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EXAMPLE
INVESTMENT DIRECTIVE OF XYZ ASSOCIATION
(the "Organization")

DIRECTIVE NUMBER: 300-11

DATE IMPLEMENTED: _____

PURPOSE:

The purpose of this Investment Directive is to provide a clear statement of the Organization's investment objective, as defined in the organization's Bylaws and establish a Finance Committee that is involved in preparing recommendations to the Board relating to the management of the Organization's investments.

OBJECTIVE:

The overall investment objective of the Organization is to maximize the return on invested assets while minimizing risk and expenses. This is done through prudent investing, planning, and the maintenance of the portfolio.

GENERAL PROVISIONS

All transactions shall be for the sole benefit of the Organization.

The Finance Committee will update or reaffirm the Organization's investment policy on an annual basis or sooner if warranted.

Any investment that is not expressly permitted under this Directive must be formally reviewed and approved by the Board of Directors.

The Finance Committee will endeavor to operate the Organization's investment program in compliance with all applicable state, federal and local laws and regulations concerning management of investment assets [including IRC §4944].

The Finance Committee will annually consist of the Treasurer for the association plus 2 or 4 additional board members appointed by the President.

Investments shall be diversified with a view to minimizing risk.

The Finance Committee shall recommend to the Board a Registered Investment Adviser licensed in the State of Florida to manage investment of the assets.

RESPONSIBILITIES OF THE FINANCE COMMITTEE

The Finance Committee, is charged with the responsibility of managing the investment assets of the Organization. The specific responsibilities of the Finance Committee, include:

1. Communicating the Organization's financial needs to the Board of Directors on a timely basis.
2. Determining the Organization's risk tolerance and investment horizon and communicating these to the Board of Directors on a timely basis.
3. Establishing reasonable and consistent investment objectives, policy guidelines and allocations that will direct the investment of the assets, to be approved by the Board of Directors on an annual basis.
4. Regularly evaluating the performance of the organization's investments to monitor investment objective progress.
5. Determine the Asset Allocation and Allocation Ranges for the RIA.

NO CONFLICT POLICY

Neither the registered investment nor associated parties may be related by affinity or consanguinity or under common ownership with any board member, unit owner or the management company or other professionals retained by the association

RESPONSIBILITIES OF REGISTERED INVESTMENT ADVISORS

- Each RIA will invest assets placed in his, her or its care in accordance with this investment policy.

- Each RIA must acknowledge in writing acceptance of responsibility as a fiduciary.
- Each RIA will have full discretion in making all investment decisions for the assets placed under his, her or its care and management, while operating within all policies, guidelines, constraints, and philosophies outlined in this Investment Policy.
- Each RIA shall annually provide a letter confirming and acknowledging compliance with all State of Florida anti-terrorism and anti-BDS statutes as applies to the association's portfolio.

Specific responsibilities of Registered Investment Advisors include:

1. Discretionary investment management, including decisions to buy, sell, or hold individual securities, and to alter allocation within the guidelines established in this statement.
2. Reporting, on a timely basis, monthly investment performance results.
3. Communicating any major changes in the economic outlook, investment strategy, or any other factors that affect implementation of the investment process.
4. Informing the Finance Committee, regarding any changes in portfolio management personnel, ownership structure, investment philosophy, etc.
5. Voting proxies, if requested by the Board of Directors, or if authority is delegated, the Finance Committee, on behalf of the Organization.
6. Administering the Organization's investments at the agreed to remuneration.

GENERAL INVESTMENT GUIDELINES

- A copy of this Investment Policy shall be provided to all Registered Investment Advisers
- The Registered Investment Adviser shall evaluate the financial condition of the association in conjunction with a reserve component analysis to determine the appropriate target date "glidepath to cash" segments that should be created. If a Structural Integrity Study is prepared its cash requirements shall supersede.
- The Organization is expected to operate in perpetuity; therefore, in accordance with the most recent Reserve Study Interim fluctuations should be viewed with appropriate perspective.
- A cash account shall be maintained with a zero to very low risk tolerance to keep cash available for reserve item distributions, tax obligations and other

anticipated reserve expenses for the next 36 months as detailed in the most recent Reserve Study and Structural Reserve Study.

- Transactions shall be executed at reasonable cost, taking into consideration prevailing market conditions and services and research provided by the executing broker.
- Permitted investments include Cash and cash equivalents, marketable securities including bonds, equities, REITs and fixed income securities.
- No fixed income security shall have an equivalent credit quality below investment grade at the time of purchase, defined as:
 1. BBB by Standard & Poors for straight bonds and convertibles
 2. Baa3 by Moody's Investor Service for straight bonds and convertibles
 3. A1 by Standard & Poors for short term securities
 4. P1 by Moody's Investor Service for short-term securities
 5. AAA for money market accounts

The following transactions are prohibited: Purchase of non-negotiable securities, derivatives, high risk or junk bonds, private placements, precious metals, commodities, short sales, any margin transactions, straddles, warrants, options, life insurance contracts, leverage, other alternative investments, or letter stock. Any investments prohibited under statute to the State of Florida as managed by the State Board of Administration.

DIVERSIFICATION

- The Organization will always maintain a reasonable diversification of investment assets between asset classes and investment categories.
- Investments in the equity securities of any one company shall not exceed [5%] of the portfolio nor shall the total securities position (debt and equity) in any one company exceed [10%] of the portfolio.
- Reasonable sector allocations and diversification shall be maintained. No more than [25%] of the entire portfolio may be invested in the securities of any one sector.
- Investments within the investment portfolio should be readily marketable.

INITIAL ASSET ALLOCATION

The asset allocation policy shall be predicated on the following factors:

1. The structure and performance of the Florida Retirement System
2. The correlation of returns among the relevant asset classes.
3. The perception of future economic conditions, including inflation and interest rate assumptions.
4. The relationship between the current and projected assets of the Organization and projected liabilities.

PERFORMANCE

Performance objectives are to be met on a net of fees basis. The investment performance of each asset allocation class will be measured on two levels: against inflation objectives for the total Organization and against index objectives for individual portfolio components. Investment performance shall be measured no less than quarterly on a net of fees basis. Performance shall be evaluated on a three-to-five-year basis to allow for market fluctuations and volatility.