

INVESTMENT POLICY

Goals & Objectives. The reserve assets shall be invested to achieve these objectives:

- Not risk loss of principal;
- Ensure that adequate liquid funds will be available for each coming year for or to meet the reserve needs;
- Achieve highest long-term investment performance

Investment Strategy:

A. Base Liquid Funds: On an annual basis, the Board will review the reserve schedule for the upcoming year to determine anticipated funds required for expected reserve expenses are met. This amount constitutes the "Base Liquid Funds."

B. Non-Liquid Funds: Funds over and above the Base Liquid Funds will be invested as follows:

- Laddering Strategy - Invest in federally insured accounts and maturities of three months or more if interest rates are desirable. If Certificate of Deposits are used, the Certificates should be with varying maturity dates (laddering strategy).
- The Association has a Money Market Account and should maintain this to place maturing Certificates of Deposits that have low return.
- If interest yields are relatively low, the Board will invest for shorter terms with the anticipation that rates will rise in coming months.
- If rates are relatively high, the Board will invest for longer terms to take advantage of the higher yield.
- Saving accounts may be used to roll excess cash into from the standard checking account if directed to do so.

Approved FDIC Non Risk Investment Vehicles

- Savings accounts
- Money market accounts
- Certificates of deposit in FDIC-insured financial institutions with no more than \$250,000 in any such institution, unless additional private deposit insurance is provided by the bank or the FIDC.

Review & Control

- All investments will be purchased in the name of Arrowhead Improvements Association, Inc.
- The signatures of the President and Treasurer are required for all withdrawals or transfers of reserve funds with Board approval.
- The Board will review regular financial statements and make adjustments as needed to ensure goals & objectives are being met.
- The Association may from time to time consult with our banking partners and their planners for advice and strategies.