

DRAFT INVESTMENT POLICY FOR I'ON HOA

PURPOSE

The purpose of this document is to establish and document the investment philosophy for the reserve and excess operating cash assets of the I'On Homeowners Association (HOA); to state the goals and objectives and provide firm guidelines on allowable investment instruments; to assist the Finance Committee in effectively overseeing and monitoring investment activities; and to provide guidance to investment managers, if any, employed by the HOA.

The operating fund is defined as cash assets needed to fund the HOA budget over the course of the year. Reserve funds are defined as cash assets accumulated and segregated on the balance sheet to fund identified capital improvements over a multi-year time horizon.

GOALS AND OBJECTIVES

The primary investment objective of the reserve and operating funds is preservation of capital. The Operating Fund should maintain sufficient liquidity at all times with the maturity structure matching cash flow requirements. The Reserve Fund investments can consider the longer-term nature of the required expenditures. In both funds, yield/return, while important, is certainly secondary to the two aforementioned considerations.

INVESTMENT GUIDELINES

The Finance Committee may appoint one or more investment managers to execute the policy and to direct all or a portion of the reserve and operating funds in accordance with established policy. The reserve funds will be invested in either U S Government Securities or Agencies or Bank CD's covered by FDIC insurance. The maturity of these debt instruments should not exceed 5 years or one year prior to the date expenditures are forecasted which ever comes first. Excess operating funds, which should be maintained at a minimum based upon liquidity requirements, are to be invested in short term money market funds held by a financial institution that is rated investment grade.

REVIEW AND MONITORING

The investment performance of the reserve and excess operating funds will be reported and discussed at least quarterly by the Finance Committee to assure that the general objectives of the Investment Policy are being met. As appropriate, the Finance Committee will report to the HOA Board of Directors.