BC Hotel A Residences Owners Association, Inc.

Board of Directors Meeting **August 20, 2026**

A regular meeting of BC Hotel A Residences Owners Association, Inc. Board of Directors was held on August 20, 2026, via Microsoft Teams, hosted from The Residences at Park Hyatt Beaver Creek, 136 East Thomas Place, Avon, Colorado 81620.

Present from the Board of Directors were: Eric Swartz, President; Jonathan Burke, Vice President; Helen-Eve Beadle, Secretary and Treasurer; Kristen Padberg, Director and Scott Mathias, Director

Present from the Management Company were: Kate Harrje, Director of Operations; Jami Champagne, Market Vice President, Resort Operations; Brandon Weilenmann, Regional Director, Finance; Jonathan Barkett, Market Director, Finance; Ben Alexander, Associate Director, Association Management and Amanda Severance, Coordinator, Association Management

CALL TO ORDER

Eric Swartz, President, called the meeting to order at 10:04 a.m. Mountain time.

ESTABLISHMENT OF QUORUM

Mr. Swartz announced that with all Board Members present, quorum was met.

APPOINTMENT OF RECORDING SECRETARY

Mr. Swartz appointed Amanda Severance to serve as Recording Secretary.

PROOF OF NOTICE OF BOARD OF DIRECTORS MEETING

Notice of Board Meeting was emailed to all Board Members on December 5, 2025 as required by the governing documents.

APPROVAL OF AGENDA

A motion was made by Jonathan Burke to approve the Agenda as presented. The motion was seconded by Scott Mathias and unanimously carried.

ACKNOWLEDGEMENT OF PRIOR UNANIMOUS WRITTEN CONSENT

Mr. Swartz states the Board of Directors acknowledges the Unanimous Written Consent, dated June 8, 2026 as approved by the Board of Directors and attached to the minutes of record as Exhibit A.

APPROVAL OF BOARD OF DIRECTORS MEETING MINUTES

A motion was made by Jonathan Burke to approve the March 26, 2026 Board of Directors Meeting Minutes as presented. The motion was seconded by Kristen Padberg and unanimously carried.

RESORT OPERATIONS REPORT

Kate Harrje presented an update on resort operations. Highlights included:

- Park Hyatt Hotel sale finalized May 26, 2026 to Riller Capital and Sixth Street
- Park Hyatt Hotel staff updates, projects and experiences
- The Residences at Park Hyatt Beaver Creek recognized as a World Class Resort at the 2026 General Manager Conference
- Occupancy rate 80.53% for 2026 year-to-date due to poor winter snow conditions and an active summer fire season
- Owner & Guest Experience Overall Satisfaction score at 93.2%
- Parking Fee Revenue $15,960 for 2026 year-to-date

FINANCIAL REPORT

Jonathan Barkett presented the financial report. Highlights included:

Financials

- 2026 year-to-date operating fund balance was $159,908
- As of July 31, 2026, year-to-date deficit was $28,205 driven by:
  - 15% increase in property taxes
  - Front Desk wages due to additional staffing hours
  - Housekeeping due to linens costs due to billing correction by the vendor
  - Deficit was partially offset by elevated income tax expense, which is expected to decrease before year-end, and increased parking revenue
- Year-end forecasted deficit of $63,473 driven by:
  - Continued 15% increase in property taxes
  - Continued increased Front Desk wages due to additional staffing hours
  - Partial offset by parking revenues and a smaller than expected increase in dues for Hotel A

Accounts Receivable

- As of July 31, 2026, 1.12% of 2026 maintenance fees were unpaid
- There are currently 4 delinquent accounts
- One unit was foreclosed on July 9, 2026, and three units are expected to be through the foreclosure process by the end of the year
- The association currently owns 3 units which need new listing contracts
- Association rentals net revenue for 2026 year-to-date is $2,890 which is lower than 2025 due to poor weather conditions

A motion was made by Jonathan Burke to authorize and direct the Management Company to solicit a proposed pricing schedule from Berkshire Hathaway, an authorized resale agent, for a six (6) month term, and to provide the proposal to the Board for review and consensus approval via email. The motion was seconded by Kristen Padberg and unanimously carried.

