

# McClelland's Creek Homeowners Association, Inc.

## Policy Regarding Reserve Fund Investment

Adopted 10/21, 2013

The following procedures have been adopted by McClelland's Creek Homeowners Association, Inc. (the "Association") pursuant to C.R.S. 38-33.3-209.5, at a regular meeting of the Board of Directors (the "Board").

**Purpose:** To protect and ensure the safety of the assets and capital improvements of the Association and those volunteers who participate in the investment process and to further provide guidance to those who offer investment services to the Association, including brokers/dealers, banks, consultants, savings institutions, and custodians.

The following investment policy addresses the methods, procedures and practices which must be exercised to ensure effective and judicious fiscal investment management of the Association's reserve funds (the "Reserve Funds"). This policy does not set forth: (1) the minimum reserve fund balance required of the Association; (2) any mandate for an annual reserve fund study; or (3) the tax consequences of the investment options contained herein.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following policies and procedures for the investment of the Association's reserve funds:

1. **Investment of Reserve Funds.** All Reserve Funds shall be held and maintained in one or more trust savings or trust checking accounts at any financial institution in which deposits are insured by an agency of the federal government, and to the extent possible, the funds shall earn a competitive market rate of return on available funds throughout budgetary and economic cycles.
2. **Delegation of Authority.** Responsibility for conducting investment transactions for the Association resides with the Treasurer. The President of the Board will be considered an authorized person to assist the Treasurer in performing investment management, cash management, or treasury functions. Persons authorized to transact investment business for the Association are limited to these two officers. Members of the Association will receive a copy of this investment policy from the Treasurer upon request. The Board shall provide a copy of this policy to the newly elected Treasurer at the assumption of office.
3. **Ineligible Investments and Transactions.** The Association has no authority to invest in any investment accounts other than those specified in paragraph 1 above.
4. **Selection of Banks as Depositories and Providers of General Banking Services.** Banks and savings institutions shall be approved by written resolution by the Board to provide depository and other banking services for the Association. To be eligible for authorization, a bank must be domiciled in the United States and have physical facilities for doing business in the State of Colorado, a member of the FDIC and must meet the minimum credit criteria of credit analysis provided by commercially available bank rating services. Banks failing to meet the

minimum criteria, or, in the judgment of the Treasurer or Board, no longer offering adequate safety to the Association funds, shall be unauthorized to provide depository and other banking services for the Association.

5. Reporting. On an annual basis, an investment report shall be prepared and submitted by the Treasurer or an outside advisor, who will provide such report to the Board in a timely manner, listing the reserve fund investments held by the Association and the current market valuation of the investments. The report shall include a summary of investment earnings during the prior fiscal year. The Association members shall have access to the list of Association reserve fund portfolio holdings.

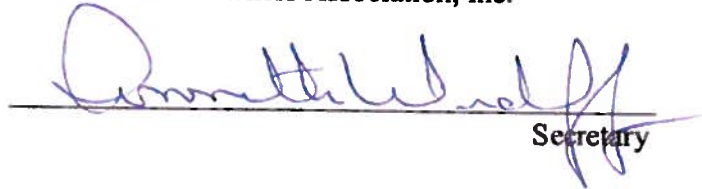
McClelland's Creek Homeowners Association, Inc.

By: David J. Grant  
Name: DAVID J. GRANT  
Its: PRES.

Attest

  
Secretary

This Policy Regarding Reserve Fund Investment was adopted by the Board of Directors on the 21 day of Oct, 2013, effective the 21 day of Oct, 2013, and it is attested to by the Secretary of the McClelland's Creek Homeowners Association, Inc.

  
Secretary