

## **Genesee Foundation Investment Policy**

### **Purpose**

The Genesee Foundation (Foundation) establishes the following investment policy to provide objectives, procedures, guidelines, and approved investments for the management of monies held in the Foundation's accounts. Those accounts include the **Operating Fund** and the **Reserve Fund** (now a single consolidated fund that includes both the Replacement and Improvement Funds). The purpose of this policy is to create a general framework within which the monies of the funds can be invested.

### **Investment Objectives**

- Liquidity – Maintain sufficient liquidity to meet current operational requirements, projected three-year capital expenditures, and an additional amount to cover such unanticipated events as may occur. Any money invested in non-interest-bearing obligations should be fully liquid.
- Safety – Preservation of principal and protection against inflation shall be the primary objectives.
- Minimization of Costs – Investment expenses (i.e., redemption fees, commissions, sales loads/fees, accounting-related and other transactional costs) should be minimized to the extent reasonable given the choice of bank or brokerage firm handling the investments.
- Rate of Return – Consistent with the other investment objectives of liquidity, preservation of principal, and minimization of costs, the investment objective is to earn as reasonable a return as possible while also protecting the Reserve Fund from the effects of inflation and market volatility.

### **Investment Procedures**

- The ultimate responsibility and authority for investment decisions and transactions resides with the Board of Directors (Board), which shall make investment decisions in good faith and with the care an ordinarily prudent person in a like position would exercise under similar circumstances and in such manner as the officers and members of the Board reasonably believe to be in the best interests of the Foundation in accordance with the Colorado Revised Nonprofit Corporation Act. The Board shall consider recommendations from the Finance Committee when appropriate.

- The Finance Committee will act as the advisory body to the Board with respect to the Investment Policy and Investment Strategy. The Finance Committee will review the current investment positions and evaluate investments and investment opportunities that are consistent with the Foundation Investment Policy. At the beginning of each calendar year, the Finance Committee shall review the current investment strategy and recommend to the Board either a continuation of the current strategy or recommend a new investment strategy for approval.
- The Board delegates to the Treasurer the authority to reinvest monies in accordance with the Foundation Investment Policy and Investment Strategy, and with the advice and counsel of the Finance Committee. The Board will have access to all investment schedules and financial data as provided by CiraConnect or other financial institution on a monthly basis.

### **Investment Guidelines**

- Investments shall be made solely in the interest of the Foundation.
- Investments shall be made with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of a plan of like character and with like aims.
- Non-earning cash balances should be kept to a minimum through the prompt investment of available funds in short-term or more permanent security holdings. Sweep investment activity is permitted to minimize idle cash, provided monies are swept to approved investments under the Foundation Investment Policy.
- Idle cash balances on deposit with institutions should not exceed the Federal Deposit Insurance Corporation (FDIC) or National Credit Union Share Insurance Fund (NCUSIF) insurance limits unless the bank holding the cash is rated A+ or better by S&P, in which case balances shall not exceed \$500,000. \*
- The Finance Committee shall estimate the proper time horizon for all investments. Investment vehicles and strategies shall be consistent with the time horizon and need for the monies being invested.
- The maximum term of any investment shall not be greater than 36 months from the date of acquisition without committee review, coupled with a recommendation and approval from the Genesee Board.

## Approved Investments

### A. Operating Fund

- i. Cash deposits (e.g., interest-earning checking accounts, savings accounts, money market deposit accounts, etc.) in depository institutions that are insured by the FDIC or NCUSIF. Limitation: Deposits should not exceed the FDIC or NCUSIF insurance limits unless the bank holding the cash is rated A+ or better by S&P, in which case balances shall not exceed \$500,000. \*
- ii. Certificates of Deposit that are fully insured by the FDIC or NCUSIF.
- iii. Obligations of the U.S. Treasury
- iv. Obligations of U.S. Government Agencies or Federal Agencies which are backed by the full faith and credit of the United States government
- v. Money market mutual funds which invest in U.S. Treasury and Agency securities backed by the full faith and credit of the United States government
- vi. Money market mutual funds that have been reviewed and approved by the Finance Committee.

\* As calculated on a rolling 3-month average basis using End-of-Month Account Balances as shown on the End-of-Month Financials.

### B. Reserve Fund

Investing options include everything from the Operating Fund, in addition to:

- i. Commercial paper with a “superior” credit rating by a national rating agency (i.e., Moody’s P1, S&P A1+, and Fitch F1). Limitations: Investment in commercial paper shall not exceed 25% of the Reserve Fund’s monies. The cumulative investment in commercial paper and government bond funds shall not exceed 40% of the Reserve Fund’s monies. Such investments are to be made in consultation with the Foundation Board.
- ii. Government bond funds that invest in obligations of the U.S. Treasury, U.S. Government Agencies, or Federal Agencies that are backed by the full faith and credit of the United States Government. Limitations: The average duration of the fund must be appropriate to the fund’s cash flow needs. Investment in government bond funds shall not exceed 25% of the Reserve Fund’s monies. The cumulative investment in commercial paper and government bond funds shall not exceed 40% of the Reserve Fund’s monies. Such investments are to be made in consultation with the Foundation Board. None of the foregoing investments shall be for a term of more than three years.
- iii. Initially, up to 33% of funds that the Board does not reasonably anticipate will be expended in the next three years may be invested in mutual funds or exchange-

traded funds that are low cost (.50%/yr. or less), balanced between equities and debt instruments, and are rated as low-to-moderate risk by the fund manager, but which, based on historical returns, have consistently outperformed inflation.

**Record Keeping, Monitoring, and Securities Custody**

- A. Monthly Statements – Reports will be provided at least monthly to the Foundation Community Manager by one or more of the following entities: the custodian, bank, other institutional issuer, or broker, and will include a transaction summary of all activity in the account for the month.
- B. The Finance Committee will monitor all investments on an ongoing basis and recommend changes to the investment strategy if warranted by changing financial conditions during the year.
- C. Safekeeping – The custodian will provide safekeeping of all securities in a segregated account that will not be comingled with either the custodian’s other assets or the assets of other clients.

APPROVED BY: Board of Directors

SUPERCEDES: April 28, 2021

APPLICABILITY: All Funds

APPROVAL DATE: Revised June 6, 2005, September 13, 2006, July 9, 2008, September 9, 2013, March 27, 2019. April 28, 2021

EFFECTIVE DATE: January 25, 2023

REVIEW DATE: 2025 (2 years)