Reserve Update

Mr. Barkett and Ms. Harrje presented an update on Reserves. Highlights included:

- Reserve cash flow scenarios were reviewed with different levels of funding increases including with and without a special assessment
- Carbon monoxide detectors installation, corridor renovations and soft goods renovations completed
- Reception area refurbishment and property management system upgrade in progress

A motion was made by Jonathan Burke to approve the furniture selections for the console table, coffee table, and side table, as well as the refinishing of the existing central cabinet, for the Reception Area Refurbishment project, as presented. The motion was seconded by Helen-Eve Beadle and unanimously carried.

Proposed 2027 Budget and Maintenance Fee

Mr. Barkett presented the proposed 2027 budget and maintenance fees. Budget assumptions included:

- Occupancy budgeted flat to 2026 year-end forecast
- Inflation applied to applicable expenses, between 2.5%-3% based on line item
- Merit increases of 3% for Director of Operations and Supervisor with Supervisor role transitioning to full-time
- Budgeted rate increase of 10% on all insurance
- Bad debt of $0 in anticipation of the sale of one COA owned unit
- Plan to secure a summer week for rental of the COA inventory which will be a desirable float week for buyers
- Operating Fund Surplus at Year-End 2026 of $96,435

- Resort Fees added to guest certificate reservations

The Board discussed various housekeeping services to be removed, based on current usage, and elected to:

- Eliminate turndown service in float weeks, $31,416 projected savings
- Eliminate daily cleaning service during shoulder season, $72,577 projected savings

The Board discussed the potential need for future special assessments and included placeholder amounts in the long-term budget planning.

Brandon Weilenmann exited the meeting at 1:25 p.m.

A motion was made by Jonathan Burke to approve and adopt the 2027 BC Hotel A Residences Owners Association, Inc. assessment budget, as presented by the Management Company, in the total amount of $2,857,613, including all line items therein, consisting of Operating Fees totaling $2,302,120 and Reserve Fees totaling $555,493, representing an overall increase of 3.0%. Further moved to direct the Secretary of the Association to include the budget in records of the Association and instruct the Management Company to include the budget with the Notice of Annual Meeting for submission to membership for consideration and ratification, and to attach the budget to the minutes of record as Exhibit B. The motion was seconded by Scott Mathias and unanimously carried.

Resales Marketing Opportunities

Jami Champagne and Ms. Harrje led a discussion on resales marketing opportunities. Highlights included:

- New flyers placed in the elevator lobby have been successful, resulting in 3 meetings last week
- It was suggested that the flyers be modified to include the sentence "for more information please see Residence Office"
- It was suggested that the flyers also be modified to include square footage and floorplans of the units as well as interior unit pictures
- It was suggested that the flyers be added to the concierge desk for distribution

Investment Policy

A motion was made by Helen-Eve Beadle to affirm the Investment Policy as presented, and to attach to the minutes of record as Exhibit C. The motion was seconded by Jonathan Burke and unanimously carried.

NEW BUSINESS

Announcement of Next Meeting Dates

- Board of Directors and Annual Meetings, Thursday, October 15, 2026 at 9:00 a.m. and 11:00 a.m. Mountain Time
- Proposed 2027 meeting dates were reviewed

ADJOURNMENT

There being no further business to come before the Board, a motion was made by Jonathan Burke to adjourn the meeting at 2:27 p.m. The motion was seconded by Scott Mathias and unanimously carried.

