

RESERVE INVESTMENT POLICY

The following policy was adopted by the Board of Directors of Villa Marbella Townhouse Association ("the Association") pursuant to Colorado law at a regular meeting of the Board.

RECITALS:

- A. Colorado Revised Statute ("C.R.S.") 38-33.3-209.5(1)(b)(vi) provides that Colorado Common Interest Communities shall adopt a policy concerning investment of reserve funds.
- B. C.R.S. 38-33.3-303(2)(b) provides that Members elected to the executive Board by the Unit Owners will be liable for wanton or willful actions or omissions.
- C. C.R.S. 7-128-401(2)(b) allows the Members of the Board of Directors to rely on information, opinions, or statements if presented by legal counsel, public accountant or other person as to matters the Board reasonably believes are within such persons expert competence in discharging their duties.
- D. The Colorado Courts have applied the Business Judgment Rule in their review of actions taken by Boards of Colorado nonprofit corporations.
- E. Without waiving the statutory duty of care applicable to Members of the Executive Board elected by Unit Owners, other than the Declarant, the Board would like to implement elements of the Business Judgment Rule with respect to the investment of the Association's reserve funds.

THEREFORE, IT IS RESOLVED:


The Association, acting through the Board of Directors, shall exercise business judgment in the investment of funds designated as reserve funds.

1. The Board of Directors shall reasonably investigate the options available for investment of some or all the reserve funds; emphasis will be placed on the preservation of principal.
2. The Board of Directors shall discuss the results of the investigation and the options for investment which meet the Association's goals for safety and income potential.
3. In the event the Board lacks experience in the investment options being considered to evaluate the safety and income potential, the Board may consider the opinions of its legal counsel, its public accountant, or other person the Board Members reasonably believe are within that persons expert competence, provided that other

person will not directly benefit from the investment or that person is insured against errors and omissions.

4. Upon the conclusion of the investigation, the discussion, and the opinions of experts (if necessary) the Board of Directors shall vote on how the reserve funds will be invested or reinvested, each Member of the Board should vote in what they believe is the best interest of the Association and a majority vote of the quorum shall control.

Policy adopted this 17 day of August, 2016 by Resolution of the Board of Directors of Villa Marbella Townhouse Association .



By Fassel Murray
Its Pres.