

**GENERAL INVESTMENT PRINCIPLES, PROCEDURES,
AND GUIDELINES INVOLVING THE
CISCO CHAIN RIPARIAN OWNER'S ASSOCIATION, INC.
AND SEGREGATED FUNDS HELD FOR THE BENEFIT OF THE CISCO DAM**

- A. This document covers investment principles, procedures and guidelines regarding the Cisco Dam Funds held by the Cisco Chain Riparian Owner's Association, Inc. ("CCROA") separate from other funds of CCROA. The Cisco dam Fund is to be used only in accord with the enumerated Cisco Dam and Cisco Dam Fund purposes of CCROA as set forth in its Articles of Incorporation and Bylaws.
- B. All funds received by CCROA from gifts, grants, and other sources for the Cisco Dam Fund and the use thereof shall be invested in accordance with CCROA'S investment guidelines regarding said segregated funds. Such monies needed each year from the Cisco Dam Fund for the monitoring, management, operation, inspection, repair and maintenance of the Cisco Dam, including expenses incurred by the board of directors and committees in furtherance thereof, shall be paid from the earnings of CCROA'S Cisco Dam Fund investments. Should the income of the Fund be insufficient to pay such expenses, upon review and approval by the board said expenses may be paid from the principal of the Fund when deemed necessary. Excess income shall be reinvested into the principal of the Fund.
- C. The following investment objectives and strategy are hereby adopted by CCROA'S board of directors:
1. **Investment Objectives/Investment Advisor.**

A professional investment advisor chosen by the CCROA'S board of directors shall have authority to allocate assets and select investments to achieve the objectives recited herein, and which investment objectives, advisor decisions and investment returns shall be reviewed at least semi-annually by the board of directors. The board shall develop investment objectives with the investment advisor. It is expected that the Fund will be invested in various allocated investments, which investments may be changed as needed based on investment advisor recommendations and board approval. An initial investment return goal shall include the preservation of Fund principal as a primary desire, along with an annual return of at least 4% or more when possible.
- D. The CCROA Cisco Dam/Cisco Dam Fund committee shall make available to the board of directors an annual Cisco Dam budget to be paid from the annual interest and dividend earnings from Cisco Dam Fund investments. All Cisco Dam expenses will be submitted to the CCROA treasurer for payment and paid as approved by the board. Capital gain distributions shall be retained as principal. The board of directors shall

additionally retain the authority to disburse such portion of the Cisco Dam Fund principal for specific Cisco Dam expenses where said distribution is documented and approved by the board of directors as a legitimate need related to the Cisco Dam where the cost thereof cannot be otherwise paid from Cisco Dam Fund income available to the CCROA.

- E. The treasurer and Cisco Dam/Cisco Dam Fund committee will timely document all expenditures and advise the board of directors thereof.
- F. Requests for financial assistance regarding the operation and maintenance of the Cisco Dam shall be made to the president or the board of directors.

G. **Tax-Exempt Status of Gifts to CCROA**

Subject to certain technical and related tax law provisions, all of which a prospective donor is responsible to be knowledgeable of, it is believed that subject to such provisions and any limitations as may arise thereunder, all contributions to CCROA are believed to be tax deductible from the income of the donor. This is an incentive to the general public to further the charitable activities of CCROA by making tax-deductible contributions to CCROA. A prospective donor has a wide range of giving methods from which to select and is free to select such method or methods which offer the greatest advantage from the income tax reporting point of view. Such methods include:

1. Direct gifts in cash or appreciated assets;
2. Memorials for deceased fellow members, friends, or relatives;
3. Donations through Wills/Estates or Trusts;
4. Lifetime donations;
5. Trust fund--short-term--property;
6. Life insurance;
7. Securities, bonds, stock, etc.;
8. Life income gifts (where the donor retains the right to the income from the security for life);
9. Short-term insurance;
10. Such other applicable donations.

H. **Tax-Exempt Status of the Income of CCROA**

Subject to CPA verification, the net investment income of the CCROA Dam Fund is believed to be exempt from state and federal income taxes.

Therefore, interested members of the general public who wish to use any type of their own investments/investment income to further the activities of the Cisco Dam and CCROA'S Dam Fund may find that the financial impact of such investment income will be substantially greater if the asset is donated to and owned by the CCROA Cisco Dam Fund rather than by the individual.

One of the purposes CCROA is to enable interested CCROA members and members of the general public, as well as all other potential donors, to donate to and allow their assets to possibly work more productively for the benefit of the Cisco Dam and Cisco Dam Fund.

I. **Named or Designated Cisco Dam Fund Memorials**

Individual donors or groups of donors may request memorial designation for gifts made to the Cisco Dam Fund. The board and Cisco Dam committee shall work together to develop a suitable form for the recognition of memorial donations to the Cisco Dam Fund. Donations to the Cisco Dam Fund shall be held within the Fund and not segregated as to specific donors, amounts or memorials.

Approved and adopted this ___ day of _____, 2014.

CISCO CHAIN RIPARIAN
OWNER'S ASSOCIATION, INC.

By: _____
_____, President

By: _____
_____, Secretary