Submitted by:

Amanda Severance — Date
Recording Secretary

Approved by:

Eric Swartz — Date
President

ACTION OF THE BOARD OF DIRECTORS TAKEN WITHOUT A MEETING

BC Hotel A Residences Owners Association, Inc. ("***Association***") Board of Directors ("***Board***"), by signature of Board Members below, hereby takes the following action which shall have the same effect as if approved at a Meeting of the Board:

Adoption of Amendment to the Amended and Restated Policy For Collection of Assessments

HB 25-1043 was signed into law amending the Colorado Common Interest Ownership Act ("***CCIOA***") effective October 1, 2025, regarding certain notice requirements in relation to collection of assessments. As this is a statutory change it does not require advance notice to be adopted. The Board hereby adopts the Amendment to the Amended and Restated Policy For Collection of Assessments, attached hereto as Exhibit A. Owners may provide comment if desired which may be considered by the Board in relation to any concerns to the extent the policy provisions are not mandated by CCIOA.

Approved this 18th day of June 2026

Eric Swartz
Eric Swartz (Jun 18, 2026 14:31:16 EDT)

Kristen Padberg
Kristen Padberg (Jun 19, 2026 14:39:29 MDT)

Jonathan Burke (Jun 19, 2026 13:10:51 EDT)

Helen-Eve Beadle
Helen-Eve Beadle (Jun 24, 2026 08:06:38 CDT)

Scott P Mathias
Scott P Mathias (Jun 18, 2026 14:29:56 MDT)

BC HOTEL A RESIDENCES OWNERS ASSOCIATION, INC.
AMENDMENT TO AMENDED AND RESTATED POLICY REGARDING COLLECTION OF ASSESSMENTS

PURPOSE: To supplement the existing policy for the collection of assessments with a recent statutory change.

AUTHORITY: The Governing Documents and Colorado Law.

EFFECTIVE DATE: June 18, 2026.

RESOLUTION: BC Hotel A Residences Owners Association, Inc. ("***Association***") hereby amends its Collection of Assessments Policy ("***Policy***"), as amended, to align with statutory changes to C.R.S. 38-33.3-209.5 of the Colorado Common Interest Ownership Act:

Section 8 of the Policy is amended and restated in its entirety as follows:

8. Notices of Delinquency. Before the Association turns over a delinquent account of an Owner to a collection agency or refers it to an attorney for legal action, the Association must send the Owner a Notice of Delinquency. A Notice of Delinquency must:

a. Be provided to the Owner and any Designated Contact by certified mail return receipt requested, to the address the Association has on file for the Owner. Additionally, the Association shall contact the Owner by two (2) of the following means:

   i. Telephone call to a telephone number that the Association has on file because the Owner or Designated Contact has provided the number to the Association. The Association shall, if possible, leave a voice message for the Owner or Designated Contact.

   ii. Text message to a cellular number that the Association has on file because the Owner or Designated Contact has provided the cellular number to the Association; or

   iii. E-mail to an e-mail address that the Association has on file because the Owner or Designated Contact has provided the e-mail address to the Association.

   iv. By regular mail, if the Owner or Designated Contact has not provided a telephone number, cellular number, or email address as additional means by which to receive notices.

b. Be written in English and in any language that the Owner has indicated a preference for correspondence and notices pursuant to Section 7 above, including a copy being provided to any Designated Contact;

c. Specify whether the delinquency concerns unpaid Assessments; unpaid fines, fees, or charges; or both unpaid Assessments and unpaid fines, fees, or charges, and, if the

notice of delinquency concerns unpaid Assessments, the Notice of Delinquency must notify the Owner that unpaid Assessments may lead to foreclosure; and

d. Include the following:

i. The total amount due, with an accounting of how the total was determined;

ii. Written offer to enter into a repayment plan pursuant to Section 10 below and C.R.S. 38-33.3-316.3(2) that authorizes the Owner to repay the debt in monthly installments over eighteen (18) months ("***Repayment Plan***"). Under the Repayment Plan the Owner may choose the amount to be paid each month, so long as each payment must be an amount of at least twenty-five dollars ($25.00) until the balance of the amount owed is less than twenty-five dollars ($25.00) and instructions for contacting the Association to enter into such a Repayment Plan;

iii. The name and contact information for the person that the delinquent Owner may contact to request a copy of the Owner's ledger in order to verify the amount of the debt which copy of the ledger must be provided to the unit owner no later than seven (7) days after receipt of the Owner's request;

