

**BLUE LAKE OWNERS ASSOCIATION  
POLICY FOR INVESTMENT OF RESERVE FUNDS**

**Resolved and Adopted April 8, 2008**

**Revised Sept. 9, 2014**

The following resolution has been adopted by the Board of Directors (“Board”) of Blue Lake Owners Association pursuant to Colorado Statutes, at a meeting of the Board to establish a policy for investment of reserve funds.

**AUTHORITY:** The Declaration, Articles and Bylaws of the Blue Lake Owners Association and the Colorado Common Interest Ownership Act.

**EFFECTIVE DATE:** April 8, 2008

**RESOLUTION:** The Association hereby adopts the following Policy:

**1. Policy Purposes.**

The purposes of this Policy are to:

- a) Manage the Association’s reserve funds in a prudent manner to promote the preservation of those funds for their intended uses.
- b) Structure the maturities of investments to ensure the Association will have liquid assets available for its anticipated needs.
- c) Realize appropriate returns on the Association’s investments.

**2. 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.

**3. Types of Investments.**

The Board shall invest the Association’s reserve funds in one or more of the following types of investments:

- a) FDIC insured interest bearing liquid bank accounts (money market deposit accounts or certificates of deposit accounts) with no more that the limit on FDIC insurance in any one financial institution.
- b) Money market funds that invest only in United States Treasuries and Treasury backed securities.
- c) Treasury bills, notes or bonds purchased with the intent to hold to maturity.
- d) Any other type of investment that is (1) FDIC insured or guaranteed by the US government or (2) an obligation of the US government.

**4. 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.

**5. 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 interest 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.

**6. Investment Advisor.**

The Board may retain a professional investment advisor to assist in investing its reserve funds pursuant to this Policy.

7. Control and Review of Investments.

All reserve fund investments will be made in the name of the Association. Any expenditures of \$5000 or more require the signature of at least two Board members. The Board will review the periodic account statements sent to the Association for the reserve statements. Based on this review, the Board may make any adjustments to the investments as necessary to maintain competitive yields.

8. Reserve Studies.

To determine the appropriate level of the Association's reserve funds, the Board may commission from time to time reserve studies evaluating the life expectancy of those areas of the community maintained by the Association, and the anticipated cost of maintaining, repairing and replacing those areas.

9. Third Party Review.

The board will engage a third party for annual financial reviews.

10. Variances.

The Board may from time to time vary from the requirements set forth in this Policy if the Board determines in its sole discretion that such variance is reasonable under the circumstances.

This Policy may be amended from time to time by the Board.

This Policy supersedes any previously adopted Policy on the same subject matter.