

**ESTES SQUARE CONDOMINIUM ASSOCIATION, INC.  
POLICY AND PROCEDURE  
INVESTMENT OF RESERVE FUNDS**

Adopted October 26, 2015

The following policy and procedure has been adopted by the Estes Square Condominium Association, Inc. ("Association") pursuant to Colorado statutes, for investment of the Association's reserve funds. This policy and procedure supersedes and replaces any prior resolution or policy regarding investment of the Association's reserve funds.

**PURPOSE**

The purpose of this policy is to institute proper guidelines for the ongoing management of the Association's investment of its reserve funds.

**INVESTMENT OBJECTIVES**

The principal represents the reserve funds for maintenance, repair, and replacement of those items for which the Association is responsible and that must be periodically maintained, repaired, or replaced. Reserve funds are to be invested in a manner that assures maximum safety and appropriate liquidity and, secondarily, maximizes yield within such constraints. The investment objectives are, in order of priority, as follows:

1. Preservation and safety of principal;
2. Liquidity to meet expected and unexpected expenditures; and
3. Maximization of yield.

**INVESTMENT RESPONSIBILITIES**

The Board of Directors has sole authority to approve and amend, alter or otherwise make changes to the investment policy. Any modifications to this policy shall be in writing and approved by the Board.

The Board shall have direct control with regard to opening appropriate bank accounts and establishing safekeeping accounts or other arrangements for the custody of securities and execute such documents as may be necessary. The Board may employ the service of a qualified investment advisor to direct a portion or all of the investment activities of the Association consistent with guidelines set forth in this investment policy.

The Board will monitor ongoing investment activities to ensure proper liquidity is being provided and that the investment strategy is consistent with the Association's objectives. The

Board of Directors shall review investment performance no less than quarterly.

## **INVESTMENT GUIDELINES**

### **A. Eligible Investments**

The portfolio will be limited to the following investments:

1. Certificates of deposit (CDs);
2. Money market deposit accounts;
3. Money market funds; and
4. U.S. treasuries and U.S. treasury zero coupons.

### **B. Credit Quality Restrictions**

AAA-rated or U.S. Treasury securities

### **C. Maturity Limits**

1. No individual investment may exceed 2 years in maturity; and
2. The weighted average maturity of the portfolio will not exceed 1 year. The Association must structure its investment portfolio in order to meet anticipated cash requirements.

### **D. Strategy**

Investments shall be structured so they mature in successive years allowing the Association to minimize the interest rate risk.

### **E. Custodian**

Investments will be held in custodial accounts with approved banks or financial institutions federally insured either through FDIC or the US Government, with no more than \$250,000.00 held in any one bank.

## **PROCEDURES**

1. Transfers of budgeted additions to reserves shall be made on a monthly basis;
2. A quarterly report of earnings shall be prepared by management, financial advisor, or the treasurer and presented at a Board meeting;
3. Two Board member signatures must be required to withdraw funds from investment accounts. An exception may be made for transfers between accounts of the Association so long as both accounts require two Board member signatures for withdrawals of funds; and

4. In addition to any requirements provided by the Association's governing documents, the Association shall obtain coverage by fidelity insurance to protect the Association from loss due to theft for any person with access to its investments.

**PRESIDENT'S**

**CERTIFICATION:** The undersigned, being the President of the Estes Square Condominium Association, Inc., a Colorado nonprofit corporation, certifies that the foregoing policy and procedure was adopted by the Board of Directors of the Association, at a duly called and held meeting of the Board of Directors on October 26, 2015, and in witness thereof, the undersigned has subscribed her name.

**ESTES SQUARE CONDOMINIUM ASSOCIATION, INC.,**  
a Colorado nonprofit corporation

By: Shanne C. Lester  
President