

## **FLCA Investment Policy**

1. **Purpose:** This policy sets forth procedures and guidelines for the investment of Reserve funds (the “Reserve Funds”) as determined by the FLCA Board of Directors (the “FLCA Board”). The Reserve Funds will be used to fund future capital expenditures for maintenance and improvements of FLCA assets as prescribed by periodic reserve studies. Reserve Funds shall be considered distinct from operating funds (the “Operating Funds”) which are defined as funds needed for normal operations within one (1) year. The Operating Funds must be held solely in completely liquid, FDIC-insured accounts such as checking, savings or money market accounts.

2. **Investment Authority:** All investment authority rests with the FLCA Board. The FLCA Board will rely upon guidance from the FLCA Treasurer to make investment decisions consistent with this policy. The Treasurer shall monitor the Reserve Funds investment portfolio and report performance to the FLCA Board on a monthly basis along with the Treasurer’s regular review of FLCA finances. The Treasurer will suggest appropriate changes to the portfolio as needed. All changes must be approved by the FLCA Board, according to the FLCA bylaws, before any investment, re-investment, withdrawal, or other actions are taken with the Reserve Funds.

3. **Bank, Brokerage, and other Investment Accounts:** With the prior written approval from the FLCA Board, the Treasurer is authorized to open, maintain, and close accounts on behalf of FLCA. The Reserve Funds must be deposited with banks that carry appropriate FDIC insurance coverage for depositors in amounts sufficient to cover the Reserve Funds. If the Reserve Funds are invested using broker services, the brokerages must carry appropriate SIPC (Securities Investor Protection Corporation) insurance coverage for investors in amounts adequate to cover the Reserve Funds. The Treasurer shall monitor the firms where accounts are held and suggest changes to relationships as needed. All changes must be pre-approved, by written resolution, by the FLCA Board before taking action.

**4. Investments: All investments must have a low risk profile and are limited to fixed income securities of high quality (investment grade only) and of no longer than intermediate duration (maturity). Investments may include mutual funds or exchange-traded funds which invest solely in such securities. Any vehicle must have low transaction or management fees and high liquidity. Examples of permissible investments:**

- 1. US treasury bills, notes and bonds**
- 2. Commonwealth of Virginia obligations**
- 3. Certificates of deposit**
- 4. Money market funds**
- 5. Funds (mutual or exchange-traded) which invest solely in high-quality fixed income securities of intermediate or shorter duration.**

**Professional expertise should be considered for investment selection (given low fees) to alleviate the Treasurer, the FLCA Board or FLCA management from the burden of performance.**

**A minimum of 5% of the reserve fund shall remain invested in cash-equivalents (money market funds or similar) at all times for liquidity needs.**