iv. That action is required to cure the delinquency and that failure to do so within thirty (30) days may result in the Owner's delinquent account being turned over to a collection agency, a lawsuit being filed against the Owner, the filing and foreclosure of a lien against the Owners' Unit, the sale of the Owner's Unit at auction to pay delinquent assessments, which could result in the Owner losing some or all of the Owner's equity in the unit, or other remedies available under Colorado law;

v. A description of the steps the Association must take before the Association may take legal action against the Owner, including a description of the Association's cure process set forth in the Association's Amended and Restated Policy Regarding Enforcement of Covenants and Rules with Related Notice, Cure, Impartial Fact-Finding Procedures and Schedule of Fines established in accordance with C.R.S. 38-33.3-209.5(1.7) (b); and

vi. A description of what legal action the Association may take against the Owner, including a description of the types of matters the Association or Owner may take to small claims court, including injunctive matters for which the Association seeks an order requiring the Owner to comply with the Governing Documents.

vii. The availability of, and instructions on how to access, free online information through the HOA Information and Resource center created in section 12-10-801 (l) relating to the collection of assessments by an association, including the association's ability to foreclose an association lien for unpaid assessments and force the sale of the unit owner's home, and

the availability of online information from the federal department of housing and urban development concerning credit counseling before foreclosure that may be accessed through a link on the department of local affairs' website.

e. The Association may charge back the actual cost of all the certified mailings to the Owner.

PRESIDENT'S CERTIFICATION: The undersigned President of BC Hotel A Residences Owners Association, Inc., a Colorado nonprofit corporation, certifies that the foregoing Policy was approved and adopted by the Board of Directors of the Association in compliance with the Governing Documents and Colorado Law.

BC Hotel A Residences Owners Association, Inc., a Colorado nonprofit corporation

By: _____
President of the Board of Directors

BC HOTEL A RESIDENCES OWNERS ASSOCIATION, INC.

EXHIBIT B

2027 Estimated Operating Budget

For The Period Beginning January 1, 2027 And Ending December 31, 2027

	2026 BUDGETED EXPENSES 300 INTERVALS (PER INTERVAL)	**2027 APPROVED BUDGET 300 INTERVALS (PER INTERVAL)**	2026 BUDGET VS 2027 BUDGET INCREASE/(DECREASE)		**2027 APPROVED BUDGET TOTAL**
			$	%	**$**
Revenue					
Maintenance Fee (excluding Club Dues)	8,935.45	**9,211.37**	275.92	3.1%	**2,763,413**
Assessment- Club Dues	314.00	**314.00**	0.00	0.0%	**94,200**
Bank/Investment Interest	149.37	**139.83**	(9.54)	(6.4%)	**41,948**
Club Rental Revenue	100.00	**100.00**	0.00	0.0%	**30,000**
Late Fees	7.36	**8.36**	1.00	13.6%	**2,509**
Maintenance Fee Interest Income	11.19	**9.32**	(1.87)	(16.7%)	**2,795**
Resort Fee	7.90	**50.00**	42.10	532.9%	**15,000**
Total Maintenance Fee Revenue	**9,525.27**	**9,832.88**	**307.61**	**3.2%**	**2,949,865**
Expenses					
Accounting	35.21	**35.21**	0.00	0.0%	**10,564**
Administration	172.55	**178.67**	6.12	3.5%	**53,600**
Audit Fee	36.73	**38.43**	1.70	4.6%	**11,529**
Billing and Collections	30.63	**30.63**	0.00	0.0%	**9,189**
Board of Directors	48.67	**47.67**	(1.00)	(2.1%)	**14,300**
Cable Television	10.37	**10.77**	0.40	3.9%	**3,231**
Club Dues	314.00	**314.00**	0.00	0.0%	**94,200**
Credit Card Fee	88.59	**88.59**	0.00	0.0%	**26,577**
Front Desk	1,054.61	**1,137.82**	83.21	7.9%	**341,346**
High Speed Internet	10.92	**24.06**	13.14	120.3%	**7,218**
Hotel A Dues	756.00	**758.99**	2.99	0.4%	**227,696**
Housekeeping	2,867.65	**2,755.32**	(112.33)	(3.9%)	**826,596**
Human Resources	5.77	**5.77**	0.00	0.0%	**1,732**
Income Tax	112.00	**61.44**	(50.56)	(45.1%)	**18,433**
Insurance	45.66	**59.21**	13.55	29.7%	**17,764**
Loss Prevention / Security	6.53	**6.55**	0.02	0.3%	**1,964**
Maintenance	364.96	**373.97**	9.01	2.5%	**112,191**
Management Fee	936.39	**934.55**	(1.84)	(0.2%)	**280,366**
Pool Maintenance	280.77	**283.99**	3.22	1.1%	**85,196**
Postage and Printing	0.00	**18.27**	18.27	100.0%	**5,480**
Property Taxes	620.41	**714.00**	93.59	15.1%	**214,200**
Telephone	1.00	**1.00**	0.00	0.0%	**300**
Transportation / Garage / Parking	150.35	**102.33**	(48.02)	(31.9%)	**30,700**
Operating Fee	**7,949.77**	**7,981.24**	**31.47**	**0.4%**	**2,394,372**
Reserve Fee	1,575.50	**1,851.64**	276.14	17.5%	555,493
Operating And Reserve Fee	**9,525.27**	**9,832.88**	**307.61**	**3.2%**	**2,949,865**
Average Maintenance Fee Including Club Dues	**9,249.45**	**9,525.37**	**275.92**	**3.0%**	**2,857,613**

