

FORRESTAL VILLAGE COMMUNITY SERVICES ASSOCIATION POLICY RESOLUTION NUMBER 30

FVCSA INVESTMENT POLICY ON RESERVES

WHEREAS, the authority for the Association's operations lie in legal documents which are the Articles of Incorporation, Bylaws, Declaration of Covenants and Restrictions and Supplementary Declarations of Covenants and Restrictions; and

WHEREAS, the scope and operation of the Association is further defined in the Book of Resolutions which contains the policy decisions of the Board of Directors which have been duly adopted; and

WHEREAS, the Association is a non-profit corporation organized and existing under the laws of New Jersey and is charged with the duties and vested with the powers prescribed by law and set forth in the Governing Documents; and

WHEREAS, the Board of Directors has all powers for conduct of the affairs of the Association which are enabled by law or the Founding Documents which are not specifically reserved to Members, the Developer or the Covenants Committee by these Documents; and

WHEREAS, the Board of Directors shall exercise its power in accordance with the Management Standards Agreement; and

WHEREAS, Policy Resolution 30 dated December 7, 1999 and Policy Resolution 30 Revised dated January 24, 2006 are rescinded and replaced by this new Policy Resolution 30; and

PURPOSE

The purpose of this Policy Resolution Number 30 is to define the investment objectives, constraints and criteria for the FVCSA Portfolio ("Portfolio"). The Board is authorized to engage the services of investment managers to manage the FVCSA reserves. It is required that the investment managers retained by FVCSA Board of Directors ("Board") adhere to this Policy. The investment managers selected will be financial firms which have a reputation for integrity, a considerable record of prudent business practices and a satisfactory protection program.

GOALS AND OBJECTIVES

The Association's Portfolio shall be invested in an effort to achieve the following objectives:

- Promote and ensure the preservation of the Portfolio's capital
- Structure maturities to ensure availability of liquid assets for those times when the community anticipates the need for cash.
- Achieve long-term investment returns that are greater than those available with money market funds.

GOVERNANCE

The Board is specifically responsible for the overall governance of the Portfolio. As such, Board members shall demonstrate skill, prudence and diligence in all circumstances concerning the Portfolio. Specific responsibilities of the Board include the following:

- Appropriate the necessary funds for its reserves
- Determine the portfolio's risk tolerance and investment objectives

- Select and review qualified investment professionals to manage the reserves
- Develop proper procedures for reviewing this Policy Resolution
- Regularly evaluate the performance of the investment managers

The President of the Board shall appoint an Investment Committee comprised of three (3) people. The Board Treasurer must be a member of the Committee. Other members of the Committee can be, but are not required to be, current Board members. The term of members of the Committee shall be one year. The responsibility of the Investment Committee is to provide advice and consent to all decisions that are made by the Board with regard to investments. In exercising its opinions and recommendations, the Committee shall follow the Prudent Investor Rule and shall act solely in the best interest of the Fund. Members of the Committee shall refrain from personal business activity that could conflict with proper execution and management of the Fund.

RESERVES

The Portfolio consists of three (3) reserves as follows:

- Operating Reserve Fund
- Deferred Maintenance Fund
- Capital Repair and Replacement Fund

For investment purposes, the Operating Fund and the Deferred Maintenance Fund can be combined into a single fund operationally and accounted for separately. The Capital Repair and Replacement Fund must be maintained separately and monies in this fund can only be used for capital projects.

The Operating Reserve Fund is the repository of funds that are budgeted each year as a contingency for possible budget overruns. Monies in this fund may be used by the Parcels to fund non-budgeted expenditures or to lower monthly maintenance fees. In the latter case, not more than ten percent (10%) of the money in the Parcel's Operating Reserve Fund can be used each year.

Monies in the Deferred Maintenance Fund are to be used for Parcel projects that consist of routine maintenance such as painting, staining, wood replacement, stucco repair, etc. A minimum balance of \$250,000 will be maintained in this fund at all times. This portfolio will focus on the preservation of capital.

Monies in the Capital Repair and Replacement Fund can be used only for capital projects, such as paving of roads and driveways, and replacing roofs, lights, curbs, sidewalks and other structural components. A minimum balance of \$600,000 will be maintained in this fund. This portfolio will focus on capital appreciation.

INVESTMENTS

Monies in the combined Operating Reserve Fund and the Deferred Maintenance Fund can be invested the following:

- Cash equivalents such as money market funds of a bank or major brokerage firm, insured bank certificates of deposit, AAA rated municipal bonds and U.S. Treasury securities with maturities of one year or less
- Fixed income securities such as U.S. Treasury securities, insured bank certificates of deposit, corporate bonds and tax-exempt securities that are rated AAA by at least one major credit rating agency at the time of purchase.
- No portion of these funds may be invested in equities

Monies in the Capital Repair and Replacement Fund can be invested in the following:

- Cash equivalents such as money market funds of a bank or major brokerage firm, bank certificates of deposit, AAA rated municipal bonds and U.S. Treasury securities with maturities of one year or less

Fixed income securities such as U.S. Treasury securities, insured bank certificates of deposit, corporate bonds and tax-exempt securities that are rated AAA by at least one major credit rating agency at the time of purchase.

Equities, preferably Mutual Funds. The total market value of the equity portion of the Capital Repair and Replacement Fund shall not exceed twenty percent (20%) of the total monies in the Portfolio (i.e. the sum of all the monies in the three reserve funds). If market values change, the equity portion of the investments will be rebalanced within a three (3) month period so as to avoid short-term market movements.

RISKS

In the process of managing the Portfolio to achieve the stated goals, it is necessary to assume risk. This is especially true over a short-term period (twelve months or less) and less so over a long term period (ten years or more). As such, the investment managers must actively manage the Portfolio and rebalance on an as-needed basis.

REVIEW AND CONTROL

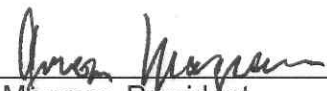
The Investment Committee shall meet with the investment managers at least once per calendar quarter to ensure that this investment policy is being followed, evaluate Portfolio performance and provide guidance to the investment managers. The Investment Committee shall prepare a report for the Board after each meeting with the investment managers. This report may be provided orally at the Board meeting following the investment managers' meeting.

BOOK OF MINUTES

ATTEST: 
Mary Ryan, Secretary

Date: 12/10/11


Yes No Abstain


Av Magram, President


Yes No Abstain


Mari Molenaar, Vice President

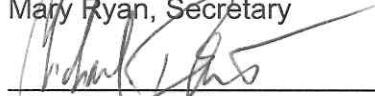
Yes No Abstain


Richard Ciarciello, Treasurer

Yes No Abstain



Mary Ryan, Secretary

Yes No Abstain


Mike Barnett, Director

Yes No Abstain

Yes No Abstain



Phil Blocker, Director



Beth Dalzell, Director