

POLICY FOR INVESTMENT OF RESERVE FUNDS

Effective: May 2, 2023

1. **Introduction.** The Board of Directors (the Executive Board) of Redstone Canyon Association (RCA), a Colorado corporation (the "Association"), acting pursuant to the powers set forth in the Association's Bylaws, Articles of Incorporation, the Declaration of Covenants, Conditions and Restrictions for RCA (a Common Interest Community), and the Colorado Common Interest Ownership Act ("CCIOA"), has enacted the following Policy effective as of the date set forth above. Unless the context otherwise indicates, capitalized words and terms used in this Policy shall have the meanings set forth in the Association Documents and, if not defined in the Association Documents, then as set forth in CCIOA. This Policy supersedes any previously adopted Policy on the same subject matter.
 2. **Policy Purposes.** The purposes of this Policy are to:
 - 2.1 Manage the Association's funds in a prudent manner to promote the preservation of those funds for their intended uses;
 - 2.2 Structure the maturities of investments to ensure the Association will have liquid assets available for its anticipated needs; and
 - 2.3 Realize appropriate returns on the Association's investments.
 3. **Segregated Accounts.** All liquid and non-liquid reserve fund investments shall be maintained in an account or accounts separate from the Association's operating account or accounts.
 4. **Types of Investments.** The Board shall invest the Association's reserve funds in one or more of the following types of investments:
 - 4.1 FDIC insured interest bearing liquid bank accounts (money market deposit accounts) with no more than \$100,000 in any one financial institution.
 - 4.2 FDIC insured certificates of deposit with no more than \$100,000 in any one financial institution.
-

-
- 4.3 Money market funds that invest only in United States Treasuries and Treasury-backed securities
 - 4.4 Treasury bills, notes or bonds purchased with the intent to hold to maturity.
 - 4.5 Any other type of investment that is (a) FDIC insured or guaranteed by the United States government (but only to the extent of such insurance or guarantee), or (b) an obligation of the United States government.
- 5. Liquidity. The Board shall maintain from time to time a sufficient portion of its reserve funds in one or more liquid accounts to meet required expenditures for repairs or replacement that the Association will incur before its non-liquid assets mature.
 - 6. Laddering of Non-Liquid Investments. The Association's non-liquid investments should be structured with laddered maturity dates so that the investments mature during successive time periods. The length of maturities should be based on market conditions and the Association's anticipated repair and replacement needs. This laddering strategy is intended to provide the Association with the benefit of longer term rates, which are customarily higher than short term rates, while maintaining sufficient liquidity from time to time to meet the Association's repair and replacement schedule.]
 - 7. Investment Advisor. The Board may retain a professional investment advisor to assist in investing its reserve funds pursuant to this Policy.
 - 8. Control of Investments. All reserve fund investments will be made in the name of the Association. Any withdrawal or transfer of reserve funds requires the signatures of at least two Association officers or Board members. The Board will review the periodic account statements send to the Association for the reserve fund investments at the next Board meeting following the Association's receipt of the statements.

CERTIFICATION

The undersigned, being the duly elected and acting Secretary of Redstone Canyon Association (the "Association") certifies that the foregoing Policy for the Investment of Reserves was approved by the vote of at least a majority of the Association's Executive Board at a meeting of the Redstone Canyon Association Board of Directors (the Association's Executive Board) held on May 2, 2023.

By: _____

Secretary

Date

05/02, 2023
