

CENTENNIAL GLEN HOMEOWNERS ASSOCIATION

RESOLUTION # 2024-4 FOR THE ADOPTION OF A POLICY REGARDING THE CONDUCT OF RESERVE STUDIES AND THE INVESTMENT OF RESERVE FUNDS

Effective Date 18 April 2024

Pursuant to Colorado law and Article 11 of our Bylaws, the Board of Directors hereby adopts the following policy regarding the conduct of reserve studies, funding of reserve study requirements, the use of reserve funds, and the investment of reserve funds. This Resolution replaces Resolution 2016-4, dated 29 June 2016, same subject.

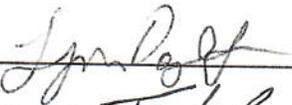
1. PURPOSE OF RESERVE STUDY. The purpose of the reserve study is to determine the replacement and maintenance requirements of the Association's common property and to develop a financial plan to address those requirements.
2. BASELINE RESERVE STUDY. A baseline study was completed in Feb 2016. It included both a physical and financial analysis of common property and funding requirements to maintain or replace the property. Periodic updates of the reserve study will be conducted using the following procedures:
 - A. Physical Analysis. The physical analysis will include:
 - (1). A component inventory identifying those portions of the community the Association is obligated to maintain, including the useful life of each component.
 - (2). A condition assessment of each component inventory by on-site inspection.
 - (3). Estimates of the remaining useful life and the replacement costs of each component.
 - B. Financial analysis. The financial analysis will include:
 - (1). An analysis of the funds currently held in the Association's reserve fund in relation to the expected needs of the Association per the reserve study.
 - (2). A future funding plan to meet the requirements of the reserve study.

3. BI-ANNUAL UPDATES OF THE RESERVE STUDY. The Board will review and evaluate the reserve study at least bi-annually. The evaluation will include both the physical and financial analysis, as well as existing reserve funding in an effort to determine if changes need to be made to the study or to the funding plan. If professional help is needed, the Board shall consult or retain a reserve professional.
4. PERIODIC UPDATE OF THE RESERVE STUDY BY A PROFESSIONAL. Every 5 – 8 years (or as required) from the baseline reserve study, the Board will determine if another reserve study needs to be accomplished by a reserve professional. In determining the frequency of the update by a professional, the Board shall consider the following:
 - A. Whether the Board has the expertise and resources to conduct an in-house, internal evaluation.
 - B. Whether the Association added or replaced any significant common elements.
 - C. Whether the common elements sustained extreme wear and tear from harsh weather or lack of maintenance.
 - D. Whether local inflation for materials and labor has substantially increased.
 - E. Whether the Association has deferred any replacements from the scheduled dates of replacement.
 - F. Whether reserve income and expenses have occurred as planned.
 - G. Whether there have been any new technological change or improved product development that might result in a component change or significant savings.
5. FUNDING OF THE RESERVE ACCOUNT. The reserve study contains a recommended funding plan. The Board of Directors will determine the amount to be transferred to the reserve account on an annual basis. The reserve account will normally be funded through regular assessments. Additionally, excess funding or savings from the Association's operating account can be applied to the reserve account if the Board decides to do so.
 - A. Use of Reserve Funds. The reserve account may be used only for the purposes for which the reserves have been established and must be kept separate from other Association funds.
 - B. Transfer of Reserve Funds. The Board may borrow from the reserve account to meet high seasonal demands or unexpected operational requirements in accordance with Article 11.4 of the Bylaws. However, borrowing in this manner requires a vote of at least fifty (50%) of the total voting rights present, in person or by proxy, at a Special

meeting of the Owners called for the specific purpose of transferring the funds and establishing a repayment plan.

- C. Repayment Plan. The Board will make every attempt to repay the borrowed funds within the same fiscal year as borrowed. If unable, a written repayment plan for the unpaid funds will be adopted by resolution of the Board not later than the adoption of the next year's budget.
6. INVESTMENT OF RESERVES. The Board of Directors may invest funds held in the reserve account to generate revenue that will accrue to the account's 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 investment 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 the highest level of return.
7. LIMITATION ON INVESTMENTS. Unless otherwise approved by the Board, all investments will be Federal Deposit Insurance Corporation (FDIC) insured and/or guaranteed by the United States Government.
8. 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 laddered investment approach. Reserves may be invested in certificates of deposit, money market deposit accounts, U.S. Treasury bonds, municipal bonds, and other investments approved by the Board pursuant to the Association's investment goals.
9. AUTHORIZED INDIVIDUALS. The President, Secretary, and Treasurer, with the prior concurrence of the Board, are authorized to purchase, invest in, acquire, and sell investments on behalf of the Association pursuant to the goals, strategies, and limitations listed in paragraphs 6, 7, and 8 above. Two signatures (President and Secretary or Treasurer) are normally required for investment transactions.

10. REVIEW AND CONTROL. The Board will review reserve fund investments annually to ensure that the funds are receiving competitive yields and make prudent adjustments as necessary.
11. STANDARD OF CARE. The Board will make investment decisions in good faith, with the care an ordinary, prudent person in a like position would exercise under similar circumstances, and in a manner the Board reasonably believes to be in the best interest of the Association IAW the Colorado Revised Nonprofit Corporation Act.
12. DEFINITIONS. Unless otherwise defined in this resolution, initially capitalized or terms defined in the Declaration shall have the same meaning herein.
13. SUPPLEMENT TO LAW. The provisions of this resolution shall be in addition and in supplement of the terms and provisions of our Bylaws and the law of the State of Colorado.
14. DEVIATIONS. The Board may deviate from the procedures set forth in this resolution if in its reasonable discretion such deviation is appropriate under the circumstances.
15. AMENDMENT. This policy may be amended from time to time by the Board of Directors.
16. PRESIDENT'S CERTIFICATION. IN WITNESS WHEREOF, the undersigned certify that this procedure for the conduct of reserve studies, funding of reserve study requirements, the use of reserve funds, and the investment of reserve funds, was adopted by resolution of the Board of Directors on 18 April 2024.

BY:  HOA PRESIDENT

ATTESTED BY:  HOA SECRETARY