

Elk-Skegemog Lakes Association Investment Policy

Adopted by the ESLA Board of Directors
December 16, 2010

The purpose of this document is to establish the investment goals and objectives, and policy guidelines for managing the operating accounts and operating reserves of Elk-Skegemog Lakes Association (ESLA). It is intended that these goals, objectives and guidelines provide meaningful guidance and expectations in the management and performance of the ESLA assets, and to provide the flexibility to respond to given changing economic, business and investment conditions. The Board of Directors and Finance Committee shall exercise its fiduciary responsibility in its treatment of ESLA assets, taking into consideration the mission and purpose of the organization. Following approval these policies will supercede all previous board resolutions regarding ESLA's investment and funds management policies.

1. Investment Goals:

ESLA's operating and reserve funds shall be invested as to:

- A. Maximize total returns consistent with preservation of principal, providing sufficient liquidity, while consistent with acceptable levels of risk.
- B. Adhere to applicable statutes and policies related to fiduciary responsibility.

2. Operating Account, Operating Reserve and Board Designated Reserve:

- A. Operating Account: The purpose of the operating account is to provide immediately accessible funds. Such funds shall be invested in an FDIC-insured checking account with competitive features and benefits for that type of account. The time horizon for assets held within this account is considered to be immediate and without delay for accessibility purposes.
- B. Operating Reserves: The Purpose of the operating reserves is to provide readily accessible funds to supplement the needs of the operating account, or to serve as a depository for funds which are surplus to the operating account but which may be needed with short notice. These funds are to be invested in money market instruments such as money market accounts, Certificates of Deposit, Treasury Bills, etc. yielding competitive rates. The time horizon for assets held within this account will range from 3 months to 2 years.
- C. Board Designated Reserves: The purpose of the board designated reserves is to provide a cache of sufficient funds to enable ESLA to maintain operations in the event of an unexpected loss of funding, to enable major capital expenditures, to provide for the strategic needs of the organization as deemed necessary by the Board of Directors w/

recommendation(s) by the Finance Committee. The time horizon for assets held in this account will be determined by the Finance Committee within a range from 2 years to 7 years. The Finance Committee shall determine the strategic asset allocation for this reserve within the following range:

<i>Asset Class</i>	<i>Target</i>	<i>High</i>	<i>Low</i>
Equities	40%	50%	20%
Fixed Income	55%	70%	40%
Cash Assets:	5%	30%	0%

3. Investment practices

- A. With respect to funds held within both the ESLA ‘operating account’, and ‘operating reserve’, ESLA’s funds should be invested in a manner which will increase the value of its investments over the long term and to ensure a reasonable rate of return while preserving principal. Funds held within the ‘Board Designated Reserve’ shall be invested for longer periods of time whereby fluctuating values may be tolerated and risk of loss is acknowledged.
- B. The Finance Committee shall direct investments or reinvestments in accordance with the investment policy established and approved by the Board of Directors.
- C. Investments may be made in individual fixed income securities, bank accounts, bank certificates of deposit, mutual funds or other collective investment vehicles. ESLA may accept donations of marketable securities, which will be reviewed on an immediate basis to determine whether the investments fall within the guidelines of this policy statement. If not, the securities will be sold as soon as practicable, unless stipulated by the donor to be held for a designated period of time. It is not in the interest of ESLA to manage individual stocks.
- D. Subject to Board approval, the Finance Committee may engage the services of professional investment advisors or money managers to assist in the optimization of ESLA’s investment portfolio.

4. General Investment policies

A. Role of the Finance Committee

The Board of Directors of ESLA has adopted these policies and delegates to the Finance Committee the authority to supervise and implement the investment policy.

The Board of Directors reserves to itself the exclusive right to amend or revise these policies. The Finance Committee shall:

1. Supervise the implementation of the Investment Policy
2. Monitor and evaluate investment performance
3. Report to the Board on investment matters not less than three times per year, or more frequently if warranted.

B. Role of the Treasurer and the President

The Treasurer shall advise the Finance Committee with respect to the status of all investments and shall implement the decisions of the Committee and The Board. The Treasurer serves as the conduit between the Finance Committee and any banker and/or investment manager when appropriate. The President shall appoint members of the Finance Committee and its Chairman.

- C. All investments shall be held in the name Elk-Skegemog Lakes Association.

5. General Performance Evaluation

While performance will be evaluated on both a short-term and long-term basis, a full market cycle consisting of at least three to five years is generally recognized as the period required to reach final conclusions about a manager's investment ability. ESLA acknowledges the possibility of short-term losses from time to time on investments made within the ESLA 'Board Designated Reserves' and will not regard them as evidence of violation of policy so long as overall investment results meet the ESLA's performance expectations over appropriately longer time periods.

Funds invested within the ESLA 'Board Designated Reserves' shall be evaluated against an appropriate benchmark for comparative purposes. It is our intention to establish minimum performance goals of 85% of the benchmark average for each asset class. Managers failing to obtain this goal may be subject to termination.

6. Investment Selection Standards

Generally investments will be made and held through mutual funds or other collective investment vehicles rather than individual securities.

7. Policy Review and Exceptions

The Finance Committee will review this statement on a periodic basis and make recommendations to the Board of Directors for modifications, as the Committee deems appropriate. This Policy may be amended or any exceptions to it may be authorized by resolution of the Board of Directors.