

## THE DAYBREAK COMMUNITY ASSOCIATION

### Investment Policy

**WHEREAS**, The Daybreak Community Association, a Utah non-profit corporation (hereafter the "Association"), grants to the Board of Directors "shall have the powers necessary to and shall be responsible for the administration of the affairs of the Association."

**WHEREAS**, the Association has been fortunate to accumulate relatively substantial reserve funds and operating savings, which should be invested safely, and

**WHEREAS**, the Board of Directors, using its best business judgment, finds it advisable to establish guidelines for the investment of reserves and operating funds of the Association

**WHEREAS**, the Board of Directors, using its best business judgment, finds it advisable to amend the guidelines for the investment of reserves and operating funds of the Association dated January 28, 2009

**NOW, THEREFORE, IT IS RESOLVED** that the Board of Directors hereby adopts the following amended Investment Policy for the Daybreak Community Association:

#### **OBJECTIVE**

The objective of the Daybreak Community Association Investment Policy is to enable the Association to obtain investment returns consistent with the highest levels of principal preservation and consistent with avoidance of credit risk and interest rate risk from investments that are not FDIC/FSLIC insured. Investment choices must be guided by the following principles in order of importance:

1. SAFETY (preservation of capital)
2. LIQUIDITY (funds to be available when needed)
3. YIELD (highest consistent with the above two principles)
4. Investments shall be made with judgment and care, of which persons of prudence, discretion and intelligence exercise not for speculation, but for safety of capital. Taking into consideration known cash requirements, funds shall be deposited in such manner as will minimize the risk to the funds. This Investment Policy allows for Excess Deposit Programs, provided the insurance companies that underwrite the EDPs have been given excellent ratings by Moody's, A. M. Best, S&P, and Fitch.

#### **INVESTMENT LIMITATIONS**

**Operating Funds** shall be invested only in certificates of deposit and depository accounts insured by the United States government or an agency thereof, in Treasury bills, notes, or bonds maturing in 30 days or less from the date of investment, or in money market funds, which in turn are invested virtually exclusively in the types of securities enumerated in

this paragraph. Furthermore, Management, which utilizes operating funds for accounts payable, shall at all times maintain no less than 45 days of funds which can be drawn on with one day's notice at no risk to principal.

**Reserve Funds** may be invested in the same type of financial instruments as noted above for Operating Funds. Maturities may be extended to as much as ten years for portions of the reserves that will be needed ten or more years into the future, as indicated by an outside reserve study and only if advised by the Association's Financial Advisor, given market conditions. Laddering of investments is permitted and encouraged to match anticipated need.

#### **PLAN DEVELOPMENT AND IMPLEMENTATION**

The Community Manager periodically will consult with the Treasurer and the Association's selected Financial Advisor to maximize investment returns within the context of this policy. The Community Manager will submit a written Investment Plan, prepared by the Financial Advisor, to the Treasurer, who will present the plan to the Board of Directors for approval. Once the plan has been approved, the Manager will implement the approved plan with the assistance of the Treasurer and the Financial Advisor, with on-going over-sight by the Board of Directors.

#### **SUBJECT TO AMENDMENT**


The Investment Policy outlined above may be amended from time to time by resolution of the Board of Directors.

**IT IS FURTHER RESOLVED** that this Investment Policy is effective upon adoption hereof, to remain in force and effect until revoked, modified or amended.

**IN WITNESS WHEREOF**, the said Board of Directors has caused this Resolution and Policy to be signed by its President and Secretary, this 28th day of July, 2010 and directs its distribution to all Owners.

#### **DAYBREAK COMMUNITY ASSOCIATION**

By:   
Ty McCutcheon, President

By:   
Rulon Dutson, Secretary