

CHAPTER 16 - SECTION 16.10
INVESTMENT COMMITTEE CHARTER

As embodied in PM 4.02Q, LMOA Investment Policy:

Approved: February 25, 1999

Amended: September 28, 2000

Revised: December 12, 2000

Revised: November 15, 2001

Codified as separate charter:

Approved: February 28, 2002

Amended: August 28, 2003

Amended: June 17, 2004

Amended: December 16, 2004

Amended: August 23, 2007

I. PURPOSE

The Investment Committee shall be an operating committee of the Association, with the specific purpose of establishing, maintaining and administering all the financial investments of the Association, in compliance with the directives of the Board as specified in PM 4.02Q.

II. MEMBERSHIP AND STRUCTURE

- A. The Investment Committee shall be composed of three regular members and two ex-officio members. Regular members shall be appointed by the Board of Directors. Committee members shall serve terms of three years and there is no limit on the number of terms they may serve. The ex-officio members shall consist of the General Manager and the Business Manager. Members of the Board of Directors are eligible to serve as regular members of this committee.
- B. The Board of Directors shall establish the qualifications for members of the Investment Committee. Factors to be considered when evaluating Association members for appointment to the Committee shall include, but shall not be limited to, the following criteria: academic background; business experience - past or present; NASD licenses and/or professional designations earned; employment conflict; and other data deemed by the Board or the Committee to be relevant to the Committee's duties and responsibilities.
- C. The Treasurer of the association has oversight responsibilities as outlined in Bylaw 6.09.

III. DUTIES & RESPONSIBILITIES

- A. The Board of Directors, by adoption of this Charter, assigns the following responsibilities to the Investment Committee:
 - 1. To deliberate upon such topics as: economic outlook, portfolio diversification and maturity structure, cash flow requirements, potential risks and the target rate of return on the investment portfolios.
 - 2. To search for, evaluate, and recommend for engagement by the Board of Directors, reputable candidates to serve as consultants, investment advisors, custodians, and securities brokers/dealers. Such recommendations shall be presented to the Board of Directors in written form, for consideration at a duly called open meeting.
 - 3. To review eligible investments.

4. To determine and acquire appropriate investments for the Long-Term Investment Account and the Short-Term Operating and Restricted Funds Account portfolios, and for the Growth Account.
5. To affect the appropriate sale transaction in the event a reduced credit rating or other change occurs, making an issue an unsuitable holding.
6. To ensure that any fees paid for investment services are fair and reasonable, and that they are competitive with the fees charged by other investment professionals for similar services.
7. To develop, for approval by the Board of Directors, specific procedures that may be necessary for the smooth and effective management of the investments of the Lake Monticello Owners' Association.
8. To review PM 4.02Q - Investment Policy at least annually, and to recommend to the Board of Directors any change that may be needed.
9. To review and evaluate annually the overall performance of all investments, the individual performance of the Investment Representative and the services provided by the custodian and securities broker/dealer.
10. To report in writing to the Board of Directors, in open session, the results of the annual reviews and evaluations, and to recommend any changes necessary to improve the performance of the investment portfolio.

IV. MEETINGS

The Committee shall meet in open session no less frequently than quarterly, at a designated time and place by resolution of the members of the Committee or as assigned by the Board of Directors. Notice of meetings and meeting cancellations shall be furnished to the administrative staff for publication in accordance with PM 16.00 Committees. A quorum of three can consist of any combination of regular and ex-officio members.

V. PURCHASE AND SALE OF SECURITIES AND OTHER ACTIONS

The decisions to purchase or sell securities shall be made with the approval of no less than two of the regular members of the Investment Committee in person or by telephone. Decisions made by telephone shall be confirmed by a vote taken at the next open Committee meeting and shall be recorded in the minutes of that meeting. Other actions by the Committee shall require an affirmative vote of two of the regular members.

All other actions of, and conduct by, the Investment Committee shall be in strict compliance with PM 16.00 Committees, unless specifically prescribed otherwise by adoption of this Charter by the LMOA Board of Directors.

CROSS REFERENCE: PM 4.02Q - LMOA Investment Policy