

THE GALENA TERRITORY ASSOCIATION, INC.  
AND WHOLLY OWNED SUBSIDIARIES OF THE GTA

## **INVESTMENT POLICY**

### **STATEMENT OF PURPOSE**

The purpose is to establish a policy for the investment of Operating and Reserve Funds of the Galena Territory Association (GTA). Cash resources covered by this policy are for Operating, Major Repairs and Replacement, Long Range Planning and any other reserve funds that shall be authorized by the GTA Board of Directors in the future.

### **GOALS**

- Operating Funds – Short term resources in all operating accounts shall be maintained to protect and preserve principal.
- Major Repair & Replacement and Long Range Planning Reserve Funds – Long term investment resources shall be focused on preservation of purchasing power of the principal and accumulated interest as measured by rate of return net of all costs including management fees, income tax, and general economic inflation.

### **RESPONSIBILITIES**

- The *GTA General Manager* shall select investments for the Operating Fund and short-term Major Repairs and Replacement and Long Range Planning Fund within the limitations set by this policy and monitor compliance with the investment policy on a monthly basis.
- The *Investment Manager* shall invest available cash resources of the GTA, excluding the Operating Fund, and actively manage and allocate the portfolio to meet the goals and criteria of this Investment Policy. The Investment Manager shall be appointed by the GTA Board of Directors from recommendations provided by the General Manager and the Budget and Audit Committee.
- *The GTA Board Treasurer (Treasurer)* shall provide an Investment Policy report to the Board of Directors quarterly as to the accounts' performance, compliance with policy, fees and level of service.

### **DUTIES**

- *The GTA General Manager* –
  - Shall communicate cash needs to the Investment Manager for the Major Repairs & Replacements, Long Range Planning and any other reserve funds duly authorized by The GTA Board of Directors.
  - Shall monitor and report to the Budget and Audit Committee the status of cash and cash equivalent accounts.
- *The Investment Manager* –
  - Shall provide prompt monthly reports which include list of investments, dates purchased, market prices and values at the end of each calendar month to the GTA General Manager and Treasurer. It is expected that data shall be complimented with meaningful comments, historical data and future projections.

- Shall report to the Budget & Audit Committee on a quarterly basis and Board of Directors on an annual basis and as necessary at the discretion of the Board as to the status of the accounts.
- Investment Accounts maintained at brokerages or similar agencies shall maintain at least minimum SIPC insurance coverage. If funds are maintained at other institutions appropriate liability coverage is required.
- *The GTA Board of Directors' Treasurer –*
  - Recommendations from the General Manager and Budget & Audit Committee regarding any change to this policy shall be developed and forwarded by the Treasurer to the GTA Board of Directors for consideration.

## **INVESTMENT CRITERIA**

- Speculative investments, that is, investments of high risk, such as put-call options, short sales, commodity futures, private placements, any options or futures contracts, margin investments, warrants, hedge funds, derivatives, and any other investment that would fall within this category ***are not allowed.***
- All securities shall be listed on the New York, American and Midwest Stock exchanges or the NASDAQ. Securities shall be readily marketable.
- **The Operating Fund** shall be invested in short term cash and cash equivalent accounts such as certificates of deposits, money markets, accounts within repurchase agreements, and Certificate of Deposit Account Registry Service (CDARS) Program or equivalent programs. These shall be within the FDIC maximum amounts. If the investment is a repurchase agreement, the repurchase agreement shall provide a perfected interest in the pledged securities sold to back the account.
- **Major Repair & Replacement, Long Range Planning** and any other future reserve funds that shall be authorized by the GTA Board of Directors. The needs for the Major Repair and Replacement Fund shall be determined by management through a 25-year projection analysis based on the useful life of each asset. The cash needs for the Long Range Plan shall be based on projects approved by the Board of Directors. This fund will be held in short-term and long-term investments.
  - Short-term investments shall include cash requirements from these funds that will be needed in a two-year rolling time span. Short-term investments shall be maintained in cash or cash equivalent accounts.
  - Long-term investments shall include the remainder of the reserve funds. Long term investments shall be laddered so that any holdings can be held to maturity and so that transfers of funds to cash can be made without penalty. The long-term investment portfolio shall consist of any combination of the following:
    1. adequately insured certificates of deposit, money markets or accounts covered by repurchase agreements
    2. debt securities issued by the United States Treasury or its equivalent agencies
    3. debt securities issued by corporations with a rating not less than A as defined by either S & P or Moody's
    4. debt securities issued by municipal governments with a rating of no less than A as defined by either S & P or Moody's

5. preferred equity securities issued by corporations with a rating of no less than A as defined by either S & P or Moody's
6. no load United States stock mutual funds or institutional shares of load mutual funds

**EFFECTIVE DATE**

This investment Policy shall be effective upon approval of the GTA Board of Directors and supersedes all previous policies.

Approved by Board of Directors: June 26, 2010