

Genesee Foundation
2022/2023 Investment Strategy

(Pursuant to the Genesee Foundation Investment Policy at “Investment Procedures”, B.)

Factors Considered in Developing the 2022/2023 Investment Strategy

The Foundation’s Investment Policy, as revised in June 2022 (the “Investment Policy”), establishes the following investment guidelines to be considered in the management of the Foundation’s investments:

- 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 costs (i.e., redemption fees, commissions, sales loads/fees, accounting related and other transactional costs) should be minimized to the extent possible given the choice of bank or brokerage firm handling the investments.
- Rate of Return – Consistent with the investment principles 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.
- The 2022/2023 Investment Strategy shall include the use of the CIT Bank CDARS program currently in place. Other approved investments as outlined in the Investment Policy may also be used for the purpose of optimizing investment returns consistent with current liquidity requirements.
- To facilitate the interface with Foundation accounting software, CIT Bank will continue to be the primary banking relationship of the Foundation.

Short-term interest rates declined in 2021 and have risen only modestly in 2022. As a result, continuing to invest exclusively in low-interest certificates of deposit will significantly erode the Reserve Fund’s purchasing power. Therefore, a portion of the Reserve Fund should be invested as follows:

1. The Treasurer shall estimate the capital expenditures and revenues for the next three-year period based on the Aspen Reserve Study and any other anticipated capital expenditures. (“Capital Budget”)

2. One third of the Reserve Funds in excess of those required for the next three years as estimated in the capital budget may be invested in appropriate mutual funds and exchange-traded funds as set forth in the Investment Policy.
3. No less than quarterly, the Treasurer, in conjunction with members of the Finance Committee, shall review the Capital Budget and the Reserve Fund investments to assure the one-third requirement.

Financing discussions regarding future high-cost projects such as the Emergency Access Route or Private Road Repaving/Widening, should evaluate additional funding mechanisms, such as the use of debt in conjunction with HOA dues and/or special assessments.

It is further recommended given the changing nature of the banking and investment environment, that the Genesee Foundation Investment Strategy be reviewed annually, with the next review in 2023.

Approved By: Board of Directors
Revised: April 28, 2021
Effective: June 22, 2022
Review Date: 2023