

**THE SPIRES DRAINAGE HOMEOWNERS ASSOCIATION, INC.**  
**UPDATED INVESTMENT OF RESERVES POLICY**

Effective Date: July 19, 2013

The Board of Directors desires to adopt a uniform and systematic policy regarding investment of reserve funds.

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.

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.

The Association hereby updates the following policies and procedures for investing reserve funds:

1. The Board of Directors shall establish the amount, if any, to be transferred to reserve funds on an annual basis.
2. Reserves may be invested in:
  - A. Readily marketable obligations issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof: provided that the full faith and credit of the United States of America is pledged in support thereof:
  - B. Time deposits with, or insured certificates of deposit or bankers' acceptances of any commercial bank that (i) is organized under the laws of the United States of America, any state thereof or the District of Columbia or is the principal banking subsidiary of a bank holding company organized under the laws of the United States of America, any state thereof or the District of Columbia, and is a member of the Federal Reserve System, (ii) issues (or the parent of which issues) commercial paper rated as described in clause (c) of this definition and (iii) has combined capital and surplus of at least \$1,000,000,000:
  - C. Commercial paper in an aggregate amount of no more than 10% of Reserves outstanding at any time issued by any Person organized under the laws of any state of the United States of America and rated at least "Prime-1" (or the then equivalent grade) by Moody's or at least "A-1" (or the then equivalent grade) by Standards & Poor:
  - D. Investments in money market investment programs registered under the Investment Company Act of 1940, which are administered by financial institutions that have the highest rating obtainable from either Moody's or S&P, and the portfolios of which are limited solely to investments of the character and quality described in clauses (a), (b) and (c) of this paragraph 2.
  - E. Other investments recommended by a financial advisor pursuant to the Association's investment goals.

3. The reserve funds shall be invested to achieve the following goals, in descending order of importance:
  - A. Promote and ensure the preservation of principal;
  - B. Structure maturities to ensure liquidity and accessibility of funds for projected or unexpected expenditures;
  - C. Mitigate the effects of interest rate volatility upon reserve assets;
  - D. Seek the highest level of return that is consistent with preserving the principal and accumulated interest;
  - E. Minimize investment costs.
  
4. The Board may consider the following circumstances in investing reserve funds:
  - A. General economic conditions;
  - B. Possible effect of inflation or deflation;
  - C. Expected tax consequences;
  - D. Role that each investment plays in the overall investment portfolio;
  - E. Other resources of the Association.
  
5. All accounts, instruments and other documentation of such investments shall be subject to the approval of, and may from time to time be amended by, the Board of Directors as appropriate, and shall be reviewed at least once per year.
  
6. The President, Treasurer or Manager, if authorized by the Board, shall be authorized and empowered to purchase, invest in, acquire, sell or assign any and all types and kinds of investments is allowed Reserves as identified in paragraph 2 and meeting the goals in paragraph 3; and to enter into agreements, contracts and arrangements with respect to such security transactions and to execute, sign or endorse agreements on behalf of the Association. To withdraw or transfer funds, the signature of one of the aforementioned persons shall be required.
  
7. The Association will carry fidelity insurance to protect against theft or dishonesty from anyone with access to the reserve funds.
  
8. The Association's manager or other person designated by the Board shall maintain monthly statements, including detailed accounting of current values, income and all transactions.

**PRESIDENT'S CERTIFICATION:**

The undersigned, being the President of the Spires Drainage Homeowners Association, 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 19, 2013 and in witness thereof, the undersigned has subscribed his name.

**SPIRES DRAINAGE HOMEOWNERS ASSOCIATION,**  
a Colorado nonprofit corporation,

By:   
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President