

NEWINGTON FOREST COMMUNITY ASSOCIATION, INC.

POLICY RESOLUTION NO. 10

(Operating and Reserve Investment Procedures and Guidelines)  
(12/15/20)

WHEREAS, Article IV, Section 4.01, of the Bylaws provides the Board of Directors with the powers and duties necessary for the administration of the affairs of the Association; and

WHEREAS, it is the intent of the Board of Directors to directly manage investment of the operating and reserve funds on behalf of the Association;

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Directors believes that it is in the best interest of the Association to establish the following criteria for the investment of funds:

Investment Objectives:

The primary objectives of the Association with respect to the investment of reserve funds is to protect the principal amount of such funds by investing in safe, conservative investments but retaining the flexibility to invest a portion of the funds in instruments which may have more risk but will generate an above average return.

Investments shall be in instruments which provide the maximum return while ensuring prompt liquidity without significant penalty in the event access to the funds is required.

The Association shall strive to ensure that all accounts protected by the Federal Deposit Insurance Corporation remain at or below the insurance cap. Currently the standard insurance amount is \$250,000 per depositor, per insured bank, for each account ownership category.

Investment Guidelines:

Investments in Treasury Bills, Notes, or Treasury Inflation Protected Securities (TIPS) can be made by the Treasurer using the Treasury Direct system. Authorized investments may be made using an automated system similar to the Treasury Direct system, directly through their issuer or their agent, or through a licensed brokerage house. No investment can exceed more than 5 years without the approval of the Board. The Treasurer shall limit investments in securities that have a life exceeding 3 years to no more than 30 percent of the Association's invested assets.

In accordance with Section 6.2-1919 of the Code of Virginia, the Board shall invest reserve funds only in funds or instruments recognized by this statute. This section of the code identifies six categories of investments that are permissible under Section 6.2-1918 and four

additional categories of investments with limitations upon how much of the Association's funds may be invested in them. Of all these categories, the Board has been investing the Association's funds in accounts insured under the Federal Deposit Insurance Act, such as certificates of deposit and checking accounts in an insured depository institution or a management investment company under Section 6.2-1919 A.1 and A.6, respectively, or in investment securities that are obligations of the United States under Section 6.2-1919 A.4.

When funds in Association accounts, such as the Operating Checking Account (Smartstreet Checking Account) and Reserve Accounts (Business Investor's Deposit Account) exceed the insured amount, the Treasurer shall open additional accounts in other qualified banks/firms/agencies that can be used to "pour" the excess funds into to remain below the insurance cap. The Treasurer shall use these accounts as "holding" accounts and may keep them open for future use with minimum balances in the event the total amount of funds in a particular account no longer exceeds the insurance cap. A separate holding account shall be established for each account that has excess funds so that no mixing of funds occurs. The funds in a holding account shall not have investments in securities that have a life exceeding 90 days.

Investments in other funds or instruments on the list contained in Section 6.2-1919 may be made by the Treasurer only with the approval of the majority of the Board. All investments shall be in the name of the Association with the President and Treasurer named as special signatories if the account allows for two or more signatories. Association management will maintain a schedule of such investments. The Treasurer shall provide at least quarterly statements from the banks/firms/agencies to management on all accounts that do not automatically send this information to the Association.

The Treasurer shall not purchase or make investments in securities that are selling or being issued on a premium basis. The Treasurer may purchase securities that are being issued at par or at a discount.

Dividends or interest shall be reinvested unless the Board instructs otherwise.

#### Investment Manager:

An Investment Manager may be employed to advise and assist the Board in making its investments. Any such Investment Manager shall be insured, bonded and licensed in the Commonwealth of Virginia in an amount equal to or exceeding the amount of funds under the Investment Manager's control.

The Investment Manager shall be required to consult with the Board and its designated liaison concerning any investment decisions. All investment decisions must be approved by the Board of Directors. The Investment Manager shall be responsible for meeting with the Board and/or liaison on an as-needed basis to apprise the Board of the status of investments and recommended actions regarding the same.

Any agreement with an Investment Manager shall further provide that it is terminable at will and that the Investment Manager shall promptly provide the Board, upon request, with any certificates or other instruments required for the Board to obtain immediate custody and control of such instruments, funds or accounts and to fully comply with any further assistance in connection with the prompt transition or control of any such instruments, funds or accounts.

Fidelity Coverage:

Any person or persons responsible for the handling or investing of Association funds shall be bonded or covered by fidelity coverage naming the Association as the insured or the obliged party.

I hereby certify that this Policy Resolution was duly adopted by the Board of Directors at a regular meeting on December 15, 2020.

NEWINGTON FOREST COMMUNITY  
ASSOCIATION, INC.

By: \_\_\_\_\_  
Clayton A. Vieg, President