

OWNERS ASSOCIATION OF ELK MEADOWS ESTATES, INC

POLICY REGARDING INVESTMENT OF RESERVE FUNDS

The purpose of this policy is to provide an investment plan for the Association's reserve funds. This policy is in compliance with Colorado Revised Statute §38-33.3-209.5, and the Articles of Incorporation and Bylaws of the Association.

INVESTMENT OF RESERVE FUNDS

1. The Association has established the following reserve funds, all in separate interest-bearing accounts:
 - a. General Fund—which has two reserve accounts:
 - i. General Fund Reserve
 - ii. General Fund Supplemental Reserve Assessment (set-aside)
 - (i) Funding for the latter comes from every owner's annual assessment.
 - b. Water Fund—which has two reserve accounts, both required by the USDA:
 - i. Loan Debt Reserve
 - ii. Short Lived Asset Reserve
 - (i) Both are funded through every owner's annual assessments.
 - c. Sewer Fund—where funding comes from new tap fees.
2. The Board of Directors shall evaluate investment options available to the Association, considering the security of the investment, the potential rate of return, the availability of federal deposit insurance, the liquidity of the investment, the reputation of the investment as well as of any advisors to the board, as well as any other factors that the board deems are reasonable.
3. Any investment of Association funds shall take into consideration the preservation of the principal balance of the reserve funds. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital. The Association shall, when investigating potential investment options, seek to mitigate loss by diversifying the investment portfolio, limiting investments to the safest types of investments, minimizing the risk of the market value of investments in the portfolio due to changes in general interest rates, structuring its investments in such a way as to remain sufficiently liquid to meet all planned reserve fund expenditures, and minimizing the need to sell investments prior to maturity.
4. The board shall vote on the investment decisions made and shall document such a vote in the minutes of the Association.
5. No member of the board or any person who is a parent, grandparent, spouse, child, or sibling of a board member, or a parent or spouse of any of those persons shall financially benefit, directly or indirectly, in the investment of reserve funds other than as a member of the Association generally.
6. The board shall investigate on a periodic basis, but no less frequently than quarterly, the current balance of reserve funds and shall adjust the investments as needed to comply with the terms of this policy and the advice of those professionals upon whom the board rely.
7. The board shall review this policy annually. The board may amend this policy when such a modification is deemed to be in the best interests of the Association.

The undersigned, being President of the Owners Association of Elk Meadows Estates, Inc., certifies that the foregoing Policy Regarding Investment of Reserve Funds was revised and adopted by the Board of Directors of the Association at a duly called meeting of the board March 2, 2019, and in witness thereof the undersigned has subscribed his/her name.

Owners Association of Elk Meadows Estates, Inc.

By: Belinda KM Chisholm, President (Signature on file) _____

As per #7 above, this policy has been reviewed on March 31, 2024, by the Board of Directors.

Board signatures on file

No amendments were necessary, but formatting and minor grammatical errors were corrected and performed by Pam East.

In an effort to simplify version control, from this date forward, all policy reviews will be tracked via a tracking document and kept on file rather than changing the review date on each policy every year, with the exception being any policy that requires amending.

Amendment tracking information:

Date	Amendment Details
02/26/2023	#6 clarification of General Fund Reserve accounts