

**RESOLUTION
OF THE
PAWNEE HILLS COMMUNITY ASSOCIATION, INC.
REGARDING INVESTMENT OF RESERVE POLICY**

SUBJECT: Adoption of an Investment Policy for reserves of the Association.

PURPOSE: To adopt a policy for the investment of reserve funds.

AUTHORITY: The Declaration of Protective Covenants, Articles of Incorporation, Bylaws of the Association, and Colorado law.

**EFFECTIVE
DATE:** Amended August 2019

RESOLUTION: The Association hereby adopts a Policy as follows:

1. Scope. In order to properly maintain areas in the Community that are the responsibility of the Association, to comply with state statutes, to manage reserve funds, and to protect the market value of Owners' homes and livability in the Community, the Board of Directors determines that it is necessary to have policies and procedures for the investment of reserve funds.

2. Purpose of the Reserve Fund. The purpose of the Reserve Fund shall be to responsibly fund and finance the projected repair and replacement of those portions of the Community that the Association is responsible for and for such other funding as the Board of Directors may determine. The portions of the Community that the Association is responsible for typically have been limited but reasonably predictable useful lives.

3. Investment of Reserves. The Board of Directors of the Association shall invest funds held in Reserve Fund accounts to generate revenue that will accrue to the Reserve Funds account balance pursuant to the following goals, criteria, and policies:

- a. Safety of Principal. Promote and ensure the preservation of the Reserve Fund's principal.
- b. Liquidity and Accessibility. Structure maturities to ensure availability of assets for projected or unexpected expenditures.
- c. Minimal Costs. Investment costs (redemption fees, commissions, and other transactional costs) should be minimized.
- d. Diversity. Mitigate the effects of interest rate volatility upon reserve assets.
- e. Return. Funds should be invested to seek the highest level of return.

4. Limitations on Investments. Unless otherwise approved by the Board, all investments shall be FDIC (Federal Deposit Insurance Corporation) insured and/or guaranteed by the United States Government.
5. Investment Strategy. The investment strategy of the Association should emphasize a long term outlook by diversifying the maturity dates of fixed-income instruments within the portfolio utilizing a ladder investment approach.
6. Independent Professional Investment Assistance. The Board of Directors of the Association may hire a qualified investment counselor to assist in formulating a specific investment strategy.
7. Review and Control. The Board shall review Reserve Fund Investments periodically to ensure that the funds are receiving competitive yields and shall make prudent adjustments as needed.
8. Definitions. Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration of Protective Covenants shall have the same meaning herein.
9. Supplement to Law. The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration of Protective Covenants and the law of the State of Colorado governing the community.
10. Deviations. The Board may deviate from the procedures set forth in this Resolution if in its sole discretion is reasonable under the circumstances.
11. Amendment. This policy may be amended by the Board of Directors at their discretion.

CERTIFICATION

The undersigned certify that the foregoing Resolution was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors on August 27, 2019 and in witness thereof, the undersigned has subscribed his/her name.

PAWNEE HILLS COMMUNITY ASSOCIATION, INC.

A Colorado non-profit corporation,

Cynthia L. Cregar
President

David L. Powell
Vice-President