**(Association)**

**Policy on Investments Held for Reserve**

**Purpose**: To protect and ensure the safety of the reserve and operating funds of the Association, to the extent there are any, and for staff and volunteers who participate in the investment process and to further provide guidance to those who offer investment services to the Association; including brokers/dealers, banks, consultants, savings institutions, and custodians.   Additionally, investments held for reserve are to ensure that the (association) has adequate funds available in the event of an unanticipated catastrophic event or business situation that reduces reserves and threatens the financial viability of the Association and/or to withstand the impact of economic downturns, both internally and/or externally generated.

This policy does not set forth: (1) the minimum reserve fund balance required of the Association pursuant to its governing documents; (2) any mandate for an annual reserve fund study; or (3) the tax consequences of the investment options contained herein.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following policies and procedures for the investment of the Association’s reserve and operating funds:

**Investment Objectives:** All funds shall be deposited and invested by the Association in accordance with State statutes and resolutions enacted by the Association’s Board of Directors in a manner to accomplish the following objectives:

**Safety of Funds:** Safety of principal is the foremost objective of the investment program.

Investments shall be undertaken in a manner that seeks to ensure the preservation of capital, with the objective of mitigating credit risk and interest rate risk.

**Yield:** The Association’s portfolio shall earn a competitive market rate of return on available funds throughout budgetary and economic cycles.  In meeting this objective, the Association staff and Treasurer, in communication with the Board of Directors, will take into account the Association’s investment risk, constraints, and cash flow needs.

**Planned Savings**: As a means of planned savings, association will transfer \_% of the net profit from (programming or other location) to a Set Aside Account.  Additional funds may be transferred at the discretion of the Executive Director and Treasurer to the Set Aside Account when it is financially appropriate.  If, at any time, financial issues exist that would cause a financial hardship or be fiscally irresponsible, the Executive Director or Treasure may hold on this action and notify the Board accordingly.

**Usage of Investments Held for Reserve:** The (association) annual budget approved by the Board of Directors may include an amount of reserve funds that may be used by the Executive Director to meet the budget for the upcoming fiscal year. By approving these funds in the annual budget, the (association) Board of Directors authorizes the Executive Director to transfer up to the maximum amount approved in the budget from the Reserve Funds to the Operating Funds when these funds are necessary to maintain ongoing association activities any time during the fiscal year. Any withdrawals from the Reserve Fund in excess of the budgeted amount must be approved by the Executive Committee, in consultation with the Board of Directors. In the event that excess funds are necessary, the Executive Director shall seek formal approval from the Board of Directors to transfer these funds to sustain the activities of the association.

The Board of Directors shall review this reserve and operating fund investment policy periodically and may amend the policy as conditions warrant.