

DILLEY RANCH PROPERTY OWNERS ASSOCIATION, INC.

POLICY AND PROCEDURE  
INVESTMENT OF GENERAL ASSETS AND  
SPECIAL RESERVE FUNDS

Adopted: August 21, 2010

The following policy and procedure has been adopted by the Executive Board ("Board") of Dilley Ranch Property Owners Association, Inc. ("Association") for investment of the Association's general assets and special reserve funds assets.

**PURPOSE**

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

**DEFINITIONS**

The general assets of the Association are those funds which are collected from Annual Assessments. Special reserve funds assets are those funds which are collected as part of a Special Assessment, which funds are reserved for a specific use.

**INVESTMENT OBJECTIVES**

The assets for which the Association is responsible 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 has sole authority to approve and amend, alter or otherwise make changes to this 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.

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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. Checking accounts;
2. Savings accounts;
3. Certificates of deposit (CDs);
4. Money market deposit accounts;
5. Money market funds; and
6. U.S. Treasuries and U.S. Treasury zero coupons.

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

All investments shall be in federally insured banks, 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 with maturity of one year or more 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 U.S. Government, with no more than the FDIC standard insurance amount held in any one bank.



**PROCEDURES**

1. Any Special Reserve Fund must be approved by the Board or Association in accordance with the Association's governing documents processes. Once approved, the Special Reserve Fund assets need to be moved into special investment accounts, and distinctly accounted for separate from other General Assets of the Association;
2. Transfers of budgeted and approved additions to special reserves funds shall be made on a periodical basis as needed and approved;
3. At the completion of the event or activity the Special Reserve Fund was designated for, the Special Reserve Fund balance can be moved back to the General Assets of the Association or returned to the contributors of the Special Reserve Fund. If there is no direction set up at the time of the approval of the Board or Association for this potential distribution, then any remaining asset distribution shall be at the discretion of the Board.
4. A quarterly report of earnings and balance sheet accounts shall be prepared by management, financial advisor, or the treasurer and presented at a Board meeting;
5. Separation of Duties is to be maintained as determined by the Board. Generally either:
  - a. The Treasurer holds all checks and accounts for financial activities and does not have any signing or transaction authority. In this case, only one Board signature or approval is needed for financial transactions; or
  - b. Two Board member signatures must be required to sign checks or 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.

**SECRETARY'S CERTIFICATION:**

The undersigned, being the Secretary of Dilley Ranch Property Owners Association, Inc., a Colorado non-profit corporation, certifies that the foregoing policy and procedure was adopted by the Executive Board of the Association, at a duly called and held meeting of the Board on August 21, 2010, and in witness thereof, the undersigned has subscribed his/her name.

DILLEY RANCH PROPERTY OWNERS ASSOCIATION, INC.  
A Colorado non-profit corporation

By: Claire McCrecheon  
Secretary

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