

**OAKWOOD GLEN ASSOCIATION, INC.**

**OPERATING RESERVE POLICY**

I. PURPOSE

The purpose of this Operating Reserve Policy for Oakwood Glen Association is to build and maintain an adequate level of unrestricted funds to support the organization's day-to-day operations in the event of unforeseen shortfalls. The reserve may also be used for one-time, nonrecurring expenses that will build long-term capacity, such as investment in infrastructure. Operating reserves are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap. Oakwood Glen Association intends for the operating reserves to be used and replenished within a reasonable period of time. This Operating Reserve Policy will be implemented in conjunction with the other financial policies of Oakwood Glen Association and is intended to support the goals and strategies contained in those related policies and in strategic and operational plans.

II. DEFINITIONS AND GOALS

The Operating Reserve Fund is defined as the designated fund set aside by action of the Board of Directors. The minimum amount to be designated as operating reserve will be established in an amount sufficient to maintain ongoing operations and programs for a set period of time, measured in months. The operating reserve serves a dynamic role and will be reviewed and adjusted in response to internal and external changes.

The target minimum Operating Reserve Fund is equal to one (1) months of average recurring operating costs.

In addition to calculating the actual operating reserve at the fiscal year-end, the Operating Reserve Fund target minimum will be calculated each year after approval of the annual budget. These reserves will be reported to Board of Directors and homeowners, and included in the regular financial reports.

III. ACCOUNTING FOR OPERATING RESERVE FUND

The Operating Reserve Fund will be recorded in the accounting system and financial statements as Board Designated Operating Reserve. The Operating Reserve Fund will be funded and available in cash or cash equivalents. Operating reserves will be maintained in a segregated bank account or investment fund.

IV. FUNDING OF OPERATING RESERVE FUND

The Operating Reserve Fund will be funded with surplus unrestricted operating funds. The Board of Directors may, from time to time, direct that a specific source of revenue be set aside for operating reserves after the Capital Reserve Fund has been funded.

The Board of Directors will identify the need for access to reserve funds and confirm that the use is consistent with the purpose of the reserves as described in this Operating Reserve Policy. Determination of need requires analysis of the sufficiency of the current level of operating reserve funds, the availability of any other sources of funds before using operating reserve fund, and evaluation of the time period for which the funds will be required and replenished.

#### V. AUTHORITY TO USE OPERATING RESERVE FUND

Authority for use of up to \$5,000 of Operating Reserve Fund is delegated to the Board of Directors President in consultation with the Treasurer and Board of Directors. The use of the Operating Reserve Fund will be reported to the Board of Directors at their next scheduled meeting, accompanied by a description of the analysis and determination of the use of funds, and plans for replenishment to restore the Operating Reserve Fund to the target minimum amount. The Board of Directors President must receive prior approval from the Board of Directors for use of Operating Reserve Fund in excess of \$5,000.

#### VI. REPORTING AND MONITORING OF OPERATING RESERVE FUND

The Board of Directors President and Treasurer are responsible for ensuring that the Operating Reserve Fund is maintained and used only as described in this Policy.

Upon approval of the use of the Operating Reserve Fund, Board of Directors President and Treasurer will maintain records of the use of funds and plan for replenishment. They will provide regular reports to the Board of Directors of progress to restore the Operating Reserve Fund to the target minimum amount.

The Board of Directors President and Treasurer will annually discuss what additional risk factors might be considered for Oakwood Glen Association, the impact of budgeting on the Operating Reserve Fund levels, and any requirements to maintain the minimum Operating Reserve Fund.

#### VII. RELATIONSHIP TO OTHER POLICIES

The Board of Directors President and Treasurer shall maintain the following board-approved policies, which may contain provisions that affect the creation, sufficiency, and management of the Operating Reserve Fund:

- Investment Policy, including risk tolerance
- Risk Management related policies and tools to diminish risk, including Contingency or Disaster Preparedness Plan
- Policies related to Operating and Capital Reserve Fund Budgeting
- Fund Development Policies

VIII. REVIEW OF POLICY

This Policy will be reviewed by the Board of Directors yearly at minimum, or sooner if warranted by internal or external events or changes. Changes to the Operating Reserve Fund Policy will be recommended by the Board of Directors President and Treasurer to the Board of Directors. This policy, upon every revision hereof, must be distributed by Oakwood Glen Association Board Members. The Treasurer of Oakwood Glen Association Board of Directors will recommend to the Board of Directors financial policies, strategies, and budgets that support the mission, values and strategic plan of the organization. Its purpose is to ensure the financial health and integrity of Oakwood Glen Association.

**CERTIFICATION**

"I, the undersigned, being the President of Oakwood Glen Association, Inc., hereby certify that the foregoing Policy was adopted by at least a majority of Oakwood Glen Association, Inc.'s Board of Directors at an open Board meeting at which a quorum of the Board was present."

By: Thomas M. Harris, President

Print name: Thomas M. Harris

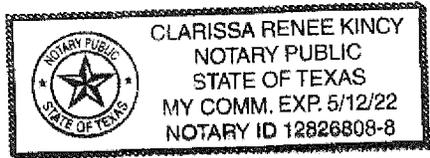
**ACKNOWLEDGEMENT**

STATE OF TEXAS                   §  
  §  
COUNTY OF HARRIS           §

BEFORE ME, the undersigned authority, on this day personally appeared the person whose name is subscribed to the foregoing document and, being by me first duly sworn, declared that he is the person who signed the foregoing document in his representative capacity and that the statements contained therein are true and correct.

Given under my hand and seal of office this the 21 day of September, 2018.

Clarissa Renee Kincy  
Notary Public, State of Texas



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# Pages 4  
09/26/2018 11:14 AM  
e-Filed & e-Recorded in the  
Official Public Records of  
HARRIS COUNTY  
STAN STANART  
COUNTY CLERK  
Fees \$24.00

RECORDERS MEMORANDUM

This instrument was received and recorded electronically and any blackouts, additions or changes were present at the time the instrument was filed and recorded.

Any provision herein which restricts the sale, rental, or use of the described real property because of color or race is invalid and unenforceable under federal law.

THE STATE OF TEXAS  
COUNTY OF HARRIS

I hereby certify that this instrument was FILED in File Number Sequence on the date and at the time stamped hereon by me; and was duly RECORDED in the Official Public Records of Real Property of Harris County, Texas.



*Stan Stanart*

COUNTY CLERK  
HARRIS COUNTY, TEXAS

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