Certain insurance services and insurance products may be procured or provided by an affiliate of the management company. Such insurance services and insurance products are provided on substantially similar terms and conditions as are provided to other associations, with terms and conditions which are reasonably obtainable in the market. The reimbursable expenses associated with such insurance services and products include costs for employees of the management company. The affiliate of the management company may incur profits or losses associated with such insurance services and products.

Certain expenses incurred by the Management Company and its affiliates in connection with the operation and management of the Association, including but not limited to expenses associated with utilization of its corporate or administrative infrastructure, have been allocated to the Association and other resort properties operated by the Management Company and its affiliates on a basis determined by the Management Company in a commercially reasonable manner. This may include an allocation of certain costs and expenses on a fixed-rate basis, and actual costs and expenses incurred may be higher or lower than the amount allocated to the Association and reflected in this budget for the referenced fiscal year.

EXHIBIT B

BC HOTEL A RESIDENCES OWNERS ASSOCIATION, INC.
Assessments per Unit (Share)
Fiscal Year 2027

			Total Assessed						Per 1/20th Share					
	Unit Number	Bedrooms	Operating Fee	Reserve Fee	Hyatt Vacation Club Dues	Beaver Creek Hotel A Dues	Property Taxes	Total Assessed	Operating Fee	Reserve Fee	Hyatt Vacation Club Dues	Beaver Creek Hotel A Dues	Property Taxes	Total Assessed
1	H-2051	2	$ 98,112	$ 30,861	$ 6,280	$ 13,437	$ 12,828	**$ 161,518**	$ 4,905.62	$ 1,543.04	$ 314.00	$ 671.83	$ 641.40	**$ 8,075.89**
2	H-2052	2	$ 98,112	$ 30,861	$ 6,280	$ 13,800	$ 13,140	**$ 162,193**	$ 4,905.62	$ 1,543.04	$ 314.00	$ 689.99	$ 657.00	**$ 8,109.65**
3	H-2053	2	$ 98,112	$ 30,861	$ 6,280	$ 12,347	$ 11,580	**$ 159,180**	$ 4,905.62	$ 1,543.04	$ 314.00	$ 617.36	$ 578.99	**$ 7,959.00**
4	H-2054	3	$ 147,169	$ 46,291	$ 6,280	$ 19,247	$ 18,027	**$ 237,013**	$ 7,358.43	$ 2,314.55	$ 314.00	$ 962.35	$ 901.33	**$ 11,850.67**
5	H-2055	3	$ 147,169	$ 46,291	$ 6,280	$ 17,068	$ 15,826	**$ 232,633**	$ 7,358.43	$ 2,314.55	$ 314.00	$ 853.41	$ 791.28	**$ 11,631.67**
6	H-3051	2	$ 98,112	$ 30,861	$ 6,280	$ 13,437	$ 12,828	**$ 161,518**	$ 4,905.62	$ 1,543.04	$ 314.00	$ 671.83	$ 641.40	**$ 8,075.89**
