

KIAWAH ISLAND
COMMUNITY
ASSOCIATION

Operating Cash Investment Policy



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Introduction

KICA strives to generate additional return for certain cash balances by placing them with third party Investment Advisors and investing in short-term, high grade, highly liquid fixed income securities. This policy governs those assets (“Operating Cash”) placed with the third-party Investment Advisor.

For KICA’s operating cash balances exceeding FDIC insured limits, the Investment Advisor will manage these funds in a secondary account, separate from the Reserve Fund – MRR, using high-grade, short-term fixed income securities, and will work closely with the Director of Finance to manage the liquidity of these funds.

This policy is separate and distinct from the “Reserve Fund Investment Policy Statement” which governs the reserve fund for the major repairs and replacement program, the “Designated Cash Fund Investment Policy Statement” which governs cash designated to support specific assets and/or repairs, and the requirements of the Financial Controls Manual, which governs the management of daily cash needed to run the Association.

Purpose

The purpose of the Operating Cash Investment Policy is to define the investment policies, guidelines, and objectives of KICA’s operating cash placed with third party advisors, and to create a framework for evaluating performance. These policies and objectives are intended to govern investment activity and are designed to be sufficiently flexible and practical.

Objective

The objective of the Operating Cash Fund is to achieve a total return equivalent to or greater than prevailing U.S. government money market rates. This objective seeks to balance achieving a reasonable return with the need for capital preservation and recognizes the shorter-term nature of cash needs by the Association.

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Delegation of Responsibilities

An Investment Advisor has been retained to assist the Director of Finance, Board and Committee in the development of investment policies, guidelines, and objectives; recommending a blend of liquid, short term fixed income assets for investment, preparing and issuing quarterly performance evaluation reports and attending Committee meetings at the request of the Board or Committee; and notifying the Committee of any significant changes in composition. The Investment Advisor will be a discretionary advisor. The Investment Advisor is responsible for managing the assets as directed by the Finance Director and Investment Policy Statement guidelines.

The Investment Advisor may operate within the parameters established in the Objective section with liquidity/maturities established in concert with the KICA Director of Finance.