

Green Valley Recreation Investment Accounts

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1. Preamble

- a. The purpose of this document is to identify the specific ownerships, responsibilities, and duties of the:
 - i. Green Valley Recreation Board of Directors (hereafter identified as “BoD”),
 - ii. Green Valley Recreation Chief Executive Officer and Green Valley Recreation Chief Financial Officer (hereafter collectively identified as “CEO/CFO”), and
 - iii. Green Valley Recreation Investment Committee (hereafter identified as “IC”)

with respect to the administration and management of the four Green Valley Recreation Investment Accounts (hereafter collectively identified as “IAs”).

- b. The IAs consist of the:
 - i. Operating Cash Investments Account,
 - ii. Initiatives Reserve Fund,
 - iii. Maintenance Repair/Replace Reserve Fund, and
 - iv. Emergency Reserve Fund.

2. Generalized Approach to the Assignment of Duties

- a. In a general sense and at a high level, the:
 - i. IC is responsible for deciding what will be done with respect to the IAs,
 - ii. CEO/CFO are responsible for executing and implementing the decisions made by the IC with respect to the IAs, and
 - iii. BoD is responsible for oversight, confirming that both the decisions and the execution associated with the IAs are consistent with the full range of overarching Green Valley Recreation needs and objectives.

3. Investment Committee

- a. The IC has the following specific ownerships, responsibilities, and duties with respect to the IAs:

- i. Decide who the Investment Manager will be for each of the accounts that comprise the IAs,
 - ii. Complete due diligence and assessment on and for each Investment Manager, as required,
 - iii. If an investment management contract is required between an Investment Manager and Green Valley Recreation, then negotiate the terms and wording of said contract,
 - iv. Determine the specific wording and specifications for the Investment Policy Statement for each of the accounts that comprise the IAs,
 - v. Decide what information each Investment Manager is to provide to the IC. This decision will specify format (paper or electronic and associated layout), frequency, and delivery mechanism (in person, telephone, or live-video),
 - vi. Monitor the Investment Managers to confirm compliance with the applicable Investment Policy Statements,
 - vii. When non-compliance is identified, issue appropriate remedial instructions to the CEO/CFO designed to eliminate said non-compliance within a prudent and practical time period,
 - viii. Measure and evaluate the Investment Manager's actions and results, in the context of the applicable Investment Policy Statement, in order to determine if modifications to the relationship are warranted,
 - ix. Decide if an Investment Manager will be replaced,
 - x. Update Investment Policy Statements as required,
 - xi. Communicate the IC's decisions to the CEO/CFO,
 - xii. Report to the BoD on a quarterly basis, and
 - xiii. Notify the BoD if:
 1. An Investment Policy Statement is in serious and meaningful violation or
 2. The IC is considering the possible replacement of an existing Investment Manager
- b. When executing its duties and responsibilities, the IC will consider the full range of fiduciary investment criteria. However, the IC will place special emphasis on the following six criteria (for each of the accounts that comprise the IAs):
- i. Cost,
 - ii. Investment Time Horizon,
 - iii. Probability or likelihood of loss when measured over the applicable rolling Investment Time Horizons,
 - iv. What measures or metrics will be used to alert the IC that modifications to an Investment Manager relationship or to its associated Investment Policy Statement might be warranted,

- v. Sustainability and anti-fragility of a particular investment approach, and
- vi. Continuity in investment approach over the span of years.

4. Chief Executive Officer and Chief Financial Officer

- a. The CEO/CFO have the following specific ownerships, responsibilities, and duties with respect to the IAs:
 - i. Execute and implement the instructions received from the IC within a timely and prudent time period and
 - ii. Be the primary point of contact with all Investment Managers,

5. Board of Directors

- a. The BoD has the following specific ownerships, responsibilities, and duties with respect to the IAs:
 - i. Oversee the IC to confirm that its decisions concerning the IAs are consistent with the full range of overarching Green Valley Recreation needs and objectives,
 - ii. Oversee the CEO/CFO to confirm that their execution and implementation of IC decisions concerning the IAs are consistent with the full range of overarching Green Valley Recreation needs and objectives, and
 - iii. Communicate to the IC the BoD's requirements and expectations concerning quarterly reporting by the IC to the BoD.

6. Associated Documents (separate from the Corporate Policy Manual)

- a. In the process of completing its duties, the IC will generate the following documents:
 - i. An Investment Policy Statement for each of the accounts that comprise the IAs,
 - ii. An investment management contract for each Investment Manager hired by Green Valley Recreation, and
 - iii. Minutes of each meeting of the IC.
- b. These associated documents will be archived by both the IC and the CEO/CFO and will not be a part of (or otherwise be included within) Green Valley Recreation's Corporate Policy Manual.

7. Definitions and Clarifications

- a. The following terms are used above. The following provides additional definition and/or clarifications regarding these terms.
 - i. **Cost** is defined as the direct and indirect costs (both hidden and revealed) resulting from the use of a specific investment. For example, for a daily access mutual fund these would include the internal expense ratio, trading fees, custody charges, and advisory fees.
 - ii. **Investment Time Horizon** is defined as the specific number of years or months that a portfolio will be invested before withdrawals are made from it. For example, a particular account might have a very short Investment Time Horizon such as one month. In such a circumstance, one would want to avoid investing in higher risk securities because with just a one-month investment time period, there is no opportunity to recover from market declines. In contrast, if a different account had a very long Investment Time Horizon such as twenty years, then one could consider holding riskier investments. In such a circumstance, with this long twenty-year time horizon, one could recover from significant market declines. The specific Investment Time Horizon for each of the accounts that comprise the IAs will be identified in the applicable Investment Policy Statement.
 - iii. **Sustainability and anti-fragility of a particular investment approach.** Not all investment approaches or investment instruments will survive or thrive over time. Some investments are as yet unproven or overly susceptible to failure during severe market declines. For example, a new embryonic mutual fund with just \$25 million of assets is highly susceptible to closure during a significant market decline. Similarly, new burgeoning securities such as cryptocurrencies and cannabis are as yet unproven and untested. It remains unclear as to the viability much less the durability of such niche areas of the marketplace. The IC is expected to consider issues of sustainability and anti-fragility as it decides what Investment Managers to hire and how to construct the associated Investment Policy Statements.
 - iv. **Continuity in investment approach over the span of years.** Every investment management approach takes time to prove itself. Moreover, the longer the associated Investment Time Horizon, the longer the time period required for the investment approach to prove itself out. Successful investing requires that approaches to investing be given the time they require to grow, mature, and bear fruit. Moreover, by its inherent structure, the IC experiences a fairly continuous turnover of membership. This high pace of turnover presents a potential challenge. It may make it difficult for the IC to have the required patience required to give each investment approach the time it requires to mature and bear fruit. For this reason, the IC is expected to apply particular attention to issues of continuity in investment approach across an ever-changing composition of the IC membership.