INVESTMENT POLICY STATEMENT AND INVESTMENT GUIDELINES

OF

CAVE ROCK ESTATES GENERAL IMPROVEMENT DISTRICT

SECTION 1. *Introduction:* The purpose of this policy statement is to establish guidelines for the prudent investment of Cave Rock Estates General Improvement District ("District") assets. A policy-driven approach reduces the propensity to act impulsively or irresponsibly. The investment guidelines provide stability in the management of the District's assets by selecting, and thereby limiting, what are considered to be appropriate investments.

SECTION 2. *Investment Philosophy:* The Cave Rock Estates General Improvement District Board of Trustees ("Board") shall exercise extraordinary care and prudence in its investment of District assets to help meet both its short- and long-term obligations under Nevada Revised Statutes (NRS) Section 318. The Board recognizes that economic uncertainty, asset price volatility, and the potential loss of purchasing power due to inflation are present to some degree with all types of investments. As such, only the highest quality, lowest risk investments (as defined below) are permitted.

SECTION 3. *Investment Objective:* Assets shall be invested in a manner consistent with meeting both the recurring and one-time expenses of the District in its normal course of business. Recurring expenses include snow-plowing, street sweeping, drain clearing, traffic line striping, crack and slurry sealing, and other road maintenance requiring regular attention. One-time expenses are typically related to infrastructure and other capital improvements, including but not limited to curb and gate installation, water and sewer line replacement, retaining wall repair, significant drainage issues, and other projects related to the District's mission.

SECTION 4. *Fiduciary Obligation:* The Board has a fiduciary duty to invest prudently and responsibly with respect to the District's assets. Investments shall be made with the District's sole interest in view. The District's primary source of revenue are the ad valorem taxes (a portion of property taxes) paid by the residents of Cave Rock Estates.

SECTION 5. *Investment Goals:* The Board endeavors to generate income on its excess funds while minimizing risk to its principal. Excess funds are generally defined as amounts in excess of recurring and other anticipated expenses in any given fiscal year (July 1 to June 30).

SECTION 6. *Investment Guidelines:* Given the District's Policy Statement and Investment Philosophy, Objective, and Goals, its investments shall be restricted to the following vehicles:

A. Checking and savings accounts at reputable banks with accounts that are fully insured by the FDIC;

B. Certificates of Deposits at reputable banks that are fully insured by the FDIC, with maturities not to exceed 12 months;

C. U.S. Treasury bills purchased through the District's brokerage account, with maturities not to exceed 12 months.

SECTION 7. *Investment Responsibility:* The Board's Chair and Treasurer are responsible for confirming that all investment transactions are consistent with the Investment Guidelines. The Board's Chair may delegate investment transaction execution authority to other Board trustees who are signatories on the District's bank and brokerage accounts. All investment transactions shall be reported to the Board and to the District's accountant(s) responsible for compiling the District's financial reports on a timely basis and no later than the next Board meeting after the executed transactions.

SECTION 8. *Investment Policy Statement and Guideline Review:* This document shall be reviewed on a regular basis by the Board, but no less frequently than annually. Amendments to this document shall require majority consent of the Board.

ADOPTED AND APPROVED THIS 6th DAY OF APRIL, 2026

By:

Chair, Board of Trustees

[Seal (if adopted)]

ATTEST:

By:

Secretary