

Empire Hills Condominium Association

Investment Policy Statement

Approved by Association Board March 22, 2017

As part of the Association By-Laws, a reserve fund must be maintained for maintenance, repairs and replacement of those common elements that must be replaced on a periodic basis. The duties of the Board of Directors include the maintenance of this reserve fund. Included in the maintenance of the fund are the investment decisions regarding the fund.

It is the sole responsibility of the Board to make the appropriate decisions concerning how the fund is to be invested. The following Policy outlines the parameters under which the Board will make their decisions.

1. The primary goal for the investment(s) is Capital Preservation. For this reason, all investments must have the backing of either Federal or State government(s). Such investments may include Certificates of Deposit insured by the FDIC, Bonds issued by US Federal Government Agencies, Bonds issued by a State or Municipal Entity, provided they are insured by a municipal bond insurer, or other such mutual fund vehicles comprised solely of the holdings listed above.
2. The secondary goal of the investment(s) is income. To minimize volatility, the income goal should be to match any inflationary pressures that would otherwise reduce the long-term purchasing power of the fund.
3. The third goal of the investment(s) is a degree of liquidity. Since expenditures are not totally predictable, 20% of the investment(s) must be available with thirty (30) days' notice. The remaining balance may be invested with longer maturity dates, but in no case shall the balance incur a penalty for withdrawal after one year.

The Board is prohibited from:

1. Purchasing securities on margin or executing short sales.
2. Pledging securities except for loans that are fully collateralized.
3. Purchasing or selling derivative securities.

This Policy statement has been executed on the 22nd day of March, 2017 by the Board of Directors of the Empire Hills Condominium Association.