anticipated need for funds identified in the operating budget and reserve study. The initial investments may be of varying lengths but when mature can be renewed at the total cycle time (end of the maturity dates of existing investments). The Council shall review the laddering strategy on a quarterly basis and initiate changes as warranted.

This laddering strategy will allow for higher longer-term rates while having a continuous flow of cash readily available to meet needs of the HOA.

New Funds - As contributions to the Reserve Fund are made, the amount of Liquid Assets may exceed the requirement. Similarly, The Operating Account may at times yield a surplus of Liquid Assets. These situations will allow for additional funds to be available for investment.

Types of Investments - The following securities meet the Council's Goals and Objectives as stated above:

1. VoF Bank liquid accounts

2. VoF money market mutual funds investing only in U.S. Treasury and Treasury-backed securities.
3. Certificates of deposit in FDIC-insured financial institutions, with no more than the FDIC insured limit invested in any such institution.
4. Treasury bills, notes or bonds purchased with the intent to hold to maturity.

Review and Control

All investments will be purchased in the name of the Village of Fountainview.

The Treasurer has the Authority to reinvest funds in similar instruments when investments mature. Changes in the laddering structure, investment type shall be approved by the Condo Association. Withdrawal of funds from investments shall require approval of the Association.

The Site Manager and Treasurer shall review and reconcile investment statements monthly and report any discrepancies to the Association within 15 days of the statement date. Statements and reconciliations shall be provided to the Association for its review.

Questions regarding this policy should be directed to the Condo Association.