

## WOODMOOR IMPROVEMENT ASSOCIATION

### POLICY FOR RESERVE PLANNING, FUNDING AND MANAGEMENT

This policy modifies a policy adopted by the Woodmoor Improvement Association Board of Directors on February 15, 2006. Certain changes in the WIA reserve over intervening years have made these changes necessary. In 2019, the WIA reserve is well-funded and the current study has some identified issues.

1. **Periodic Reserve Studies Required.** Annually, the WIA Board shall determine whether revisions to the Reserve Study are necessary. The Board may commission a reserve study analyst to perform this update or may commission a WIA staff member and various members of the Board to update the Reserve Study using commercially available programs. A current Reserve Study should:
  - a. Identify all common area components that have a useful life of between 3 and 30 years that are the responsibility of WIA to repair and maintain. Other components may be included in the Reserve Study at the direction of the Board of Directors.
  - b. Assign a reasonable cost of repair or replacement to each component based on current costs.
  - c. Assign a reasonable useful life for each component.
  - d. Identify a reasonable repair or replacement schedule that identifies when repair or replacement would likely be required and calculating likely repair or replacement costs based on projected inflation.
2. **Funding of Reserve Account.** The reserve account shall be funded so as to insure that funds are available to meet the projected repair and replacement schedule and costs.
3. **Uses of Reserve Funds.** Funds in the reserve account will normally only be used for repairs and replacement set forth in the Reserve Study. However, to the extent that reserve funds exceed funds needed for projected repair and replacement of components, the WIA Board of Directors may, in its discretion, use excess reserve funds to the betterment of WIA as a whole.
4. **Investing Reserve Funds.** The WIA Board shall invest funds in the Reserve Account so as to generate interest revenue that will accrue to the Reserve Account fund balance. All investments of reserve funds shall be in the name of the Association, shall not be commingled with general operating funds, and unless otherwise directed by the WIA Board of Directors shall be FDIC insured or otherwise guaranteed by the US Government (i.e. such as Securities Investor Protection Corporation (SIPC), a federally mandated insurance company that protects securities investors from harm in the event of broker/dealer defaults). Investments should take liquidity needs into account to meet a reasonable repair and replacement schedule as set forth in the Reserve Study. The WIA Treasurer shall review the Reserve Account investment plan annually to ensure that funds are receiving competitive yields and shall be authorized to make prudent adjustments as needed.
5. **Two Signatures Needed:** All checks drawn on the Reserve Account shall require the signatures of no less than two officers of the WIA Board of Directors.