

**RESOLUTION
OF THE
HILAND HILLS TOWNHOME ASSOCIATION
REGARDING INVESTMENT OF RESERVES**

SUBJECT: Investment of Reserves

PURPOSE: To Adopt a procedure to be followed for investing the Association's reserves

AUTHORITY: C.R.S. 38-33.3-209.5, Uniform Management of Institutional Funds Act (C.R.S 15-1-1108) and the Uniform Prudent Investor Act (C.R.S. 15-1.1-109, 110), HHTOA's Condominium Declaration Section 19

EFFECTIVE DATE: December 1, 2015

RESOLUTION: To adopt a policy and procedure to be used in the investment and funding of Association reserves.

1. **Scope:** The Board of Directors has developed a method by which all Association reserves are invested. The Board of Directors shall confer with a financial expert prior to investing its reserve funds.
2. **Specifics:** The Board of Directors shall confer with a financial expert in determining how to invest the reserve fund. The Board of Directors shall consider the safety of the principal, liquidity and accessibility of the monies, investment costs, diversification of the investment vehicles, rates of return and etc.

The Board of Directors shall only make investments with FDIC insured institutions or those guaranteed by the U.S. Government. The Board of Directors shall adhere to the principles of the "prudent investor" and take reasonable care in its investments for reserve funds.

In adhering to its fiduciary responsibility, the Board of Directors shall require a reserve study to be completed as necessary or shall cause an audit to be done in accordance with the Association Bylaws, Article IV, Section 2 (I). The reserve study shall be reviewed and updated periodically, at least once every three years, to adjust and make changed in costs, inflation, and interest yield on invested funds, plus modification, addition or deletion of components. The Treasurer of the Board of Directors shall inform its members as to when a reserve study shall be conducted and shall cause it to be completed and shall assist as necessary. The Treasurer shall also inform the Board of Directors

regarding any adverse changes in the Association's investments. The Treasurer shall maintain regular communication with the Association's investment counselors.

Reserve funds shall be used as set forth in Section 19 of the Association's Condominium Declarations, to repair and replace those general common elements that must be replaced periodically and such reserve fund shall be funded through the monthly payments of the common expenses. Proper reserve fund expenses may also include extraordinary circumstances and must be clearly stated in the minutes.

- 3. Definitions:** Unless otherwise defined in this resolution, bolded words/capitalized words defined in the declaration shall have the same meaning herein.

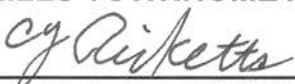
"Prudent Investor" shall be defined as one who employs and observes the standards that would be observed when dealing with the property of another.

"Fiduciary Responsibility" is defined in Article IV, Section 1, 2 of the Association's Bylaws.

- 4. 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 Association.
- 5. 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 and clearly stated in the minutes.
- 6. Amendments:** This Procedure may be amended from time to time by the Board of Directors.

President's Certification: The undersigned, being the President of the Association certifies 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 held on the 10TH day of November, 2015 and in witness thereof, the undersigned has subscribed his/her name.

HILAND HILLS TOWNHOME ASSOCIATION

By: 
Chris Ricketts, CMCA®, CAM
Its: President