

Canyon View Estates Homeowner Association
08/12/19
Investment Policy

The following procedures have been adopted by the Association pursuant to the provisions of Colorado Revised Statutes (C.R.S.) for Colorado Common Interest Owners Act (CCIOA) compliance.

Purpose: This Policy defines investment objectives and procedures to protect and ensure the safety of the assets and capital improvements of the Association and those volunteers who participate in the investment process. This Policy also provides guidance to those who offer investment services to the Association, including brokers/dealers, banks, consultants, savings institutions and custodians. This Policy does not set forth 1) the minimum reserve fund balance required of the Association, 2) any mandate for an annual reserve fund study, or 3) tax consequences of the investment options contained herein.

It is resolved that the Association does adopt the following Policy to govern the investment of the Association's reserve funds:

1. **Standards of Conduct.** With regard to the Investment of reserve funds of the Association, the officers and members of the Board shall be subject to the standards set forth in CRS 7-124-401.
 - (a) **Corporation.** "Corporation" or "non-profit corporation" means the Association.
 - (b) **Director.** "Director" means a Member of the Association's Board.
 - (c) **Officer.** "Officer" means any person designated as an officer of the Association and any person to whom the Board delegates responsibilities under this article, including, without limitation, a managing agent, attorney or accountant employed by the Board.

2. **Safety of Funds.** Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital, with the objective of mitigating credit risk and interest rate risk.
 - (a) **Credit Risk.** The Association will minimize credit risk, the risk of loss due to the failure of the financial institution by: 1) Limiting investments to the safest types of investments as provided herein, 2) Pre-qualifying the financial institutions, brokers/dealers and advisors with which the Association does business and 3) Subject to the limitations herein, diversifying the investment portfolio so that potential losses will be minimized.
 - (b) **Interest Rate Risk.** The Association will minimize the risk of the market value of investments in the portfolio due to changes in general interest rates by: 1) Structuring the investment portfolio so that the investments mature sufficiently close to cash requirements for ongoing operations, minimizing the potential need to sell investments prior to maturity and 2) Investing all funds primarily in short to intermediate term investments and approved money market funds.

3. **Liquidity of Funds.** The portfolio investment shall remain sufficiently liquid to meet all planned reserve fund expenditures for the following fiscal year.

4. **Types of Investments.** The reserve fluid portfolio shall consist largely of Money Market Accounts and/or Certificates of Deposit.

5. **Yield.** Subject to the restrictions on the types of investments, the Association's portfolio shall earn a competitive market rate of return on available funds.
6. **Delegation of Authority.** The Board of Directors has responsibility for conducting investment activities. The President and Secretary of the Board are authorized to assist the Treasurer concerning investment management. This Policy will be made available to all members of the Association upon request.
7. **Ineligible Investments and Transactions.** The Association shall not invest in the following asset class(es):
 - (a) Individual stocks;
 - (b) Equity mutual funds, domestic or foreign,
 - (c) Mutual funds consisting of bonds or mortgages or derivatives,
 - (d) Options on equity, debt or commodities,
 - (e) Floating rate securities or floating rate CDs,
 - (f) investment in a single institution in excess of FDIC insurance limits.
8. **Selection of Banks.** Banks and savings institutions shall be approved by written resolution by the Board to provide depository and other banking services for the Association. To be eligible for authorization, a bank must be domiciled in the United States and have physical facilities for doing business in Colorado, must be a member of the FDIC and must be acceptably rated by commercially available bank rating services.
9. **Reporting.** On an annual basis, an investment report shall be prepared and submitted by the Treasurer or Manager to the Board. The report shall include a summary of investment earning during the prior fiscal year. The Association Members shall have access to this report.
10. **Policy Revisions.** The Board shall review Policy periodically and may amend the Policy as conditions warrant.

Board of Directors Certification:

Approved and adopted by the Board of Directors and in witness thereof, the undersigned have subscribed their names:

President: Janice L. Richardson Date: 10/23/2020
Vice President: Kristy M. Oliver Date: 10/23/2020
Secretary: Janice E. Kiere Date: 10/23/2020