

STONE RIDGE ASSOCIATION, INC.

ADMINISTRATIVE RESOLUTION NO. 05-04

Budget & Finance Committee

(Establishing a Budget & Finance Committee)

WHEREAS, Stone Ridge Association, Inc. is a corporation duly organized under the laws of the Commonwealth of Virginia established to provide for the management, maintenance, preservation, administration and operation of the Stone Ridge community in accordance with the Association Documents; and,

WHEREAS, Section 4.1 of the Bylaws for Stone Ridge Association, Inc. (“Bylaws”) provides that the Board of Directors shall have all powers and duties necessary for the administration of the affairs of the Association and do all such acts and things which are not reserved and required to be exercised by the members of the Association; and,

WHEREAS, Section 7.2 of the Bylaws provides that the Board of Directors may appoint committees; and,

WHEREAS, the Board of Directors recognizes that a Budget & Finance Committee is essential to the effective management of the Association and wishes to establish a standing committee to develop and carry out a finance program;

NOW, THEREFORE, BE IT RESOLVED THAT a Budget & Finance Committee be established, having the following terms of reference:

I. Responsibility

The primary responsibility of the Budget & Finance Committee (the “Committee”) is to advise and assist the Board of Directors (“Board”) in planning and administering the financial matters of the Association. The Committee is to coordinate the gathering and analysis of the data and justification for the preparation of a prudent and sound annual operating budget, assist and advise on investments, and review and comment on the monthly financial operating statements. In particular, the Committee should address and be responsible for the following:

Annual Operating Budget

Develop and make recommendations on the annual operating budget. Review disbursements, sources of revenue, purchase of capital items, and recommend the annual homeowner’s assessment schedule. Trace historical data as a means to observe spending trends.

Capital Reserves

Assist with the review and recommendation on the capital repair and replacement reserve schedule. Assist with the long-range capital planning budget, and participate in the 3 – 5 year engineering reserve study.

Monthly Operating Statements

Review and comment on the monthly operating statements, with particular emphasis on adherence to the approved annual operating budget.

Investments

Assist in the development of a sound investment strategy for the capital reserves and long-term funding needs of the community. Periodically review the performance of the investment strategy and ensure its compliance and productivity.

Audit & Tax Returns

Assist the Board of Directors with the selection and engagement of a qualified, independent Certified Public Accounting ("CPA") firm to conduct an annual audit of the Association's financial records. Review the CPA's annual Federal and State Income Tax preparation and make a recommendation to the Board of Directors.

Other Duties

The Budget & Finance Committee will conduct other duties for the Board of Directors as assigned.

II. Formation of Committee

The Budget & Finance Committee shall be comprised of not less than three (3) and not more than ten (10) Members.

III. Governance

The Budget & Finance Committee shall be governed as follows:

- A. Committee members will nominate, amongst themselves, one member to serve as a Committee Chair and one member to serve as a Committee Vice-Chair. The Board will confirm the nominee for Chair and Vice-Chair, upon a majority vote following a nomination by the Committee or by a member of the Board.
- B. The Committee Chair or their designee will act as a liaison between the Committee and the Board or its Agent. The Committee is expected to maintain regular communications with the Board of Directors and with the General Manager via submission of meeting minutes.
- C. Membership on the Committee will be conferred upon having attended four (4) meetings within a twelve (12) month period, being nominated by the Committee membership and being appointed by the Board of Directors. Active participation is most important to achieving the mission of the Committee, as such, a Committee member may be removed, upon written notice from the Committee chairperson, for failure to attend three (3) consecutive Committee meetings without notice or explanation. The Chairperson is responsible for maintaining an official attendance roster.
- D. A homeowner may serve on the Committee only if they are a member in good standing of Stone Ridge Association, Inc.

- E. By majority vote, the Board may remove Committee members from time to time, as it deems appropriate.
- F. The Committee must establish quorum at a meeting in order to conduct business. Quorum will be established when a majority of members are present, but at no time should that number be less than two (2).
- G. A majority vote (51% or greater) of the Committee members present at a meeting at which a quorum is present will be required to carry a motion.
- H. The Committee will meet at least quarterly, or as otherwise determined and announced.
- I. The Committee, by majority vote, may establish sub-committees or working groups to conduct special assignments as required by the Committee. Sub-committees and working groups will be established by the Committee, and the Committee must:
 - i. Provide a clear purpose and develop goals for the sub-committees and working groups;
 - ii. Establish sub-committee and working group membership. The appointed sub-committee chairperson must be a member of the Communications Committee. Other sub-committee members are not required to be members of the Committee, but must be a resident in good standing of the Stone Ridge Association, Inc.
 - iii. Put forward a timeline for the sub-committee or working group being established.
- J. Sub-Committees and Working Groups actions will be included in the minutes of the Budget & Finance Committee.

IV. Sponsorship & Funding

The Board of Directors must approve the nature and scope of any Association-sponsored activity or expenditures in advance. The Committee is advisory in nature only unless given specific direction from the Board. The Board shall make all final decisions pertaining to the Association.

If needed, the Committee will submit an annual budget for its own operations to the Board of Directors.

V. Dissolution

This Charter shall remain in effect until amended or rescinded by the Board of Directors.

STONE RIDGE ASSOCIATION, INC.

ADMINISTRATIVE RESOLUTION NO. 05-04

Budget & Finance Committee

Duly adopted at a meeting of the Board of Directors held on the 17th day of May, 2005.


Motion By: Harrover

Seconded By: McIntosh

VOTE:

	YES	NO	ABSTAIN	ABSENT
<u>Harrover</u>	<u>X</u>	<u> </u>	<u> </u>	<u> </u>
<u>Herwig</u>	<u>X</u>	<u> </u>	<u> </u>	<u> </u>
<u>McIntosh</u>	<u>X</u>	<u> </u>	<u> </u>	<u> </u>
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STONE RIDGE ASSOCIATION, INC.

By: 
Rick Herwig, Secretary