

Silverstone Ranch Association
Resolution of the Board of Directors
Investment Policy

WHEREAS Section 7.3 of the Declarations of the Covenants, Conditions and Restrictions (CC&Rs) grants the Board of Directors the powers and duties necessary to conduct the affairs of the Silverstone Ranch Association (Association) and to make such rules and regulations as the Board deems to be in the best interests of the Association; and

WHEREAS the Board desires to manage and invest the Reserve Assets in a prudent manner;

THEREFORE, BE IT RESOLVED, that the following investment, including goals, objectives, investment strategy, security class selection, and control and review procedures be adopted as follows:

Goals and Objectives

The Association's Reserve Assets shall be invested in alignments with the following prioritized objectives:

1. **Safety:** Protect and preserve the principal balances of Reserve Assets,
2. **Liquidity:** Structure maturities to ensure that Reserve Assets will be available to meet the budgeted and anticipated requirements of the Association, and
3. **Growth:** Achieve long-term investment performance appropriate for the asset classes approved by the Board.

Security Classes Selected

The following securities meet the Association's Goals and Objectives as stated above:

1. **Bank liquid accounts**, including checking and savings accounts,
2. **Money market** mutual funds invested only in U.S. Treasury and Treasury-backed securities,
3. **Certificates of deposit** in FDIC-insured financial institutions, not to exceed the current FDIC Deposit Insurance Limits unless additional deposit insurance is provided by the financial institution, and purchased with the intent to hold to maturity, and
4. **Treasury bills, notes or bonds** purchased with the intent to hold to maturity.

Investment Strategy Liquid Investments (*maturities of less than 1 year*)

On an annual basis, concurrent with the budgeting cycle, the Board shall cause a review of the Association's Reserve Schedule for the upcoming year. At calendar year-end, the Board shall place and maintain in liquid investments an amount equal to or greater than the expected expenditures for the upcoming year plus a minimum of a twenty percent (20%) contingency or "cushion" for unexpected expenditures.

This total amount shall be defined as the "base liquid funds requirement" for the upcoming year.



Non-liquid Investments (maturities of 1 year or more)

Except for the "base liquid fund requirement" described above, it is expected that the Reserve Assets will be invested in non-liquid assets as follows:

A. Laddering Strategy

Select individual securities that have maturities of up to (5) years. Structure these maturities so that an approximately equal proportion comes due at least every (6) months. Then use matured funds to consistently purchase securities at the long end of the approved maturity range. The expectation of this laddering strategy is that the Reserve Assets will benefit from longer-term rates, which are generally higher than short-term rates, while maintaining readily available funds and cash flow. In structuring maturities, the Board will review the Association's Reserve Schedule to ensure that maturing funds are sufficient to cover anticipated expenditures each year.

The Board may reduce the longest maturity as market conditions warrant. For example, during periods of low interest rates, the Board may elect to purchase investments or securities with maturities shorter than (5) years.

B. New Funds

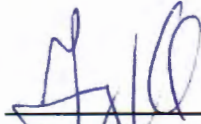
As the liquid portion of the Reserve Assets grows (from new Reserve contributions as well as earnings), additional amounts will become investable into non-liquid investments. Newly investable funds are defined as those funds exceeding the "base liquid requirements". Combine these newly investable funds with proceeds from laddered securities when they mature, and invest the combined amount, maintaining the basic laddered structure.

Control and Review Procedures

1. All investments will be purchased in the name of the Silverstone Ranch Association.
2. Reserve Assets are restricted and must be maintained in separate accounts from Operating funds.
3. At least (2) board members will review and approve withdrawals and transfers of Reserved Assets, to ensure that such withdrawals and transfers comply with the directions provided by the Board.
4. Banks must provide timely and accurate monthly statements to Management which will reconcile all statements within (30) days of receipt. Such statements and reconciliations will be provided to the Board for its monthly review.
5. Banks must be able to provide timely and accurate balances or statements to any member of the Board of Directors upon demand.
6. On a monthly basis the Board will review the Association's financial statements to see that its goals and objectives are being met. On a semi-annual basis, the Board will also establish the amount of any investable funds to be converted into non-liquid assets.

CERTIFICATION

I, Greg Klick, the President of the Board of Directors of the Silverstone Ranch Association, affirm that on this 24th day of March, 2021, the members of the Board of Directors of Silverstone Ranch Association, an Arizona non-profit corporation, met in a duly noticed regularly held meeting of the Board of Directors and adopted the above Resolution, Procedures, and Policies regarding the **Investment Policy**, and that notice of their adoption shall be given to the Membership within (15) days of today's date.



Greg Klick, President
Silverstone Ranch Association