

Kingstream Community Council Reserve Funds

Investment Policy Statement

We, the undersigned, members of the Board of Directors of the Kingstream Community Council, a corporation organized under the provisions of Chapter 2 of Title 13.1 of the Code of Virginia do approve the following policy:

WHEREAS the Board of Directors desires to manage reserve funds as good stewards,

BE IT RESOLVED THAT the following investment policy, including goals and objectives, investment strategy, approved security classes, and control and review procedures, be adopted:

Purpose of Investment Policy

The purpose of this statement is: to state in a written document the Board members' attitudes, expectations, objectives, and guidelines in the investment of the Association's Reserve funds; to establish formalized criteria to monitor, evaluate, and compare performance results on a regular basis; to comply with all fiduciary, prudent, and due diligence requirements that reasonable people would utilize; to establish a clear understanding between decision makers for the fund and any investment advisors employed to assist or manage fund assets; and to provide guidance and limitations in the investment of fund assets. In addition, this statement provides the Board with an opportunity to articulate and formulate individual and consensus sentiments regarding the management of the Association's funds and provide continuity among decision makers and a reference for future considerations. Finally, it provides a context for the quality as well as the quantity of investment results to be monitored.

Goals & Objectives

The reserve assets shall be invested to achieve these objectives, listed in decreasing order of importance:

- Preservation of principal. The long-term goal is the preservation of the replacement reserves.
- Structure maturities to ensure that assets will be liquid for anticipated needs.
- Achieve long-term investment performance appropriate for the asset classes selected.
- Minimize investment costs.

Investment Strategy – Liquid Portion

Base Liquid Funds will be decided on an annual basis.

The Board will review the reserve schedule for the upcoming year to determine funds required for expected expenditures plus a twenty percent cushion. This amount constitutes the "Base Liquid Funds."

Investment Strategy – Non-Liquid Portion

Except for those funds which will remain liquid, it is expected that assets will be invested in non-liquid assets as follows:

Laddering Strategy

Select individual securities that have maturities of one to five years. Structure these maturities so that an approximately equal proportion comes due every year. With matured funds, consistently purchase securities at the long end of the maturity range. The Board may reduce the longest maturity as market conditions warrant. (For example, during periods of very low interest rates, the Board may wish to purchase securities with maturities shorter than five years.)

The expectation of this laddering strategy is that the assets shall benefit from longer-term rates, which are commonly higher than short-term rates, while maintaining readily available funds and cash flow.

In structuring maturities, review the Reserve Study to ensure that maturing funds are sufficient to cover anticipated expenditures each year.

New Funds

As the liquid portion of the reserve assets grows (from earnings as well as from new reserve contributions), additional amounts will become investable into the non-liquid portion. Newly investable funds are defined as those in excess of the base liquid portion. Combine these newly investable funds with proceeds from laddered securities when they mature, and invest the combined amount, maintaining the basic laddered structure.

Security Classes

- HOA bank savings accounts,
- Money market mutual funds,
- Certificates of deposit in FDIC-insured financial institutions, with no more than \$250,000 in any such institution, unless additional deposit insurance is provided by the bank, and purchased with the intent to hold to maturity. Such certificates will not be purchased on the secondary market and hence discount or premium (which is not insured by the FDIC) will not arise;
- Treasury bills, notes or bonds purchased with the intent to hold to maturity.

Review & Control

- All investments will be purchased in the name of Kingstream Community Council.
- Two signatures must be obtained for withdrawals or transfers of reserve assets. The two signatures may be comprised of either: two Board members or the Management Agent and one Board member.
- Within two months of new officer elections, accounts must be updated with the new officer's name(s).
- In a circumstance where the contract with the Management Agent is terminated, the accounts must be immediately updated.
- Banks must provide timely and accurate monthly statements to Management, which will reconcile all statements within 30 days of receipt. Such statements and reconciliations will be provided to the Board for its review.
- The Board will review regular financial statements and make adjustments as needed to ensure the Goals & Objectives are being met.

THE KINGSTREAM COMMUNITY COUNCIL

By: _____


Frank Shaffer, President

By: _____


Tyrone Yee, Vice-President

By: _____


Scott Graff, Co-Treasurer

Adopted, October 2013 by the KCC Board of Directors.

Amended, March 2017 by the KCC Board of Directors.