

**STONE RIDGE ASSOCIATION, INC.
ADMINISTRATIVE RESOLUTION 2006-01-A
INVESTMENT GUIDELINES**

WHEREAS, Article III, Section 3.4 of the Declaration and Article IV, Section 4.1 of the Bylaws (“Association Documents”) of Stone Ridge Association, Inc. (“Association”) establish that the Board of Directors (“Board”) shall have all of the powers and duties necessary to administer the affairs of the Association, and;

WHEREAS, Article IV, Section 4.5 (5) of the Bylaws establishes that the Board shall have the authority to open bank account in the name of the Association, and;

WHEREAS, Article VI, Section 6.1 of the Declaration requires that the Board annually adopt a budget for the Association and that the budget include funds for working capital, a general operating reserve, a contingency reserve and replacement reserves, and;

WHEREAS, the Board deems it prudent to establish a policy for the investment of Association working capital funds, reserve funds and other funds that may not be needed to conduct the ordinary day-to-day financial business of the Association, in order to fulfill its fiduciary responsibilities to the members of the Association.

NOW, THEREFORE, BE IT RESOLVED that the Board adopts the following policies for the investment of Association working capital funds, reserve funds and, when applicable, the Association’s excess operating funds. The primary objective is to preserve investment capital while at the same time gaining the maximum rate of return and maintaining liquidity.

Investment Guidelines

1. In accordance with Section 26-40.01 of the Code of Virginia and to fulfill its primary objective of preservation of capital, the Board hereby requires that funds of the Association be invested primarily in obligations of the United States, and certificates of deposit insured by the Federal Deposit Insurance Corporation (FDIC). However, the Board may also invest funds in accounts insured by the Securities Investor Protection Corporation (SIPC), and also in any other accounts insured by federal government backed securities. Also, financial institutions used for such investments shall have undergone a due diligence review by the Investment Manager or, in the absence thereof, the Board Treasurer. Investments in other types of securities will be considered by the Board on a case-by-case basis.
2. Excess funds not needed for day to day operations of the Association, including replacement reserves and self insurance, are to be invested in interest bearing accounts as soon as practical. Monies needed for operating expenses will be invested in a money market account. Investments should be as free from loss of risk or price fluctuations as possible and should be marketable securities. It is the Board’s intention to hold all securities until maturity unless needed for emergency purposes as specifically authorized by the Board.

3. Notwithstanding the foregoing, only securities enumerated in Section 26-40.01 of the Code of Virginia as conclusively deemed to be prudent are authorized for investment of Association funds.
4. Under no circumstances will any Association funds be invested in any of the following securities: common or preferred stock, commodities, options, futures, annuities, partnerships or mortgages.
5. All investment accounts will be in the name of the Association with those persons designated by the Board named as authorized signatories, and two authorized signatures will be required for transfer or release of the funds.
6. Interest earned will be invested by the Investment Manager unless the Investment Manager is directed to transfer such interest to the operating fund of the Association under the control of the Management Agent.
7. The Investment Manager shall not charge the Association for opening, maintaining or terminating any account, investment or security. The Investment Manager shall not charge the Association management, custodial or consulting fees.
8. The Investment Manager shall be entitled to commissions paid by issuers of financial instruments purchased by the Association. The Investment Manager shall disclose to the Board all commissions to be earned by the Investment Manager in transactions involving the Association.

Responsibilities of the Investment Manager (if any) and Financial Management Agent

The Agreement or the Contract between the Association and the Investment Manager will provide that the responsibilities of the Investment Manager include, but are not limited to:

1. Prior to the adoption date of this Resolution, presenting the Board a current certificate of insurance evidencing that the Investment Manager has in force a third party corporate Fidelity or Surety Bond in an amount no less than the amount of the Association funds in the care and custody of the Investment Manager.
2. Consulting with the Association's Treasurer or Management Agent in advance of any pending or proposed transaction to recommend and receive approval for appropriate action. The Management Agent is required to consult with the Treasurer or other Board-authorized representative prior to taking any action on behalf of the Association. Notwithstanding the restrictions outlined herein, the Management Agent is authorized to transfer up to \$50,000 from a savings account (not including any savings instrument requiring redemption prior to maturity) to the operating account should the operating account not contain enough funds to meet periodic obligations and the failure to meet such obligations would result in the Association incurring penalties for late payments. The Management Agent shall be required to notify the Treasurer and one additional Board member within seven (7) business days of any such transfer made, and shall also be required to seek approval of the Treasurer and one additional Board member of the need to transfer funds in excess of \$50,000 or if such transfer

requires premature redemption of any investment instrument. At any time the Treasurer or other Board member may require the Management Agent to provide documentation of the amount of funds in any or all of the Association's bank accounts and of the obligations to be paid requiring a transfer of funds.

