

**WATERFORD MASTER OWNERS ASSOCIATION, INC
INVESTMENT POLICY**

Purpose

The board has a fiduciary responsibility to invest the Association's funds so as to protect capital while maximizing investment income and minimizing investment risk. This policy defines the responsibilities of the Association's Board of Directors, officers and committees and provides guidelines for investing Association capital.

Goals and Objectives

The Association's funds will be invested to achieve the following prioritized objectives:

1. Promote and assure the preservation of principal.
2. Ensure projected and actual cash flow needs are met.
3. Achieve investment performances appropriate for various short- and long-term investments.

Responsibilities

The Board of Directors has the ultimate responsibility for the investment program. The Treasurer has the delegated authority to manage all Association funds, implement and guide the investment program. The Board is responsible for developing the investment policy and overseeing the execution of that policy.

Investment Strategy

- I. Liquid Portion: The Treasurer will review and update the Association's cash flow schedule on a quarterly basis, and maintain liquid accounts equal to the expected expenditures plus a twenty percent (20%) "cushion" for unexpected expenditures. This amount will be defined as the base liquid portion.
- II. Non-liquid Portion
 - A. Non-liquid funds will be invested as follows:
 1. Laddered individual securities with maturities of one to five years structured such that an appropriate amount matures to meet cash flow requirements.
 - B. With matured funds, consistently purchase securities at the long end of the maturity range.
 - C. The Treasurer may reduce the longest maturity as market conditions warrant. The expectation of this laddering strategy is that the assets will benefit from longer-term rates while maintaining readily-available funds and cash flow.

- D. In structuring maturities, the Treasurer will review the Association's cash flow requirements to ensure maturing funds are sufficient to cover anticipated expenditures.
- E. As the liquid portion of the funds grow (from earnings as well as contributions), additional amounts may become investable into the non-liquid portion. New funds, defined as those in excess of the base liquid portion, will be combined and invested with the proceeds from the laddered securities when they mature.
- F. The Treasurer has the Fiduciary responsibility and authority for investing the Association's funds.

- G. The Treasurer will consult with the Finance Committee as well as the Association's investment broker or agency, if applicable, to determine suitable investments to meet the Association's needs and goals.
- H. The Treasurer will report to the Board the status of the Association's investments at each Board meeting.

Acceptable Security Classes

- A. HOA Bank liquid accounts
- B. HOA money market mutual funds investing only in U.S. Treasury and Treasury-backed securities
- C. Certificates of deposit in FDIC-insured financial institutions, with no more than \$250,000 at any such institution, unless additional deposit insurance is provided by the bank, and with the intent to hold to maturity.
- D. U.S. Treasury bills, notes or bonds purchased with the intent to hold to maturity.
- E. CDAR's (Certificate of Deposit Account Registry Service) with financial institutions that are members. These institutions set CD rates while commingling funds with others and do not exceed amounts greater than the FDIC-insured limit at any one institution.

Review and Control

- A. All fixed income securities must have a credit rating of no less than AA by both S&P and Moody's ratings organizations.
- B. All investments will be purchased in the name of the Association
- C. The signatures of at least two approved signatories, one of which is the Treasurer, must be obtained for withdrawals or transfers of funds.
- D. Banks must provide timely and accurate regular statements to the Board or Management, which will reconcile all statements within 30 days of receipt. Such statements and reconciliations will be provided to the Treasurer for review.
- E. Each month the Board will review financial statements to ensure that its goals and objectives are being met.

Revised & Approved WMOA BOD 4/11/19 Original 3/11/04
