

POWER RANCH COMMUNITY ASSOCIATION
OPERATING AND RESERVE FUNDS
INVESTMENT POLICY

I. PURPOSE

To establish guidelines for the investment of reserves and operating funds of Power Ranch Community Association and its participating constituent sub-divisions.

II. OBJECTIVE

To obtain investment returns consistent with the highest levels of principal preservation. Avoidance of credit risk and risk arising from interest rate fluctuation are of paramount concern.

III. INVESTMENT LIMITATIONS

- A. As to operating funds: Monies shall be invested only in certificates of deposit and depositary accounts insured by the United States government or an agency thereof, in Treasury bills, notes, or bonds maturing in 30 days or less from the date of investment, or in money market funds which in turn are invested virtually exclusively in securities enumerated in this paragraph. Furthermore, management which utilizes these operating funds shall at all times maintain not less than 45 days of funds which can be drawn on with one day's notice with no risk to principal.
- B. As to reserve accounts: The same investments permitted in paragraph A above shall be permitted for reserve accounts. In addition, investment maturities may be extended to as much as ten years for portions of the reserves which have been identified as being needed ten years or further into the future, as certified by the Association Community Manager to the Financial Advisor after consultation between them about the advisability of such maturity extensions.
- C. In accordance with the CC&R's, the Association may borrow money in such amounts, at such rates, upon such terms and security, and for such period of time as is necessary and appropriate; Included will also be the ability to borrow from the reserves for capital improvements.
- D. Investments shall be made with judgment and care, of which persons of prudence, discretion and intelligence exercise not for speculation, but for safety of capital. Taking into consideration known cash requirements, funds shall be deposited in such manner as will minimize the risk to the funds. This Investment Policy allows for

Excess Deposit Programs, provided the insurance companies that underwrite the EDPs have been given excellent ratings by Moody's, A. M. Best, S&P, and Fitch.

- E. The Power Ranch Board permits their management company CCMC to open a broker account for the purpose of housing equity linked CDs that are FDIC insured.

IV. IMPLEMENTATION

The Community Manager will periodically consult with the Board's selected Financial Advisor to maximize returns within the context of this policy while also matching maturities with needs outlined in Power Ranch's Reserve Study. The Manager will submit a written Investment Plan to the Association's Treasurer and President for approval. Once the Treasurer and President have approved the Investment Plan, the Manager will implement it with the Financial Advisor with ongoing oversight from the Association Treasurer.

This Investment Policy replaces and supersedes in all respects all prior resolutions with respect to the investment of Association funds and is effective upon adoption hereof, and will remain in force and effect until revoked, modified, or amended.

This resolution is adopted by the Board of Directors of Power Ranch Community Association by a unanimous consent effective of this 26th day of October, 2015.

Signed: 
Matt Dominy, President

Signed: 
Jeffrey Gundlach, Vice President

Signed: 
Judy Mitchell, Treasurer

Signed: 
Courtland Lee, Secretary

Signed: 
Hannah Boles, Director

Signed: 
Randy Dix, Director

Signed: 
Gary Welchel, Director