

**INVESTMENT POLICY GUIDELINES**  
**Meridian Valley Maintenance Association Long Range Capital Fund**

**Investment Objective**

The purpose of the Meridian Valley Maintenance Association (MVMA) Long-Range Capital Fund is to fund the long-range expenditures of the Association, specifically, resurfacing of roads, mandatory cleaning of storm drains, new security vehicles and large emergency needs.

**Funding**

MVMA will add funds to the account each year. The target amount of the addition shall be eight percent of the annual dues. The annual funding should be reevaluated periodically to ensure that there are sufficient assets to fund necessary projects.

**Asset Allocation**

The general policy shall be to diversify investments within both equity and fixed-income securities so as to provide balance that will enhance total return while avoiding undue risk as a result of concentration in any single asset class or investment category.

The equity allocation target of the portfolio shall be 60% until within about five years of the apparent need to resurface the roads at which time the equity portion shall gradually be reduced per the table below. The allocations will be rebalanced annually to comply with these targets.

Years till resurface	Equities	Fixed Income
5	60%	40%
4	50%	50%
3	40%	60%
2	30%	70%
1	30%	70%

The principle category of equity investments will be stock mutual funds and broad index mutual funds from low cost providers. Fund investments should be diversified in terms of economic sector, industry, market capitalization, and nation of origin. No investment will be allowed in futures contracts, derivatives, joint ventures in any form, limited partnerships, or in direct ownership of real estate.

The investment vehicles for the fixed income investments will be in laddered bonds and CDs. The investments will be in an AA or higher quality government or corporate bonds for terms between 5 and 10 years and FDIC insured CDs for investments of less than 5 years. We should always plan to hold the bonds and CDs to maturity.

## **Spending Policy**

Expenditures are expected to be made from these funds for major upgrades to fences or security equipment, drain cleaning every three years, and security vehicle replacement every nine years. The perimeter roads are expected to need resurfacing in about 2035, and the secondary roads in 2050. Since road maintenance is such a major expense, the expected life and replacement cost should be reviewed every 5 years starting in 2015.

## **Performance Evaluation**

The MVMA Board of Directors will monitor the implementation and performance of these funds, making recommendations for changes as appropriate.

## **Exception Policy**

Any exceptions to this policy will require approval of the MVMA Board.