

Resolution

Maple Court Home Owners' Association, Inc.

POLICY RESOLUTION NUMBER: 2009-04

Relating to Financial Management of Reserve Funds

WHEREAS, Article VII Section 1 of the Bylaws of the Maple Court Home Owners' Association, Inc. ("Bylaws") assigns the Board of Directors ("Board") all powers and duties necessary for the administration of the affairs of Maple Court Home Owners' Association ("Association") and states that the Board may do all such acts and things, except those matters that the Board is prohibited from doing by law or the governing documents;

WHEREAS, Article VII Section 2 of the Bylaws requires the Board to establish and maintain a reserve fund from regularly budgeted common charges for the replacement of capital improvements;

WHEREAS, the undersigned members of the Board of the Maple Court Home Owners' Association, Inc, a corporation organized under the Connecticut Revised Nonstock Corporation Act provides that the directors shall exercise their powers and duties in good faith and in the best interest of the Association and its members;

WHEREAS, the Board desires to manage reserve funds as good stewards;

NOW, THEREFORE, BE IT RESOLVED that the following reserve funds investment policy be adopted:

Goals & Objectives:

The reserve assets shall be invested to achieve these objectives:

- Not risk loss of principal;
- Ensure that adequate liquid funds will be available for coming year reserve needs;
- Achieve highest long-term investment performance.

Investment Strategy:

- A. Base Liquid Funds on an annual basis. The board will review the reserve schedule for the upcoming year to determine anticipated funds required for expected expenditures plus a twenty percent cushion. This amount constitutes the "Base Liquid Funds."
- B. Non-Liquid Funds Funds over and above the Base Liquid Funds will be invested as follows:

Laddering Strategy. Invest in federally insured accounts and/or securities that have maturities of three months or more. If funds permit, buy securities with varying maturity dates (laddering strategy) rather than invest a lump sum in one security with one maturity date. (Laddering allows securities to mature at various times so some funds come available periodically without invoking early termination penalties.) If interest yields are relatively low, Board will invest for shorter terms with the anticipation that rates will rise in coming months. If rates are relatively high, board will invest for longer terms to take advantage of the higher yield.

New Funds Liquid portion of the reserve assets grow from interest earnings as well as from reserve contributions and become investable if they are in excess of the Base Liquid Funds. These funds can be combined with proceeds from laddered securities as they mature or purchase new laddered securities.

Approved FDIC Investment Classes

- Savings accounts
- Money market accounts
- Certificates of deposit (CDs) in FDIC-insured financial institutions with no more than \$100,000 in any such institution, unless the bank provides additional private deposit insurance or participates in the Promontory Interfinancial Network Certificate of Deposit Account (CDARS) program.
- Multiple CDs in an account over the FDIC-insured maximum at a single financial institution that participates in the Promontory Interfinancial Network Certificate of Deposit Account (CDARS) program. The CDARS financial institution uses the CDARS service to place the funds in CDs issued by other FDIC-insured CDARS network members in increments less than the standard FDIC insurance maximum to ensure that both principal and interest are eligible for full FDIC protection.
- Treasury bills, notes or bonds.

Review & Control

- All investments will be purchased in the legal name of the Maple Court Home Owners' Association, Inc.
- The signatures of the President and Treasurer are required for withdrawals or transfers of reserve funds.
- The board will review regular financial statements and make adjustments as needed to ensure investment goals and objectives are being met.

Maple Court Home Owners' Association, Inc.
RESOLUTION ACTION RECORD

Resolution Type: Policy No. 2009-04

Pertaining to: Financial Management of Reserve Funds

Duly adopted at a meeting of the Board of Directors held: January 4, 2009

Motion by: M. Cook Seconded by: M. Girard

VOTE:
YES NO ABSTAIN ABSENT

Matthew J. Cook
Matthew J. Cook, President YES NO ABSTAIN ABSENT

Michael Girard
Michael Girard, Vice President YES NO ABSTAIN ABSENT

Andrea Farrell
Andrea Farrell, Treasurer YES NO ABSTAIN ABSENT

Deb Yurko
Deb Yurko, Secretary YES NO ABSTAIN ABSENT

Jean Sablan
Jean Sablan, Member at Large YES NO ABSTAIN ABSENT

ATTEST:

Deb Yurko
Secretary

1-4-09
Date

FILE:

Book of Minutes – Year 2009

Book of Resolutions:

	Book No.	Page No.
Policy	_____	_____
Administrative	<u>1</u>	_____
Special	_____	_____
General	_____	_____

Resolution effective date: January 5, 2009