3. Being reasonably available to answer questions posed by the Board via the Management Agent, the Treasurer or other Board authorized representative in person, in writing, or via the telephone.
4. Meeting with the Board and/or the Budget and Finance Committee to present an annual report on investment performance and at such other times as may be necessary.
5. Coordinating financial record keeping with the Management Agent and Auditor to assure the timely inclusions of the schedule of investments and interest earnings in the Management Agent's monthly statements.
6. Supplying such information as is needed to the Association's Auditor for preparation of the annual audit report.

Responsibilities of the Board, Treasurer, and Management Agent

1. The Treasurer is the principal Board officer responsible for Association funds and securities and will serve as the liaison with the Managing Agent and the Investment Manager. The Treasurer has the authority to act within the guidelines of this resolution to direct the Management Agent and/or Investment Manager to purchase and sell securities on behalf of the Association. The Treasurer has the responsibility to report to the Board at its regular meetings on the status of these investments. In the event the Treasurer is not available the President shall act in the Treasurer's place.
2. The Treasurer, Management Agent and Investment Manager will develop a schedule of securities with maturity dates aimed at maximizing return while assuring that the Association has the necessary cash on hand to fund future capital replacement expenses.
3. The Board is ultimately responsible for all investment decisions regarding funds invested and will be accountable for the objectives indicated herein, with the exception of:
 - a. Violation of any specific guidelines set forth in this document; or
 - b. Actions taken by the Investment Manager that are not consistent with this document, all applicable laws or commonly accepted industry standards.

To assure the orderly transition of management of the funds by the Financial Management Agent to the Investment Manager, the Board hereby directs the Financial Management Agent to provide the Investment Manager with a current schedule of Association investments, including the issuer, rate of return, and expiration date.

Purchase of Investments

In furtherance of the primary objective outlined in these Guidelines, the Board of Directors hereby authorizes the following procedure for the purchase of investments of not more than \$250,000 at any one time, in any single investment, and for periods no longer than 7 years:

1. From time to time as fund balances in the operating account or short term, low interest bearing investment accounts reach levels where purchase of higher interest bearing instruments is warranted, the Investment Manager and Management Agent will provide recommendations for such investment to the Treasurer.
2. Following the recommendation, the Treasurer and President shall agree on a course of action for investment. Approval by the Treasurer and President of a recommended purchase shall thereupon authorize the Treasurer to notify the Investment Manager or Management Agent to make the recommended investment purchase.
3. The Treasurer shall report the action taken to the Board, and the Board shall ratify the action at the next regularly scheduled meeting of the Board.
4. In the absence of either the Treasurer or the President the Vice President is authorized to act under the terms of these Guidelines.

The guidelines stated herein will be in force at all times and apply to any Investment Manager and Management Agent employed until the Board directs otherwise in writing.

The Investment Manager selected by the Association and the Management Agent agree to accept and abide by this Resolution and Guidelines.

Investment Manager (if any)



Management Agent
2-19-08

STONE RIDGE ASSOCIATION, INC.
Resolution Action Record

ADMINISTRATIVE RESOLUTION No. 2006-01

INVESTMENT GUIDELINES

Resolution Type: Administrative Resolution No. 2006-01A Pertaining to: Investments

Duly adopted at a meeting of the Board of Directors held January 15, 2008.

Motion by: Mr. Herwig

Seconded by: Ms. Conner

VOTE

	YES	NO	ABSTAIN	ABSENT
<u>Ms. Harrover</u>	<u> X </u>	_____	_____	_____
<u>Mr. Herwig</u>	<u> X </u>	_____	_____	_____
<u>Ms. McCracken</u>	<u> X </u>	_____	_____	_____
<u>Mr. Shackson</u>	_____	_____	_____	<u> X </u>
<u>Ms. Conner</u>	<u> X </u>	_____	_____	_____
<u>Mr. Rhodes</u>	_____	_____	_____	<u> X </u>

Resolution Effective Date: January 15, 2008

ATTEST: I hereby certify that a vote was duly taken and the Board of Directors adopted the above Resolution on the 15th day of January 2008.



Rick Herwig, Secretary

1/15/08

Date

Book of Minutes No. 1

Meeting No. 31