

# **The Tate Condominium Association**

## **Asset Investment Policy**

Reserve Funds accrued by The Tate Homeowners Association are used to pay for current and future repair and replacement of commonly owned property as outlined in the required annual reserve study. Funds are managed by the Board of Directors in accordance with State of Oregon Revised Statutes. Reserve funds are collected to meet projected requirements.

The Board of Directors appoints the Asset Investment Committee (AIC) in an advisory capacity. The Committee should comprise no fewer than three(3) homeowners including the Board of Directors Treasurer. The Committee acts under the aegis, and with the approval, of the Board of Directors.

### **Investment of Reserves**

Each investment will be insured by the Federal Deposit Insurance Corporation (FDIC) and/or National Credit Union Association (NCUA). Emphasis will be placed on a long-term outlook utilizing diversified fixed income instruments with ladder maturity dates.

### **Investment Strategy and Limitations**

The Tate HOA Board of Directors invests funds pursuant to the following objectives:

|           |  |
|-----------|--|
| Safety    | To ensure the preservation of the Reserve Fund's principal                 |
| Liquidity | To ensure availability of assets for projected and unexpected expenditures |
| Returns   | To invest prudently to achieve a reasonable income level                   |

Investment instruments are limited to:

FDIC insured Money Market Checking and Savings

FDIC insured Traditional Bank CDs

FDIC insured Brokered Bank CDs

NCUA insured Credit Union CDs

All CDs purchased with Reserve Funds must be noncallable.

### **Committee Scope of Work and Job Description**

The Committee recommends procedures that ensure appropriate internal controls, maintenance of financial records and proper risk management provisions.

The Committee ensures that accurate, timely, and meaningful investment statements, including spreadsheets, are prepared and presented to the Board.

The Committee makes recommendations regarding the management of HOA liquid assets.

As able and requested, the Committee advises the Board on financial matters.

### **Best Practices**

#### **Purpose**

The purpose of Best Practices is to put expectations and guidance in writing. These Best Practices are meant to provide transparency to The Tate HOA while also protecting the Board of Directors and Asset Investment Committee.

#### **General**

The Asset Investment Committee is tasked with the responsibility to balance safety of principal with growth of financial assets. The Board of Directors makes final decisions.

The Tate Reserve Study is consulted before investment recommendations are made to the Board. The goal is to ladder investment instrument maturities, in consideration with future rates, in an attempt to cover projected expenditures as they become due.

Attention is given to keeping individual Bank and Credit Union balances below \$250,000 and properly insured. Awareness is given to avoiding early withdrawal penalties. However, large unexpected expenses can occur. A spreadsheet showing the withdrawal penalties for each account is maintained. Early withdrawal penalties are considered before making any recommendation to the Board to purchase or to sell.

Signatories are updated as soon as possible after responsibility changes.

No later than the 7th day of every month, an updated spreadsheet is made available to all AIC members and The Tate's management company. The Board of Directors Treasurer will be responsible for the update and distribution of the spreadsheet.

All actions by the Board of Directors and the Asset Investment Committee with respect to The Tate's reserve funds must be above ethical question.

To accomplish The Tate HOA investment objectives, an independent qualified financial advisor may be employed. The advice of the financial advisor shall be reviewed and evaluated on a regular and continual basis.

### **Money Movement**

All money movements within The Tate Reserves are approved by the Board of Directors

HOA funds will be in the Association's name and only accessible by the Board of Directors. The Contracted Management Company will not be signor on any Reserve account maintained by the Association; however, Management may transfer funds from a reserve account to an operating account with the Board's approval.

Transactions which move reserve funds must be authorized by the Board. The person/signatory who moves the funds is to provide the Chair of the AIC, the Treasurer, and the Chair of the Board with a copy of the receipt.