

RESOLUTION

**Hammocks Master Association, Inc. Board of Directors
Policy for Investment and Management of Reserve Funds
January 16, 2019**

Whereas, the Board of Directors shall discharge its duties “with the care that a person acting prudently in a like position would exercise under similar circumstances,” and

Whereas, it is deemed prudent to establish standard practices regarding the administration of the Association’s Reserve Funds,

THEREFORE, BE IT RESOLVED that the following POLICY be adopted by the Board of Directors of the Hammocks Master Association, Inc.

Hammocks Master Association, Inc. Policy for Investment and Management of Reserve Funds

Policy Objectives:

1. Safety of Principal-the objective is to invest Reserve Funds in a manner that guards against loss of principal.
2. Liquidity-Reserve Funds shall be invested in a manner that considers short-term liquidity needs and assures that adequate cash is available to meet forecasted disbursements.
3. Avoidance of Market Risk-Reserve Funds shall be invested in financial instruments giving consideration to short-term and long-term expenditures thereby avoiding market risk by keeping the investments to their intended maturity.
4. Yield-Reserve Funds shall be invested in financial instruments giving consideration to the above in order to enhance investment returns.

Permissible Investments: The following investments are consistent with the stated Policy Objectives.

1. Treasury Bills, Notes and Bonds issued by the United States of America.
2. FDIC insured instruments including checking accounts, savings accounts, money market accounts, FDIC Insured Certificates of Deposit, including those available under Certificate of Deposit Account Registry Service (CDARS), and any other FDIC insured financial instruments.

Investment Strategy:

1. Annually, the Board shall monitor the Reserve Funds Schedule giving consideration to both the short-term and long-term operating expenditures to determine the base amount of liquidity in order to maintain sufficient capital to meet its short-term liquidity needs.
2. Reserve Funds in excess of its short-term liquidity needs may be invested in permissible investments per the Policy Objectives.

Investment Procedures:

1. All investment transactions must be approved at a Board Meeting by a majority vote of the Board of Directors.
2. At the beginning of the new term(s) of Board members, the President, Vice President and Treasurer will be given signatory authority from the Board to effectuate authorized transactions in the Reserve accounts.
3. Contemporaneously, expired Board members' signatory authority shall be removed from the applicable Reserve accounts.
4. Monthly financial statements from the financial firms holding the Reserve investments detailing the Reserve accounts shall be forwarded to the property management company enabling them to complete the Association's monthly financial statements.

Approved: January 16, 2019
Hammocks Master Association, Inc.
Board of Directors