

**RESOLUTION OF THE
RIVERWALK AT EDWARDS PROPERTY OWNERS ASSOCIATION, INC.
REGARDING INVESTMENT OF RESERVE FUNDS POLICY**

SUBJECT: Adoption of an investment policy and procedure for reserve funds of the Association.

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

AUTHORITY: The Declaration, Articles of Incorporation and Bylaws of the Association and Colorado law.

**EFFECTIVE
DATE:**

July 22, 2009

RESOLUTION: The Association hereby adopts a policy and procedure 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 Standard. The Board of Directors is subject to the standard of care set forth in Section 7-128-401 of the Colorado Revised Nonprofit Code when investing Association reserve funds, including the requirement to invest funds in good faith and with the care of an ordinarily prudent person in like circumstances. In compliance with this standard, 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. 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. All replacement reserve funds shall be invested in accounts in one or more of the following categories:
- (a) Accounts which are insured by the FDIC (Federal Deposit Insurance Corporation);
 - (b) Accounts which are insured by the SIPC (Securities Investor Protection Corporation);
 - (c) Invested in securities which are guaranteed by the United States Government; or
 - (d) Invested in agencies of the United States Government.
5. Investment 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 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 review the Reserve Study, if any, and the reserve funding at least once a year and as a part of the annual budgeting process to consider whether adequate reserves are being accumulated and whether adjustments are needed for modification, addition or deletion of components or for changes in costs, inflation and interest yield.

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 may deviate from the procedures set forth in this Resolution if in 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.

PRESIDENT'S

CERTIFICATION:

The undersigned, being the President of the Riverwalk at Edwards Property Owners Association, Inc., a Colorado nonprofit corporation, 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 on July 22, 2009 and in witness thereof, the undersigned has subscribed his/her name.

**RIVERWALK AT EDWARDS
PROPERTY OWNERS ASSOCIATION
INC.,** a Colorado nonprofit corporation

By: 
Terry Benedict, President