



LITTLE ELK CREEK VILLAGE
HOME OWNERS' ASSOCIATION
Post Office Box 420
Snowmass, CO 81654-0420

THE LITTLE ELK CREEK VILLAGE HOMEOWNERS' ASSOCIATION

POLICY AND PROCEDURE

INVESTMENT OF RESERVE FUNDS

Resolved and Adopted December 8, 2010

Amended April 3, 2019

The following policy and procedure has been adopted by the Board of Trustees ("Board") of The Little Elk Creek Village Homeowners' Association ("Association") pursuant to Colorado statutes, for 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 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, in consultation with the Association Manager or other authorized person, 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, in consultation with the Association Manager or other authorized staff person, 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 Trustees shall review investment performance no less than annually.

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. U.S. treasuries and U.S. treasury zero coupons.

B. Credit Quality Restrictions

All investments shall be AAA-rated or U.S. Treasury securities

C. Maturity Limits

1. No individual investment may exceed 24 months in maturity; and
2. 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 an as needed basis;
2. Reports of earnings shall be prepared by management, financial advisor, or the treasurer and presented at a Board meeting;
3. Unless bank policies regarding the custodial accounts differ, two members of the Board of Trustees must sign to withdraw funds from investment accounts. The Board of Trustees must approve withdrawal or investment of Association funds by Board action.
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.

SECRETARY'S CERTIFICATION: The undersigned, being the Secretary of The Little Elk Creek Village Homeowners' Association, a Colorado non-profit corporation, certifies that the foregoing policy and procedure was adopted by the Board of Trustees of the Association, at a duly called and held meeting of the Board on December 8, 2010, and in witness thereof, the undersigned has subscribed his/her name.

THE LITTLE ELK CREEK VILLAGE HOMEOWNERS' ASSOCIATION, a Colorado non-profit corporation

Harvey Paparo, Secretary, Owner Block 2, Lot 7
Secretary