

## **Dillon Valley East Condominium Association Investment of Reserve Funds Policy**

The following procedures have been adopted by Dillon Valley East Condominium Association (DVECA) at a regular meeting of the Dillon Valley East Board of Managers (DVE BOM).

### **PURPOSE**

The purpose of this policy is to institute proper guidelines for the ongoing management of the Association's investment of its reserve funds.

### **INVESTMENT OBJECTIVES**

The principal represents the 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 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:

1. Preservation and safety of principal;
2. Liquidity to meet expected and unexpected expenditures; and
3. Maximization of yield.

### **INVESTMENTS RESPONSIBILITIES**

The Board of Manager has sole authority to approve and amend, alter or otherwise make changes to the investment policy. Any modifications to this policy shall be in writing and approved by the board.

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. 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.

The Board will monitor ongoing investment activities to ensure proper liquidity is being provided and that the investment strategy is consistent with the Association's objectives. The Executive Board shall review investment performance no less than quarterly.

### **INVESTMENT GUIDELINES**

#### **A. Eligible Investments**

The Portfolio will be limited to the following investments:

1. Certificates of deposits (CDs);
2. Money market deposit accounts;

3. Money market funds; and
4. U.S. treasuries and U.S. treasury zero coupons.

B. Credit Quality Restrictions

AAA-rated or U.S. Treasury securities

C. Maturity Limits

1. No individual investments may exceed two years in maturity; and
2. The weighted average maturity of the portfolio will not exceed one year. The Association must structure its investment portfolio in order to meet anticipated cash requirements.

D. Strategy

Investments shall be structured so they mature in successive years allowing the Association to minimize the interest rate risk.

E. Custodian

Investment will be held in custodial accounts with approved banks or financial institutions federally insured either through FDIC or the US Government.

## PROCEDURES

1. Transfers of budgeted additions to reserves shall be made on a monthly basis;
2. A quarterly report of earnings shall be prepared by management, financial advisor, or the treasurer and presented at a Board meeting;
3. Two Board member signatures must be required to withdraw funds from investment accounts. An exception may be made for transfers between accounts of the Association so long as both accounts require two Board member signatures for withdrawals of funds; and
4. In addition to any requirements provided by the Association's governing documents, 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.

Dillon Valley East Condominium Association

By: \_\_\_\_\_  
Richard S. Garcia, President

Attest \_\_\_\_\_  
Catherine N. Brosius, Secretary

This Investment of Reserve Funds was adopted by the Board of Managers on the \_\_\_\_ day of \_\_\_\_\_, 2013, effective the 1<sup>st</sup> day of \_\_\_\_\_, 2013, and is attested to by the Secretary of the Dillon Valley East Condominium Association.

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Catherine N. Brosius, Secretary