

HIGHLANDS RANCH COMMUNITY ASSOCIATION

STATEMENT OF INVESTMENT POLICY

PURPOSE: The Highlands Ranch Community Association (HRCA) hereby establishes the following statement of investment policy for the investment and management of the various HRCA Funds as described in the HRCA Fund Management and Reserve Study Policy ("Funds") including all cash and HRCA investments. The purpose of this statement is to create a general framework within which the assets of the Funds can be invested with respect to efficient portfolio management.

AUTHORITY: The Community Declaration, Articles of Incorporation, and Bylaws of the Association and Colorado law.

EFFECTIVE DATE: January 19, 2016

RESOLUTION: The Highlands Ranch Community Association hereby adopts a Policy as follows:

1. Scope. In order to properly maintain areas in the Community that are the responsibility of HRCA, to comply with state statutes, to manage the Funds, protect 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 the Funds.

2. Purpose of the HRCA Investment Funds (Funds). The purpose of the Funds shall be to responsibly fund and finance the projected repair and replacement of those portions of the Community that HRCA is responsible for and for such other funding as the Board of Directors may determine. The assets of the Community that HRCA is responsible for typically have limited but reasonably predictable useful lives.

3. Delegation. The ultimate responsibility and authority for investment decisions and transactions involving the Funds resides with the HRCA CEO/General Manager and the Board of Directors.

The Board authorizes the CEO/General Manager to, at his/her discretion, appoint Investment Advisors, registered with the Securities and Exchange Commission under the Investment Advisors Act of 1940, to assist in the investment function. An appointed Investment Advisor may be granted investment discretion within the guidelines that follow.

4. Investment of the Funds. In accordance with the standard of care requirement set out in section 7-128-401 of the Colorado Revised Nonprofit Act, the Board and CEO/General Manager of HRCA shall invest monies held in the Funds to generate revenue that will accrue to the Funds pursuant to the following goals, criteria and policies, listed in order of importance:

- (a) Capital Preservation. The Funds' risk tolerance is considered low so as to promote and ensure the preservation of the Funds' principal.
- (b) Liquidity and Accessibility. Structure maturities to ensure availability of assets for projected or unexpected expenditures.
- (c) Diversify. Mitigate the effects of interest rate volatility upon reserve assets.
- (d) Return. Invest funds to seek the highest available level of return within the established risk tolerance.

5. Limitation on Investments. Funds will be invested in compliance with Article VIII and various other provisions of the HRCA Community Declaration and may utilize deposits guaranteed by an agency of the US Government and purchases and repurchases of US Government or Agency securities. FDIC guaranteed investments as well as National Credit Union Share Insurance Fund (NCUSIF) investments (Certificates of Deposit and cash in depository institutions up to the policy limit) will also be permitted.

Permissible types of security classes include, but are not limited to:

- * U.S. Treasury Bills
- * U.S. Treasury Notes
- * Federal Agencies
- * Sweep Investment Management
- * Repurchase Agreements
- * Certificates of Deposit
- * Money Market Funds

6. Investment Strategy. The investment strategy of HRCA should emphasize a long-term outlook by diversifying the maturity dates of fixed-income instruments within the portfolio utilizing a laddered investment approach.

7. Independent Professional Investment Assistance. The CEO/General Manager of HRCA may engage qualified investment advisory services to assist in formulating a specific investment strategy consistent with this Policy.

8. Indemnification of personal responsibility. The HRCA CEO/General Manager acting in accordance with any HRCA written procedures, this Policy, and exercising due diligence, shall be relieved of any personal responsibility for an individual security's credit risk or market price changes, provided that changing conditions are reported in a timely fashion and appropriate action is taken to control adverse developments.

9. Performance Review and Benchmark. The HRCA CEO/General Manager and Board will review the Funds' overall investment performance at least annually to ensure that the funds are earning competitive yields and shall make prudent adjustments as needed. Where appropriate, overall investment performance for each security class will be evaluated against relevant industry performance benchmarks.

10. Investment advisor evaluation. If applicable, at least every five (5) years, the Board and HRCA CEO/General Manager will evaluate the Investment Advisor's performance with respect to fees, responsiveness, and achievement of the Funds' performance objectives.

11. Liquidity and cash flow. The Funds' investments will be laddered based on HRCA's Reserve Study to assure sufficient liquidity exists at all times to meet current and projected short term cash needs. The HRCA CEO/General Manager will evaluate the Funds' liquidity at least quarterly.

12. Definitions. Unless otherwise defined in this Policy, initially capitalized or terms defined in the Declaration shall have the same meaning herein.


13. Supplement to Law. The provisions of this Policy shall be in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Colorado governing the community.

14. Deviations. The Board may deviate from the procedures set forth in this Policy if in its sole discretion such deviation is reasonable under the circumstances.

15. Amendment. This policy may be amended from time to time by the Board of Directors.

IN WITNESS WHEREOF, the undersigned certify that this Policy was adopted by the Board of Directors of Highlands Ranch Community Association, Inc. this 19th day of January 2016.

HIGHLANDS RANCH COMMUNITY
ASSOCIATION, INC.



A handwritten signature in black ink, appearing to read "Scott Lemmon", is written over a horizontal line.

By: Scott Lemmon, President