

THE TOWERS AT LAKEPOINT ASSOCIATION
RESERVE FUND INVESTMENT POLICY

Adopted August 7, 2014

The following Reserve Fund Investment Policy has been adopted by the Towers at Lakepoint Association (“Association”) pursuant to C.R.S. 38-33.3-209.5, at a regular meeting of the Board of Directors.

Purpose: To protect and ensure the safety of the assets and capital improvements of the Association and those volunteers who participate in the investment process and to further provide guidance to those who offer investment services to the Association, including brokers/dealers, banks, consultants, saving institutions and custodians.

The following investment policy addresses the methods, procedures and practices which must be exercised to ensure effective and judicious fiscal investment management of the Association’s reserve funds.

NOW, THEREFORE, IT IS RESOLVED that the Association does hereby adopt the following policies and procedures for the investment of the Association’s reserve funds:

Investment Objectives

All funds held for capital expenditures as a part of the reserve fund shall be deposited and invested by the Association in accordance with Colorado Revised Statutes and resolutions enacted by the Association’s Board of Directors in a manner to accomplish the following objectives.

1. Safety of Funds: Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital, with the objective of mitigating credit risk and interest rate risk. The reserve fund portfolio shall only be invested in obligations that are insured by the FDIC or guaranteed and 100% backed by the United States Government. This includes investments in but not limited to:
 - FDIC insured Certificates of Deposit,
 - FDIC insured money markets,

- U.S. Treasury notes,
- GNMA Bonds,
- FNMA Bonds,
- Freddie MAC Bonds and other
- Federal mortgage backed instruments.

Any funds invested shall not exceed the allowable FDIC insurance limits.

2. Ineligible Investments and Transactions: The Association shall not invest in individual stocks, corporate bonds, mutual funds, electronically traded funds or any other instrument that is not 100% backed by the U. S. Government.
3. Liquidity of Funds: The investment portfolio shall remain sufficiently liquid to meet all planned reserve fund expenditures for the following fiscal year. To ensure that adequate reserve funds are available to pay the Association's reserve expenditures, annual reserve fund investments shall reasonable match the planned reserve fund expenditures for the following fiscal year.
4. Yield: Subject to the restrictions on the types of investments, the Association's portfolio shall earn a competitive market rate of return. In meeting this objective, the Association, through the Board of Directors, will take into account the investment risk, constraints and cash flow needs.

Delegation of Duties

1. Responsibility for conducting investment transactions for the Association resides with the Treasurer. The President of the Board of Directors will be considered an authorized person to assist the Treasurer in performing investment management, cash management, or treasury functions. Persons authorized to transact investment business for the Association are limited to these two officers. The Treasurer will provide a copy of this investment policy to all of the Association's investment service providers. Association Members will receive a copy of this investment policy upon request. The Treasurer may engage the support services of outside professionals, subject to the availability of budgeted funds and approval from the Board of Directors. The Board of Directors shall provide a copy of this policy to the newly elected Treasurer at the assumption of office.
2. In 2013, the Board of Directors, at the direction of the Treasurer, authorized Gene West at RBC to become our investment advisor. Gene West works with

other Colorado HOA's and understands the Colorado Revised Statutes that limit the Financial Instruments the Association can invest. At the date of this approval, all funds are invested in FDIC insured Certificates of Deposits or securities back 100% by the United States Government.

3. We also have a Money Market account with MUFG Union Bank, N.A. that is also FDIC insured. The purpose of this account is to be a depository for the reserved funds as they are collected. The balance will be approximately the amount the Association will spend from the Reserve Account in the next 12 months.
4. Reporting-On an annual basis an investment report shall be prepared and submitted by the Treasurer. The report shall list the reserve fund investments held by the Association and the current market valuation of the investments. The report shall include a summary of investment earnings during the prior fiscal year. The Board shall make available to requesting Members a listing on an itemize basis as to amount, type and rate of return.
5. Policy Revisions-The Board of Directors shall review this reserve fund investment policy periodically and may amend the policy as conditions warrant. The Treasurer may recommend amendments to this policy as necessary.

The Towers at Lakepoint Association

By: James R. Lewis President

This Reserve Fund Investment Policy was adopted by the Board of Directors on the 7th day of August, 2014, and is attested to by the Secretary of the Towers at Lakepoint Association.

Donald E. Rankin Treasurer