

Poncha Meadows Filing No. 1, Block 6 Association, Inc.
Investment of Reserve Investment and Study Policy

Effective February 6, 2024

The following Policy has been adopted by the Poncha Meadows Filing No. 1, Block 6 Association, Inc. (the "Association") pursuant to C.R.S. § 38-33.3-209.5, at a regular meeting of the Board of Directors (the "Board") for benefit of the Association and its owners or members (the "Member(s)").

Purpose: To provide for a policy and procedures to address the management of the Association's investment of its reserve funds and the funding plan for any work recommended by a reserve study.

WHEREAS, the Colorado Common Interest Ownership Act requires common interest communities to adopt policies, procedures, and rules and regulations concerning the investment of reserve funds and the funding plan for any work recommended by a reserve study.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following Policy governing the investment of reserve funds and the funding plan for any work recommended by a reserve study:

A. Investment Objectives: This Policy is designed to protect and preserve 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 Fund"). 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:

- a. Preservation and safety of principal;
- b. Liquidity to meet expected and unexpected expenditures; and
- c. Maximization of yield.

B. Reserve Fund Investment Responsibilities:

1. 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 in accordance with its amendment policy.
2. 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 for the Reserve Fund. 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.

3. The Board will monitor ongoing investment activities to ensure property safety and liquidity of the Reserve Fund are being provided and that the investment strategy is consistent with the Association's objectives. The Board shall review investment performance no less than quarterly.

C. Reserve Fund Investment Guidelines:

1. Eligible Investments: The Reserve Fund portfolio will be limited to the following investments:
 - a. Certificates of deposit (CDs);
 - b. Money market deposit accounts;
 - c. Money market funds; and
 - d. U.S. treasuries and U.S. treasury zero coupons.
2. Credit Quality Restrictions: All investments shall be AAA-rated or U.S. Treasury securities
3. Maturity Limits:
 - a. No individual investment may exceed two (2) years in maturity; and
 - b. The weighted average maturity of the portfolio will not exceed one (1) year. The Association must structure its investment portfolio in order to meet anticipated cash requirements.
4. Strategy: The investment strategy of the Association should emphasize a long-term outlook by diversifying the maturity dates of fixed-income instruments within the portfolio utilizing a laddered investment approach.
5. 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 two hundred and fifty thousand dollars (\$250,000.00) held in any one bank.

D. Reserve Fund Investment Procedures:

1. Transfers of budgeted additions to reserves shall be made at least annually;
2. A quarterly report of earnings shall be prepared by a bookkeeper or financial advisor and presented at a Board meeting;
3. To withdraw funds from investment accounts, a signature must be provided by one of the following with an exception of when making transfers between accounts of