

# Hawaiian Paradise Park Owners Association

## Policy Number 4.1 – Investment Policy

**Relevant Statutes, Ordinances or Association Governing Documents:** HPPOA Bylaws Article VIII Sec 11 and HPPOA Bylaws Article IX Sec 5.

**Purpose:** This Investment Policy is to establish a clear set of guidelines for the investment of HPPOA funds. These guidelines are designed to ensure that investments are made in a manner that prioritizes safety of principal, liquidity, and yield, while maintaining a low risk profile consistent with the Association’s financial objectives.

### Details:

#### Investment Objectives

The primary objectives of HPPOA's investment activities are as follows:

1. **Preservation of Capital:** To ensure the safety of the principal investment, with the aim of minimizing risk to the Association’s funds.
2. **Liquidity:** To maintain adequate liquidity to meet operational needs and capital requirements.
3. **Stable, Low-Risk Returns:** To seek moderate returns that are consistent with low-risk investments while avoiding speculative ventures.

#### Permitted Investment Instruments

The HPPOA will only invest in the following types of low-risk, highly liquid instruments:

1. **U.S. Government Securities:** Bonds, Treasury bills, and other obligations issued by the U.S. government, including agency securities.
2. **Certificates of Deposit (CDs):** CDs with a minimum rating of A from a recognized credit rating agency, issued by federally insured financial institutions, with a maturity not exceeding 3 years.
3. **Money Market Funds:** Funds that invest in short-term, highly liquid instruments and are managed by reputable investment firms, provided the underlying assets are high-quality, short-term debt securities.

#### Investment Restrictions

The following restrictions apply to the investment of HPPOA funds:

1. **No Speculative Investments:** HPPOA funds shall not be invested in high-risk securities, such as equity stocks, derivatives, options, commodities, or foreign currencies.
2. **Credit Quality:** No investments shall be made in securities rated below “A” by a recognized credit rating agency, except for U.S. Treasury securities.
3. **Maturity Limits:** All investments should have a duration not exceeding 3 years to minimize exposure to interest rate risk.
4. **Diversification:** Investments must be diversified to avoid significant exposure to any one issuer, sector, or industry.

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Adopted Date: 12/17/25

Amended Date:

Review Date:

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5. **No Foreign Investments:** HPPOA funds shall not be invested in foreign securities or foreign government bonds.

### **Authorized Financial Institutions**

Investments shall only be made through banks, credit unions, brokerage firms, or other financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA).

### **Liquidity Requirements**

The investment portfolio should be managed in a manner that ensures the availability of sufficient liquidity to meet the financial needs of HPPOA. As such, a portion of the funds should be invested in highly liquid instruments like money market funds and short-term Certificate of Deposits.

### **Monitoring and Reporting**

1. **Investment Oversight:** The Treasurer shall oversee the Association investments, and will monitor the performance of the investment portfolio, ensuring compliance with the investment policy.
2. **Regular Reports:** The Treasurer shall provide the Board of Directors with quarterly reports on the performance of the investment portfolio, including a summary of holdings, performance relative to benchmark indices, and any recommended adjustments.
3. **Review of Investment Policy:** The Investment Policy shall be reviewed annually each July by the Board to ensure that it remains aligned with the HPPOA's financial goals and objectives.
4. **Conflict of Interest:** Board members or officers making investment decisions must disclose any conflicts of interest that may present a personal or financial conflict with their responsibilities.

**Responsibilities:** The Treasurer shall review and submit proposed modifications to the Board of Directors.

### **Review**

This policy shall be reviewed Annually by the Treasurer and Policy & Procedures Committee for proposed modifications or any improvements or updates to HPPOA Bylaws Article VIII Sec 11 and HPPOA Bylaws Article IX Sec 5.