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Investment guidelines for 3 Creek Ranch Homeowners Association (HOA):

Objectives

The primary objective of the HOA's investment strategy should be to preserve and grow the association's funds while minimizing risk. The HOA Nature Center Reserve Fund and any other reserve fund assets ("Reserve Funds") shall be invested to achieve the objectives of no risk of loss of principal and ensuring that adequate liquid Assets will be available for coming year reserve needs.

Investment of Funds.

The Board of Directors of the Association shall invest funds held in the Reserve Funds accounts to safely hold assets and generate revenue that will accrue to the Reserve Funds' accounts balance pursuant to the following goals, criteria and policies, listed in order of importance:

- (a) Safety of Principal. Promote and ensure the preservation of the Reserve Fund's principal.
- (b) Liquidity and Accessibility. Structure 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. Reserve Funds should be invested to seek the highest level of return subject to the prior criteria enumerated above.

Investment Strategy.

The investment strategy of the Association should emphasize long-term outlook by diversifying the maturity dates of fixed-income instruments within the portfolio, possibly using a ladder investment approach, subject to then current interest rate environment.

Limitation on Investments.

All investments should be FDIC (Federal Deposit Insurance Corporation) insured and/or guaranteed by the United States Government.

Risk Management & Assessment:

The HOA should, no less than annually, assess and monitor the risks associated with its investments. The HOA should try to avoid having account balances in CD's or bank accounts at any institution in excess of the federal deposit insurance. Any exceptions to the above should be approved by the HOA's Board of Directors.

Investment Monitoring and Reporting:

The Treasurer should, no less than quarterly, monitor and review the Reserve Funds investments. Quarterly updates should be provided to the HOA's Board of Directors and Annual reports should be provided to the HOA's members.

Governance and Decision Making:

The Board of Directors should review and approve the investments, investment policy and guidelines.