

## RESERVE FUND INVESTMENT POLICY FOR I'ON HOA

### PURPOSE

The purpose of this document is to modify the existing I'On Investment Policy to reflect the long-term needs of I'On for capital expenditures and to reflect the fact that the current Reserve Fund investment policy does not and likely cannot even meet annual inflation increases so that the Reserve Fund will likely effectively lose value each year.

The Reserve Policy set forth below is intended to increase the return of the Reserve Fund without incurring long-term, undue risk.

### INVESTMENT GUIDELINES

The Finance Committee may appoint one or more investment managers to execute the Reserve Fund policy set forth below:

Short-Term Bucket: **\$500K**, which is about 25% greater than the liabilities (\$320K) in items 2800, 2811 and 2812-2815. These funds will continue to be invested in only cash/CDs to ensure relatively quick access, if necessary.

Medium-term Bucket: **\$600K** will be invested (as the present funds roll-over so as to avoid penalties) into income portfolio ETFs having rolling, laddered due dates in the 3–10-year range).

Long-term Bucket: **\$650K** will be invested equally only in the Nasdaq ETF "QQQ" and the S&P ETF "SPY". The investment horizon on these ETF's is in the 10–30-year range.

Excess/Deficit Funds: To the extent that the Board transfers money to the Reserve Fund in the future, that money will be treated as an addition to the Long-term Bucket -- but only so long as the amounts set forth in the above Short-term and Medium-term Buckets are approximately at the same levels as indicated above. If there is a deficit in the Short-term and/or Medium-term Buckets, the HOA may transfer money to those buckets from the Operating Fund or from the Long-Term Bucket of the Reserve Fund.

### REVIEW AND MONITORING

The investment policy 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 original investment policy and this revised investment policy are being met. As appropriate, the Finance Committee will report to the HOA Board of Directors.

***This is to certify that the Board of Trustees adopted the Reserve Fund Investment Policy by unanimous consent, effective June 21, 2021, until such date as it may be modified, rescinded or revoked.***