

**Resolution  
of  
Retreat at Rockrimmon Association, Inc.**

**Reserves, Investments and Financial Procedures Policy**

The undersigned being all of the Directors of Retreat at Rockrimmon Association, Inc. a Colorado non-profit corporation (the "Association") hereby consent to, vote in favor or, and adopt the following resolution:

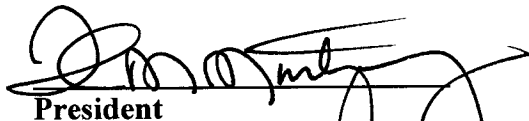
**WHEREAS**, the Board of directors is empowered to govern the affairs of the Association pursuant to Article VII, Section 7.1(a) of the Bylaws;

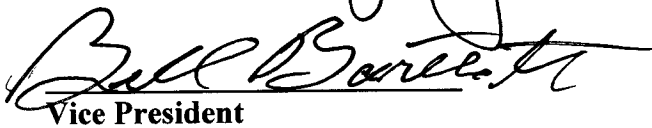
**WHEREAS**, the Board of Directors, in an effort to comply with this statute, desires to establish a policy that shall govern the manner in which the Association's money is invested; therefore a need to officially adopt and accept the policy for Reserves, Investments and Financial Procedures Policy;

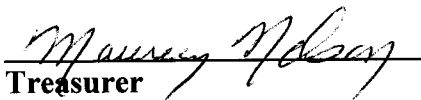
**IT IS THEREFORE RESOLVED** that the policy attached hereto as Exhibit A (hereafter referred to as "Reserves, Investments and Financial Procedures Policy") shall be adopted and hereby established as the policy of this Association;

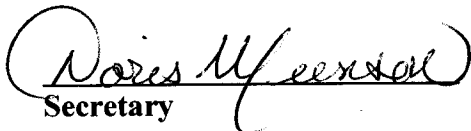
**IT IS FURTHER RESOLVED** that this policy shall remain in effect until amended or hereby terminated by a majority vote of the Board of Directors, and

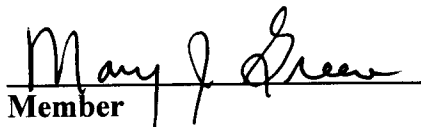
**IT IS FURTHER RESOLVED** that this policy shall take effect June 24, 2010. EXECUTED this 24<sup>th</sup> day of June 2010.

  
President

  
Vice President

  
Treasurer

  
Secretary

  
Member

## **EXHIBIT A**

The Board of Directors may determine the best way to adequately fund and maintain the reserve accounts that will be used to fund community assets. It is the intent of this fund to be maintained on an ongoing basis. As to preserve and enhance the property value of the community.

### **INVESTMENT OF RESERVE FUNDS**

- The Board of Directors shall to the best of their ability include a portion of the dues in the annual budget that will be funding the reserve accounts.
- The Board shall invest the reserve funds of the Association in a Reserve Account so as to generate interest revenue that will accrue to the Reserve Account balance.
- All investments shall be in the name of the Association, shall not be commingled with the Association's general operating account, and unless otherwise approved by a majority of the votes of the membership, shall be FDIC, NCUA or SIPC insured or otherwise guaranteed by the United States Government.
- All investment accounts should be in accounts that minimize administration costs of the account.
- Investments should take liquidity into consideration, such that funds are available to meet the repair and replacement schedule established by the periodic reserve study undertaken by the Association.
- The Board may hire an investment counselor to assist in formulating an investment plan.
- The Board shall review the Reserve Account investment plan at least annually to ensure that the funds are receiving competitive yields, and shall be authorized to make prudent adjustments as needed.
- Reserve funding may come from any of the following sources: annual assessments, special assessments, loan obtained by the Association, and/or any combination thereof.

### **RESERVE STUDY**

- The Board of Directors may vote to have a reserve study prepared and how often it is reviewed.
- If Board of Directors votes to conduct a reserve study, the Board may vote on whether the reserve study is done by an independent consultant or internally prepared.
- It is preferred that the reserve study be based on a physical examination of the common assets by the person doing the study.

## **SPENDING POLICY**

- The reserve fund can only be used on expenditures greater than \$3000.00.
- Competitive bids must be obtained unless the expenditure is determined to be an emergency.
- All non-emergency bids will be reviewed by the Board of Directors and approval will be determined by a vote of the Board.

## **FINANCIAL PROCEDURES**

- The treasurer will review the financial reports of the association on a monthly basis. Including, but not limited to, Income Statement, Balance Sheet and Aging Report.
- The Board of Directors will attempt to obtain three bids on any item over \$3000.00.
- The management company will archive association records for a three year period. After that the Board may have a Board member store the association records at their home, obtain a storage unit, or hire a record keeping company.
- The income statement compared to budget should be included in the annual meeting notice that is sent to all homeowners. Copies will be available upon request in accordance with The Records Policy.
- A balance of at least one month's association assessments should be kept in an operating saving account for any emergency or unexpected expenses.
- Expenditures that exceed the budgeted fund for a specific line item can be used from any other operating surplus in the budget or used from the operating saving account.
- The manager and at least one Board member will be signers on all accounts.
- The President, Treasurer or Manager as authorized by the Board, shall be authorized and empowered to purchase, invest in, sell or assign any and all types of investments to meet the needs of the association in accordance with this policy.