

Continental Ranch Community Association Reserve Fund Investment Policy

Goals and Objectives

The Continental Ranch Community Association (“CRCA”) reserve funds shall be invested in an effort to achieve the following prioritized objectives:

- 1) Promote and assure the preservation of the principal;
- 2) Structure maturities to ensure that assets will be liquid for anticipated needs;
- 3) Achieve long-term investment performance appropriate for the asset classes selected.

The reserve funds shall fall within one of three classifications. Those classifications are:

- 1) (Short term) Money Market Funds;
- 2) (Mid term) Certificate of Deposit Funds;
- 3) (Long term) Treasury Funds.

I. (Short term) Money Market Funds

CRCA shall maintain two Money Market Funds in an amount not to exceed \$100,000 (exclusive of interest earnings) per fund in institutions insured by the federal government. The Money Market Funds shall be used to pay the capital expenses that are incurred in amounts totaling less than \$100,000 per occurrence. On a semi-annual basis during the fiscal year, the Board of Directors shall transfer money from the CRCA operating account to replenish the Money Market Funds back to the \$100,000 level per account. Any capital expense equal to or greater than \$100,000 per occurrence shall be paid by liquidating a Certificate of Deposit Fund or Funds, depending on the extent of the expenditure.

II. (Mid term) Certificate of Deposit Funds

CRCA shall maintain three Certificates of Deposit Funds in an amount not to exceed \$100,000 (exclusive of interest earnings) per fund in institutions insured by the federal government. The certificates shall not be for a period of time greater than 12 months. The certificates shall have staggered renewal terms so that each certificate will mature between three and six months of the other certificates. At the beginning of each fiscal year, the Board of Directors shall transfer money from the CRCA operating account to replenish any amount expended from a certificate during the previous fiscal year.

III. (Long term) Treasury funds

CRCA shall maintain an account with the United States Treasury for the direct purchase of United States Treasury obligations with maturity dates in 91 days. Upon maturity, the funds will be reinvested in United States Treasury obligations with maturity dates in 91 days. The Treasury Fund shall be initially established with a deposit of \$100,000. The amount of the Treasury Fund shall be evaluated on an annual basis by the Board of Directors. Any increases in the amount of the reserve fund shall be made by deposit into the Treasury Fund. The Treasury Fund shall not be utilized to pay any reserve expenses unless and until the Money Market Funds and the Certificate of Deposit Funds are exhausted within a fiscal year.

IV. Review and Control

- All investments will be purchased in the name of CRCA.
 - The signatures of at least two Board members must be obtained for withdrawals or transfers of reserve assets.
 - Banks must provide timely and accurate monthly statements to Board or Management, which will reconcile all statements within 30 days of receipt. Such statements and reconciliations will be provided to the Board for its review.
 - Each month the Board will review financial statements to check to see that its goals and objectives are being met.
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