

## VEHI Investment Policy

This policy governs the investment of VEHI's operating funds.

### Liquidity Class "A" Operating Funds

1. Purpose and Goals

The purpose of operating funds, in this class, is to maintain liquidity in accordance with month to month operating cash needs while maximizing return. Preservation of principal and liquidity are the goals of these funds.

2. Asset Allocation

100% cash equivalents.....0% equities: Cash equivalents are defined as having maturities which will meet the projected cash flow needs of the fund on a month to month basis as projected by VEHI.

3. Investment Restrictions

Investments shall be limited to insured bank deposits, repurchase agreements, U.S. Treasury or agency securities, money market funds, and commercial paper rated A-1 or P-1 or better by Standard & Poor's and Moody's respectively or to funds such as the Janus Fund which invest in similar instruments.

4. Management

The responsibility for the management of the fund rests with VEHI's President or his designee in concert with the Peoples United Bank.

5. Performance Evaluation

Investment performance shall be monitored by VEHI's President and reported to the VEHI Board annually.

## Liquidity Class “B” Operating Funds

### 1. Purpose and Goals

The purpose of the operating funds, in this class, is to provide funds if necessary, to meet insurance claims that exceed projections. These operating funds are not needed to meet current cash demands. Preservation of principal and liquidity while optimizing returns are the goals of these funds.

### 2. Asset Allocation

100% near cash equivalents.....0% equities: Near cash equivalents are defined as instruments having maturities of five years or less at the time of purchase and/or money market mutual funds.

### 3. Investment Restrictions

Investments shall be limited to insured bank deposits, repurchase agreements, U.S. treasury or agency securities, money market funds, and commercial paper rated A-1 or P-1 or better by Standard & Poor’s and Moody’s, respectively. Additionally, with respect to fixed income investments, the minimum average credit quality of these investments shall be investment grade (Standard & Poor’s BBB; Moody’s Baa) or higher. No one issuer except the U.S. Treasury or a sponsored agency can exceed 10% of the market value of the portfolio. No one debt issue, except those of the U.S. Treasury or a sponsored agency can exceed 5% of the market value of the portfolio. VEHI will monitor and restrict the amount of operating funds in this class.

### 4. Management

The responsibility for the management of the fund rests with VEHI’s President or his designee in concert with the Peoples United Bank and the Vanguard Group.

### 5. Performance Evaluation

Investment performance shall be monitored by VEHI’s President and reported to the VEHI Board annually. Appropriate benchmarks for performance evaluations would be the iMoneyNet Money Fund Averages for cash equivalents and the Barclays U.S. 1-5 Year Gov’t. Credit Index for other fixed income securities.

Adopted: 2007, Revised 2011