

**BLUE WATER DEVELOPMENTAL HOUSING, INC.  
POLICIES AND PROCEDURES: BOARD INFORMATION**

<b>SUBMITTED BY:</b> Executive Director	<b>DATE SUBMITTED:</b> 4/2002	<b>SECTION:</b> FISCAL MANANGEMENT
<b>BOARD APPROVED ON:</b> 9/14/16	<b>DATE REVISED</b> 8/10/16	<b>SUBJECT:</b> CASH AND INVESTMENTS
<b>ANNUAL REVIEW BY BOARD ON:</b> 5/8/19, 10/14/20, 10/1/22		<b>PAGE NUMBER:</b> Page 1 of 3

**I. APPLICATION**

The provisions stated herein shall apply to all cash and investments of the Blue Water Developmental Housing, Inc.

**II. POLICY**

It is the Organizations policy to maintain adequate cash reserves to carry out the operations of the organizations without the need to liquidate investments and sacrifice interest or incur penalties.

The Organization maintains investments for excess cash which are conservative in terms of risk and which obtain a reasonable return on investment with minimum risk while meeting the daily cash flow demands of the organization and are directed by the Executive Director/Designee with approval and oversight by the Board of Directors.

Investment objectives of the organization include:

- A. Preservation of Principal
- B. Protection against inflation
- C. Increase assets without sacrificing liquidity
- D. Meet current income requirements
- E. Receive stable returns
- F. Achieve long term growth

**III. PROCEDURE:**

- A. The Executive Director/Designee actively manages cash and investments to produce a maximum return consistent with minimum risk and generally conforms to the following guidelines:
  - 1. All cash, other than petty cash, shall be maintained in financial institutions that are FDIC or NCUA insured. If cash balance at any financial institution exceeds the FDIC or NCUA federal insurance then the financial institution must be rated three (3) stars or above by BauerFinancial. (The rating will be reviewed at least once a year.) (This does not apply to bank accounts maintained at brokerage firms and other investment firms used to facilitate investment trading.)
  - 2. Investments in the short-term portfolio are limited to the following types:
    - a. Obligations of, or guaranteed by, the United States Government.
    - b. Bank Certificates of deposits, time deposits, or banker's acceptances limited to institutions insured by agencies of the Federal Government.
    - c. Commercial paper rated Prime-1 by Moody's Investors Service Inc. (Moody's) or A-1 by Standard & Poor's Corporation (S & P) or commercial paper or notes issued by companies with an unsecured debt

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issue outstanding currently rated A or higher level of priority as the rated issue.

- d. All agencies of the United States Government not specifically guaranteed.
  - e. Mutual Funds as approved by the Board.
3. Investments in the long-term portfolio are limited to the following types:
- a. Any and all investments in A1
  - b. Mutual Funds
  - c. UIT's (Unit Investment Trusts)
  - d. REIT's (Real Estate Investment Trusts)
  - e. EFT's (Exchange Traded Funds)
  - f. Index Funds
  - g. Specific Stocks as approved by the Board
  - h. Specific Bonds as approved by the Board
4. The Board of Directors reviews and approves at least annually:
- a. All financial institutions where funds can be deposited.
  - b. The bank balances maintained at each financial institution, including the uninsured balances, and the rating of each financial institution.
  - c. All investments, both short and long-term held
  - d. All investment consultants and managers
  - e. All investments and bank account, the balance in each account and the uninsured balances
  - f. Performance of the investment vehicle(s).
- B. The Board of Directors reviews and approves at least annually the targeted cash and investment allocation for the organization, investment consultants, investment managers, or corporations with which the organization does business.

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- C. At least annually, the Board of Directors shall determine the amount of cash reserves that should be invested on a long-term basis and authorize the Executive Director to transfer to or from the long-term investment portfolio.
  
- D. The Executive Director/Designee is the authorized agent to carry out the implementation and control of this policy. The Executive Director is authorized to purchase or sell investments and transfer funds to the respective accounts of the organization to affect these investments according to the terms of this policy. Such actions are to be reported at the next Board of Directors meeting.