

# Georgetown Village Condominium

ADMINISTRATIVE RESOLUTION NO. 00-02

## INVESTMENT POLICY

### I. Purpose

The purpose of this document is to set forth the policies of the Georgetown Village Condominium (“GVC”) Board of Directors (“Board”) relating to the investment of GVC monies, and to establish procedural requirements and guidelines for investment management practice.

### II. Scope

This investment policy applies to GVC Replacement Reserves; and the combined cash total of Operating Reserves (sometimes referred to as Contingency Reserves) and Unappropriated Members’ Equity.

### III. Objectives

The primary objectives, in priority order, of GVC’s investment activities shall be:

*Safety:* The single most important objective of this investment program is the preservation of the principal of all funds of GVC.

*Liquidity:* The ability to change an investment into its cash equivalent on short notice at its prevailing market value. Funds shall be made available to meet all operating requirements which might be reasonably anticipated, through portfolio liquidity and scheduling cash flows.

*Yield:* The portfolio shall be designed and managed to earn a market rate of return throughout budgetary and economic cycles, taking into account the primary objectives of safety, liquidity, and tax liability of earnings.

### IV. Delegation of Authority

Fiduciary responsibility for the investment program under the authority of the GVC Bylaws lies with the Board, primarily through the Treasurer. Dual signatures by the Board President and Treasurer shall be required for authorizing transactions.

## **V. Ethics and Conflict of Interest**

The GVC Board shall exercise their powers and duties in good faith and with a view to the interests of GVC and consistent with the purposes set forth in the GVC Declaration in accordance with Article III, Section 15 of the Bylaws. GVC Board and Finance Committee members, agents, and GVC employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Board and Finance Committee members, agents, and GVC employees, shall disclose to the Board any material interests in financial institutions that conduct business or may be under consideration to conduct business with GVC, and they shall further disclose any significant personal financial/investment positions that could be related to the performance of the portfolio.

## **VI. Strategy**

To the extent feasible, maturities of all investments should be matched to projected future cash flow needs and outlay requirements. Therefore, investments shall be made in instruments that possess high liquidity or that can be converted to cash in a short period of time, consistent with the above-stated Objectives. Unless matched to a specific expenditure, GVC will not invest in securities maturing more than five (5) years from the date of purchase.

All GVC funds affected by this Policy which are not required for short-term cash flow or to maintain required compensating cash balances shall be invested in interest bearing investments or accounts. To reduce overall portfolio risk while attempting to attain market rates of return consistent with the primary objectives of safety and liquidity, diversification of investment shall be encouraged across types of investments, maturities of those investments, and institutions in which those investments are made.

## **VII. Authorized Investments**

No investments other than those allowed in the subsections below may be made without the approval of the Board:

### **A. Operating (Contingency) Reserves**

- ❖ Sweep Accounts backed by U.S. Treasury and Agency obligations at approved banks;
- ❖ Certificates of Deposit fully insured by the Federal Deposit Insurance Corporation (FDIC);
- ❖ United States Treasury fixed-rate bills, notes and bonds;
- ❖ Institutional Money Market Accounts fully insured by the FDIC; and
- ❖ Mutual or other Money Funds investing exclusively in portfolios comprised of securities that are direct obligations of the U.S. Treasury, and are SIPC-insured.

## **B. Replacement Reserves**

- ❖ Certificates of Deposit fully insured by the FDIC;
- ❖ United States Treasury fixed-rate bills, notes and bonds;
- ❖ Institutional Money Market Accounts fully insured by the FDIC; and
- ❖ Mutual or other Money Funds investing exclusively in portfolios comprised of securities that are direct obligations of the U.S. Treasury, and are SIPC-insured.

## **VIII. Performance Standards**

The GVC investment portfolio will be designed to obtain an optimum rate of return given the limitations of the authorized investments, and consistent with the above stated Objectives.

## **IX. Safekeeping and Custody**

Consistent with Article IV, Section 7, of the GVC Bylaws, the Board of Directors, primarily through the Treasurer, is responsible for ensuring that GVC's investment portfolio is properly accounted for. In so doing, they may delegate, work with and rely on reports generated by GVC's designated managing agent pursuant to applicable contracts. The Board also may work with and rely on accounting and/or other financial/investment professionals, and GVC's Finance Committee, performing pursuant to the direction of, and as approved by, the GVC Board.

## **X. Finance Committee**

The GVC Finance Committee shall serve as an advisory committee to the Board, providing guidance on policies and general strategies, and to monitor investment results.

## **XI. Internal Control**

The established process of independent review shall be performed annually as a part of GVC's annual audit as required by the Bylaws, by a qualified certified public accountant firm, consistent with American Institute of Certified Public Accountants Standards for Accounting for Common Interest Realty Associations.

**Adopted by the Board of Directors  
April 11, 2000**