

**LAKE OF THE PINES ASSOCIATION
POLICIES & PROCEDURES**



Investments

Investments Policies & Procedures

A. Purpose

To establish a policy pertaining to the investment of monies in operating and reserve accounts.

B. Policy

1. Investments by the Association must meet the following objectives.
 - a. Safety of invested funds.
 - b. Sufficient liquidity to meet cash flow needs.
 - c. Seek to attain optimum yield consistent with safety and liquidity.
2. The Association shall designate a “lead bank” where the vast majority of assets are held and an array of various services are available. The Association shall also maintain a relationship with a local bank where basic services and convenience are factors.

Both institutions must hold and maintain a “Well Capitalized” rating from the regulatory agencies. “Well Capitalized” indicates a Total Risk-Based Ratio equal to or greater than ten percent (10%) and Tier 1 Risk-Based Capital Ratio equal to or greater than six percent (6%) and Tier 1 Leverage Capital Ratio equal to or greater than five percent (5%).

The Association is authorized to participate in services offered and sponsored by the lead bank which include the investment of Association funds in a Certificate of Deposit arrangement with affiliate banks known as the CDARS program. A program currently known as ICS which offers deposit relationships in affiliate banks is also acceptable. Investments in

various U.S. Government securities under the program currently known as Federated (RIF) is further authorized as an additional complementary option. The General Manager of the Association is responsible for decisions involving the degree to which these or similar programs are utilized. It is noted that from time to time the lead bank may change vendors for this array of products.

3. The General Manager shall be responsible for implementing the investment policy stated herein and will cause to maintain and develop written guidelines for internal procedures and controls as necessary.
4. The treasurer of the Association shall have oversight of this policy and will ensure that quarterly reports on Lake of the Pines Financial Investments are presented and reviewed by the Board of Directors. The treasurer of the Association is further obligated to secure quarterly financial reports from both banks and monitor adherence to the “Well Capitalized” requirement as well as monitor for signs of deterioration or the development of negative trends.
5. The quarterly investment reports shall include the latest account statement as prepared by the Financial Institution with whom the operating and reserve accounts are invested. Account management fees must be reviewed and approved by the Board of Directors.

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