

Village Park Residential Owners Association

Policies and Procedures For Investment of Reserve Funds

As required by C.R.S. 38-33.3-209.5

The following Procedures have been adopted by the Village Park Residential Owners Association ("the Association") pursuant to Colorado Revised Statute ("C.R.S.") 38-33.3-209.5, at a regular meeting of The Board of Directors ("The Board"). Additional policies, procedures and rules may exist separately.

PURPOSE:

To adopt a policy governing the investment of reserve funds.

NOW, THEREFORE, IT IS RESOLVED that The Association does hereby adopt the following procedures to govern the investment of reserve funds:

- A. The Board is bound by the standard of conduct set out in Section 7-128-401 of the Colorado Revised Nonprofit Act, which states in part that each Director shall act *"in good faith, with the care an ordinary prudent person in a like position would exercise under similar circumstances; and in a manner the director or officer reasonably believes to be in the best interest of the non-profit corporation."*
- B. C.R.S. 38-33.3-303(2)(b) provides that Members elected to the Board will be liable for **wanton or willful** actions or omissions.
- C. The Colorado Courts have applied the Business Judgement Rule in their review of actions taken by Boards of Colorado nonprofit corporations.
 1. Without waiving the statutory duty of care applicable to the Board as elected by Owners, the Association, acting through the Board, shall exercise business judgement in the investment of reserve funds
 2. The Association will vote annually on an amount of funds to be invested. If there is no quorum, the Board will determine the amount to invest. The amount to be invested will be reflected in the Association's Annual Budget.
 3. The Association will operate with two (2) checking accounts. An operating checking account in which all monies collected will reside and from which all invoices will be paid. A reserve checking account will be maintained for holding monies set aside for reserve and end of year excess operating account funds transfer. Each checking account will be FDIC insured.
 4. After the end of the year financial records are closed any excess funds over \$1,500 in the operating checking account will be deposited in the reserve checking account.
 5. If at any time it is determined by the Board of Directors there may not be sufficient funds in the operating checking account to pay for operating expenses, the Board may move funds from the reserve checking account into the operating checking account until such time as the reserve checking account is depleted. The Board may then levy a special assessment to increase the funds in the operating checking account.
 6. The reserve checking account will be allowed to increase in value until it reaches two times the yearly assessment income. At that time the Board of Directors will determine whether to and how to invest the excess funds in the reserve checking account.

7. Balances in savings, or any other reserve investment(s), shall be made known at the Association's Annual Membership Meeting to update reserve status to Owners
8. In the event the Board lacks experience in the investment options being considered to evaluate the safety and income potential, the Board may consider the opinions of: its legal counsel, its public accountant, or other person the Board reasonably believes is competent in such matters, provided that other person will not directly benefit from the investment or that person is insured against errors and omissions.
9. The Board shall discuss the results of the investigation and the options for investment which meet the Association's goals for safety and income potential. Emphasis will be placed on:
 - a. Safety of Income-Income will continue to be paid in amount expected at time expected
 - b. Safety of Principal- Principal Value of investment available at the outset will be available at maturity.
 - c. Liquidity- Associations reserve funds should be liquid funds to have quick access to cash for an emergency
 - d. Yield- the return gained on the investment.
10. Reserve funds documents, banking accounts, and investment documents are to be reviewed annually or before maturity deadlines to make necessary arrangements for continued reserve investment(s).
11. All accounts or investments of reserve funds should be listed in the name only of Village Park Residential Owners Association. No individual Residential Owner's name is to be listed on the account or investment.
12. All funds deposited, withdrawn, or transferred from accounts should have full approval from the Board and should be documented in meeting minutes.
 - a. Amount withdrawn, transferred or deposited; by whom, date, and amount of money; and reason or purpose for said action should be approved and documented.
 - b. All withdrawals must have one member from the Board present at the time of the transaction.
13. Should any banking or investment institution require a signature card, the Board will provide 2 signatures on any such required signature card and signatures cannot be from members of the same household or related occupants.

CONFLICTS BETWEEN DOCUMENTS:

In case of discrepancies between this Policy and Procedure and the Declaration of Covenants, Conditions, and Restrictions (the Declaration), or the Bylaws or the Association, the Declaration shall control.

The undersigned, being the President of the Association, certifies that the foregoing resolution was adopted by The Board of Directors of the Association at a duly called and held meeting of The Board of Directors on the 13TH day of JANUARY, 2023.

Village Park Residential Owners Association

Brandon N. Materson
President