7	H-3052	2	$ 98,112	$ 30,861	$ 6,280	$ 13,800	$ 13,140	**$ 162,193**	$ 4,905.62	$ 1,543.04	$ 314.00	$ 689.99	$ 657.00	**$ 8,109.65**
8	H-3053	2	$ 98,112	$ 30,861	$ 6,280	$ 12,347	$ 11,580	**$ 159,180**	$ 4,905.62	$ 1,543.04	$ 314.00	$ 617.36	$ 578.99	**$ 7,959.00**
9	H-3054	3	$ 147,169	$ 46,291	$ 6,280	$ 19,247	$ 18,027	**$ 237,013**	$ 7,358.43	$ 2,314.55	$ 314.00	$ 962.35	$ 901.33	**$ 11,850.67**
10	H-3055	3	$ 147,169	$ 46,291	$ 6,280	$ 17,068	$ 15,826	**$ 232,633**	$ 7,358.43	$ 2,314.55	$ 314.00	$ 853.41	$ 791.28	**$ 11,631.67**
11	H-4051	2	$ 98,112	$ 30,861	$ 6,280	$ 13,437	$ 12,828	**$ 161,518**	$ 4,905.62	$ 1,543.04	$ 314.00	$ 671.83	$ 641.40	**$ 8,075.89**
12	H-4052	2	$ 98,112	$ 30,861	$ 6,280	$ 13,800	$ 13,140	**$ 162,193**	$ 4,905.62	$ 1,543.04	$ 314.00	$ 689.99	$ 657.00	**$ 8,109.65**
13	H-4053	2	$ 98,112	$ 30,861	$ 6,280	$ 12,347	$ 11,580	**$ 159,180**	$ 4,905.62	$ 1,543.04	$ 314.00	$ 617.36	$ 578.99	**$ 7,959.00**
14	H-4054	3	$ 147,169	$ 46,291	$ 6,280	$ 19,247	$ 18,027	**$ 237,013**	$ 7,358.43	$ 2,314.55	$ 314.00	$ 962.35	$ 901.33	**$ 11,850.67**
15	H-4055	3	$ 147,169	$ 46,291	$ 6,280	$ 17,068	$ 15,826	**$ 232,633**	$ 7,358.43	$ 2,314.55	$ 314.00	$ 853.41	$ 791.28	**$ 11,631.67**
		36	**$ 1,766,024**	**$ 555,493**	**$ 94,200**	**$ 227,696**	**$ 214,200**	$ 2,857,613	**$ 88,301.20**	**$ 27,774.65**	**$ 4,710.00**	**$ 11,384.80**	**$ 10,710.00**	**$ 142,880.65**

BC Hotel A Residences Owners Association, Inc.
INVESTMENT POLICY

APPROVED 3/14/07

The Board of Directors of the **BC Hotel A Residences Owners Association, Inc.** (the "Association") hereby adopts this Investment Policy under action taken at their meeting held on the March 14, 2007, and directs Hyatt Vacation Management Corp. (Association's "Managing Agent"), to invest funds on behalf of the Association as specified herein. The Board of Directors or its Investment Committee will review such guidelines at least on an annual basis and must approve any changes to, or deviations from, this policy.

PURPOSE

This policy is designed to provide written guidelines for individuals responsible for the management and investment of the Association's operating and reserve funds. Funds invested by the Association represent cash necessary for operations and the capital reserves required to maintain the quality and value of the commonly owned property of Association members.

