

Galena Lofts Condominium Owners Association, Inc.

Investment of Reserve Funds Policy

In compliance with the Colorado Common Interest Ownership Act Galena Lofts Condominium Owners Association, Inc. (the “Association”), through its Board of Directors (the “Board”), to adopt a uniform and systematic policy and procedures to address the investment of the Association’s reserve funds. This policy is intended to comply with C.R.S. § 38-33.3-209.5(1)(b)(VI).

The Association hereby adopts the following policy and procedures to address the management of the Association’s investment of its reserve funds.

A. Investment Objectives

1. 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 Funds”). 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
 - a. Investments shall be structured so they mature in successive years for liquidity.
5. Custodian
 - a. 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 the Association:

- a. The President;
 - b. Two non-president Board of Directors members;
 - c. Association bookkeeper; or
 - d. Association financial advisor.
4. In addition to any requirements provided by the Declaration, 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.
- E. Reserve Studies. The Association shall arrange for reserve studies as the Board determines such studies are necessary. Once a reserve study is completed, the Board shall update such reserve study as it determines necessary. All reserve studies and updates shall be based on a physical analysis and a financial analysis of the portions of the Association which are maintained, repaired, replaced and subject to improvement by the Association. All reserve studies and updates shall include an inventory, a condition assessment based on a site inspection and contain an estimate of remaining useful life.
- F. Deviations. The Board may deviate from the procedures set forth in this policy if, in its sole discretion, it finds such deviations reasonable and necessary under the circumstances.
- G. Replacement. This policy supersedes and replaces prior policies adopted by the Board dealing with the subject matter herein.
- H. Definitions. Unless otherwise defined in this Policy, capitalized terms shall have the same meaning ascribed by the Declaration.
- I. Amendment: This policy and procedure may be amended at any time by the Board, pursuant to the amendment policy.

This policy is effective immediately.

The undersigned, being the President of the Association certifies that the foregoing resolution was adopted by the Board at a duly called and noticed meeting of the Board of Directors held on this ____ day of _____, in the year _____ and in witness thereof, the undersigned has subscribed his/her name.

Joshua Landis

09/09/2022

President

Galena Lofts Condominium Owners Association, Inc.