



**1. Standards**

- (a) The Officers and Directors of an Association must meet the standards of care required for Colorado non-profit corporations when investing reserve funds. Those standards require Officers and Directors to act:
  - (i) in good faith;
  - (ii) with the care an ordinary prudent person in a like situation would exercise under similar circumstances; and
  - (iii) in a manner the Officer(s) or Director(s) reasonably believe to be in the best interest of the Association.

**2. Reliance on Professionals**

- (a) In discharging this duty, Officers and Directors may rely on people who the Officer(s) or Director(s) reasonably believe have professional or expert competence, such as property managers.

**3. Investment Procedures**

- (a) The Board of Directors shall establish the amount to be transferred to reserve funds on an annual basis. Reserves may be invested in certificates of deposit, money market deposit accounts, money market funds, U.S. treasury and government obligations, municipal bonds and other state obligations, and other investments recommended by a financial advisor pursuant to the Association's investment goals. No funds shall be deposited or invested except in authorized investment funds. All investments must be insured by FDIC, SIPC or comparable insurance.

**4. Investment Goals**

- (a) The reserve funds shall be invested to achieve the following goals, in descending order of importance:
  - (i) promote and ensure the preservation of principal;
  - (ii) structure maturities to ensure liquidity and accessibility of funds for projected or unexpected expenditures;
  - (iii) mitigate the effects of interest rate volatility upon reserve assets;
  - (iv) seek the highest level of return that is consistent with preserving the principal and accumulated interest; and
  - (v) minimize investment costs.

**5. Investment Circumstances**

- (a) The Board of Directors may consider the following circumstances in investing reserve funds:
  - (i) general economic conditions;
  - (ii) possible effect of inflation or deflation;
  - (iii) expected tax consequences;
  - (iv) role that each investment plays in the overall investment portfolio;
  - (v) other resources of the Association.

**6. Review of Accounts**

- (a) All accounts, instruments and other documentation of such investments shall be subject to the approval of, and may from time to time be amended by, the Board of Directors as appropriate, and shall be reviewed at least once per year.

**7. Authority of Officers**

- (a) The President, Treasurer or Manager, if authorized by the Board, shall be authorized and empowered to purchase, invest in, acquire, sell or assign any and all types and kinds of investments meeting the goals in paragraph 4 (above); and to enter into agreements, controls and arrangements with respect to such security transactions and to execute, sign or endorse agreements on behalf of the Association. To withdraw or transfer funds, the signature of two of the aforementioned persons shall be required.

**8. Fidelity Insurance**

- (a) The Association may carry fidelity insurance to protect against theft or dishonesty from anyone with access to the reserve funds.

**9. Monthly Statements**

- (a) The Treasurer of the Board shall maintain monthly statements, including detailed accounting of current values, income and all transactions.

The Board may review this Investing Association Reserves Policy and update as needed.

**PINE CONE ACRES HOMEOWNERS ASSOCIATION, INC.**

*Adopted this 22nd day of September 2014*