

RESOLUTION OF
REDCLIFF TWO CONDOMINIUMS OWNERS ASSOCIATION, INC.

POLICY AND PROCEDURES
REGARDING INVESTMENT OF RESERVE FUNDS
Policy #8

SUBJECT: Adoption of an Investment Policy for reserve funds of the RedCliff Two Condominiums Owners Association Inc. (the "Association").

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

AUTHORITY: The Declaration of RedCliff Two Condominiums Owners Association Inc (the "Declaration"), Articles of Incorporation and Bylaws of the Association, any amendments thereto (the "Governing Documents") and Colorado law.

EFFECTIVE DATE: NOVEMBER 27, 2021

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 limited but reasonably predictable useful lives.
3. Investment of Reserves. The Board of Directors of the Association shall invest funds held in the Reserve Funds accounts to generate revenue that will accrue to the Reserve Funds accounts 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) Diversify. Mitigate the effects of interest rate volatility upon reserve assets.
 - (e) Return. Funds should be invested to seek a reasonable rate of return.

4. Limitation on Investments. Unless otherwise approved by the Board of Directors, all investments will be FDIC (Federal Deposit Insurance Corporation) insured and/or insured by the United States Government.

5. 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 of Directors shall review Reserve Fund investments periodically to ensure that the funds are receiving competitive yields and shall make prudent adjustments as needed.

8. Reserve Study. In order to determine funding of the Reserve Fund, the Board of Directors may determine, with the assistance and advice of professionals, the life expectancy of those portions of the Community to be maintained by the Association and the anticipated costs of maintaining, replacing and improving those identified areas (hereinafter referred to as a "Reserve Study").

9. Review of Reserve Study. The Board of Directors shall cause the Reserve Study, if any, and reserve funding to be reviewed and updated periodically, at least once every three years, to adjust and make changes in costs, inflation and interest yield on invested funds, plus modification, addition or deletion of components.

10. Definitions. Unless otherwise defined in this Resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.

11. 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 community.

12. Deviations. The Board of Directors may deviate from the procedures set forth in this Resolution if its sole discretion such deviation is reasonable under the circumstances.

13. Amendment. This policy may be amended from time to time by the Board of Directors.

BOARD OF DIRECTORS CERTIFICATION: See signature page.