INVESTMENT OBJECTIVES

The Association believes that conservative investments are most appropriate given the nature of funds entrusted to it by members. The Association is averse to incurring market risk and will sacrifice yield in the interest of safety and liquidity. Care must always be exercised to ensure that investments selected, when held to maturity, will not expose the Association to loss of principal.

It is essential that funds be invested such that the following goals are achieved as listed in order of priority:

1. Safety – Promote and ensure the preservation of principal and realization of income.
2. Liquidity – Maintain sufficient liquid funds and structure maturities to meet operating and capital reserve expenditure requirements.
3. Yield – Returns are maximized and meet or exceed inflation on a net after-tax basis.

It is intended that all investments will be held to maturity. Liquidating term investments prior to maturity and generating any gain or loss is only permitted to manage liquidity requirements specified by this policy.

PORTFOLIO GUIDELINES

Approved Investments

Investments will be selected with an emphasis on preservation of capital, quality, effective maturity and net after-tax yield. The following are approved type of investments:

1. Interest bearing money market accounts with FDIC insured financial institutions.
2. Money market mutual funds invested in U.S. Treasuries and/or Government securities or their equivalents with an objective to maintain a $1.00 net asset value or more (NAV).

3. U.S. Treasuries.
4. U.S. Government Agencies.
5. Municipal bonds insured as to principal and interest and having a AAA rating issued by at least one reputable rating service (Standard & Poor's, Moody's, Fitch, etc.)
6. Certificates of Deposit issued by well capitalized or adequately capitalized FDIC-insured financial institutions with no more than **$100,000** investment in any one financial institution

LIQUIDITY

Ongoing liquidity needs will be monitored regularly by the Association to assure cash flow requirements are met on a day-to-day, cyclical and long-term basis. Management of investable operating and reserve funds of the Association will be supported by investments that provide ample liquidity without loss of principal.

Operating Funds

Funds in the operating checking account shall be kept at an appropriate level with excesses being swept or transferred to a liquid, interest bearing account or money market mutual fund. Consideration shall be given to net after-tax benefit of interest earnings available versus analysis credits provided to cover bank service fees and other costs in determining operating checking account levels to be maintained.

Based upon the parameters of operating cash flow projections, a minimum of one month's forward operating cash shall be maintained in liquid accounts as of each month end. Any operating funds in excess of this amount may be invested in approved investments for terms of one-year or less. Maturities shall be laddered to provide replenishment of minimum available operating funds as outlined above.

Reserve Funds

Reserve funds shall be maintained in term investments with liquid funds available for scheduled reserve expenditures. Based upon the parameters of reserve cash flow projects incorporating the most recent reserve study and capital expenditure budget, a minimum of 5% of available reserves shall be maintained in liquid accounts. Additionally, reserve contributions and funds maturing in a given year shall be sufficient to cover at least 110% of planned reserve expenditures and should be scheduled to ensure availability of funds when needed.

The Association's portfolio will be structured on a laddered basis with investments that mature in successive periods, primarily 5 years or less.

1. Investments must have final maturities no longer than 15 years.
2. Maturity concentrations of total reserves must meet the following parameters:
    a. Less than 5 years: 0-95%
    b. 5 years to 10 years: 0-30%
    c. 10 years to 15 years 0-10%
3. Average maturity shall not exceed 5 years.

INVESTMENT ADMINISTRATION AND REPORTING

The Managing Agent, in consultation with the Association President or Treasurer as necessary, shall be responsible for carrying out investment decisions under the parameters of this policy. Such Association representatives are authorized to open and maintain accounts with financial institutions as required to carry out their responsibilities hereunder. The Board of Directors will select and approve a professional financial advisor to assist and make investment recommendations. Such selection will give significant weight to the depth of specific association investment experience of the financial advisor and investment costs anticipated (annual fees, commissions and other transaction costs). External investment assistance by a financial advisor shall be on a non-discretionary basis.

The Managing Agent shall prepare and submit a quarterly investment report. Such reports shall include, but not be limited to, the amount by institution, interest rate and maturity date. In addition, the Board of Directors shall have ready access to all records pertaining to Association investments.