

Resolution #6

AMENDED AND RESTATED RESOLUTION  
OF THE  
MEADOW HILLS ESTATES HOMEOWNERS 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, Articles of Incorporation and Bylaws of the Association and Colorado law.  
EFFECTIVE DATE: October 21, 2009  
Amended November 5, 2020  
RESOLUTION: The Association hereby adopts a policy regarding the investment of reserve funds as follows:

1. Scope. In order to properly maintain areas in the Community that are the responsibility of the Association, to comply with Colorado 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. This policy is intended to address the investment of the Association's reserve funds ("Reserve Fund Account") and does not address investment or use of other accounts, including operational accounts. This Policy does not set forth: (1) the minimum Reserve Fund Account balance required of the Association; (2) any mandate for a reserve fund study; or (3) the tax consequences of the investment options contained herein.
2. Purpose of the Reserve Fund. The purpose of the Reserve Fund Account 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, including, for example, to fund insurance deductibles. The portions of the Community that the Association is responsible for typically have limited but reasonably predictable useful lives.
3. Investment of Reserves. The Board of Directors of the Association shall prudently invest funds held in the Reserve Fund Account 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. Investments costs (redemption fees, commissions, and other transactional costs) should be minimized.
  - d. Diversify. Mitigate the effects of interest rate volatility upon reserve assets.
  - e. Return. Funds should be invested to seek the highest level of return.
4. Limitation on Investments: Unless otherwise approved by the Board, all investments will be FDIC (Federal Deposit Insurance Corporation) insured and/or guaranteed by the United States Government. Without limiting the authority of the Board, the Board, consistent with the foregoing goals, criteria and policies may invest any or all of the Reserve Fund Account in U.S. Treasury Bills, FDIC insured bank certificates of deposit, and/or money market accounts, and may invest a portion of the Reserve Fund Account (but in any event, not more than 50% of the balance of the Reserve Fund Account at any given time) in an S&P 500 indexed mutual fund or exchange traded fund portfolio. No attempt will be made to do active management and or market timing with the funds in this portfolio.
  5. Investment Strategy. The investment strategy of the Association should emphasize a long-term outlook, including by diversifying the maturity dates of any fixed-income instruments within the portfolio utilizing a laddered 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. Standard of Care. The officers and members of the Board of Directors shall make investment decisions in good faith, with the care of an ordinarily prudent person in a like position would exercise under similar circumstances, and in a manner the Director or officer reasonably believes to be in the best interests of the Association in accordance with the Colorado Revised Nonprofit Corporation Act.
  9. Definitions. Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.
  10. Supplement to Law. The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Colorado governing the Project.

11. Deviations. The Board may deviate from the procedures set forth in this Resolution if in its sole discretion such deviation is reasonable under the circumstances.
12. Amendment. This Procedure may be amended from time to time by the Board of Directors.

PRESIDENT'S  
CERTIFICATION

The undersigned, being the President of the Meadow Hills Estates Homeowners Association, Inc., a Colorado nonprofit corporation, certifies that the foregoing Amended and Restated Resolution was adopted by the Board of Directors of the Association at a duly called and held meeting of the Board of Directors on 11/5/20 and in witness thereof, the undersigned has subscribed his name.

MEADOW HILLS ESTATES HOMEOWNERS  
ASSOCIATION, INC., a Colorado nonprofit corporation

By: WJW  
Its: President

Wm. J. Warkentin, MD