

RESERVE FUND POLICY AND PROCEDURE

ROXBOROUGH PARK FOUNDATION, September 2011

1. The Reserve Fund is based on three preceding documents: the Road and Drainage Study completed in 2006 by RG Consulting Engineers, the Reserve Study completed in 2008 by Borne Engineering, and the internal study completed in 2010 by the Board of Directors using the previous studies as the base. Each of these documents is available for review in the Roxborough Park office.
2. The Reserve Fund is intended to provide for short and long term funding for the repair and replacement of existing infrastructure owned by the Foundation, including roads, buildings, amenities, and maintenance equipment. The Reserve Study will be updated each year during the budget preparation process, and will maintain a 20 year timeline for projections. Updating will include replacement of estimates with current year actual costs for completed work, updating of estimates for future work as necessary, updating of included infrastructure as may be required and changes in assumptions such as inflation rate, timing and cycle time for recurring repair/replacement.
3. Reserve Projects included in the study and in the funding assumptions include only maintenance, repair and replacement of existing infrastructure. New infrastructure or additions to existing infrastructure will be budgeted as special projects. Once completed, the attendant repair/replacement cost estimates and timing will be added to the Reserve Study.
4. As part of the budgeting process the next year's projections will be validated, updated and finalized, and a list of the Reserve Projects to be funded and their estimated costs will be included in the budget documentation.
5. The annual assessment to fund the Reserve Fund:
 - a. will be a designated portion of the overall assessment,
 - b. may be paid monthly, quarterly or annually
 - c. may be made by members directly to the Reserve Fund.
 - d. will be immediately transferred into the Reserve Fund, if payments are made to the operating fund
6. The Reserve Fund will be maintained as a separate account, and its use will be restricted to only those projects shown on the budget document for that year.
7. The Reserve Fund income and expenses will be separately accounted for and reported. Detailed reporting on all transactions affecting the Reserve Fund will be made monthly by the Treasurer of the Board of Directors at the monthly membership meeting. The Treasurer will also prepare an annual report detailing budgeted vs completed projects and their costs. Copies of all reports will be available in the office to any member who requests to review them, including the supporting documentation.
8. The Reserve Fund may not be used for any other reason than the designated repair and replacement costs shown in the approved budget, without membership comments and a vote of the Board at a monthly Board meeting for which the Reserve Fund spending change is listed as an agenda item in the pre-meeting published documents.

9. In the event that cost overruns on leading projects preclude completion of all items approved in the budget, that change will only be made with membership comments and a vote of the Board at a monthly Board meeting for which the Reserve Fund spending change is listed as an agenda item in the pre-meeting published documents.
10. No monies may be borrowed from the Reserve Fund, or transferred into another account except for the explicit reimbursement of approved repair/replacement costs incurred, except as outlined in # 12 below.
11. In any year that income to the Reserve Fund exceeds that year's expenditures, the balance will remain in the Reserve Account accruing interest, or based on advice from an investment advisor, placed in another form of interest bearing instrument designated for the Reserve Fund, except as outlined in # 12 below.
12. The balance in the Reserve Fund at the end of any fiscal year shall not exceed \$400,000.00. In order to meet this requirement each year, the Treasurer shall cause the full excess over \$400,000.00 in the Budget Committee's then current Reserve Study's projected year-end balance for that year to be transferred as of the end of such year to the Operations Account. Any such transferred amount shall be used solely as a one-year credit to the total assessment amount for the year immediately following the year in which the excess surplus arose. The dollar amount of the one-year credit shall be calculated on a per homeowner basis after taking into account a proportionate reduction in the corresponding assessment of the Arrowhead Golf Course for the same year. Communication of the credit shall clearly state that the reduction is NOT permanent in nature but is a one-year credit made possible by recent favorable experience in the Reserve Fund