



Spyglass Ridge Homeowners Association, Inc.

Cash Management and Investment Policy and Procedure

BE IT RESOLVED, the Association hereby adopts the following procedures to be followed for all funds owned or held by the Homeowners Association.

SCOPE:

To adopt policy and procedure for:

- (A) Holding and investing funds owned by the Association. The Association may maintain accounts for Operating Income, Reserve Funds and Capital Improvement Funds.
- (B) Holding Escrowed Funds from Owners building homes on their lots.

ESCROWED FUNDS:

All funds held in escrow from Owners building homes on their lots shall be maintained in an FDIC-insured money market account at a local financial institution. The account will be titled in the name of the Association with an additional descriptor, for example "Landscape Deposits".

ASSOCIATION-OWNED FUNDS:

The Board of Directors shall approve the investment of all funds owned by the Association. Investments shall be guided by the following goals:

- **Safety of Principal**
The long-term goal is the safety of operating income, replacement reserves, and capital contributions.
- **Liquidity and Accessibility**
Funds should be readily available for projected or unexpected expenditures.
- **Minimal Costs**
Investment costs should be minimized.
- **Professional Management**
Funds shall be invested with FDIC-insured financial institutions with the balance no more than the limit of FDIC insurance or in U. S. Government-backed securities.
- **Return**
Funds should be invested to seek the highest level of return that is consistent with preservation of the principle and accumulated interest.

The Board of Directors has the fiduciary duty to prudently manage operating income, reserve funds and capital contributions. All accounts shall be reviewed annually.

Goals and Objectives

The Association's investment strategy shall be as follows:

- Promote and ensure the preservation of operating income, reserve funds and capital improvement funds.
- Structure maturities to ensure availability of assets when needed or projected to be needed.
- Mitigate the effects of interest rate volatility upon reserve assets.
- Achieve long-term investment performance when possible.

Investment Strategy

The Association investment strategy shall be as follows:

For Operating Income:

- Deposit operating income for the fiscal year into a business checking account and transfer funds that are needed for later in the fiscal year into other liquid accounts to achieve a higher yield, if possible.

Such liquid accounts shall be savings accounts, money market accounts or short-term certificates of deposit (CDs).

- The Community Manager may maintain a petty cash fund up to \$100 for cash transactions. For example, lien filings and releases (county requires cash), sale of security system cards and pool guest passes.

For Capital Improvement Funds:

- Contributions to the fund are budgeted for annually and may be held over a number of years in order to accumulate the funds needed to pay for the desired or required improvements.
- Capital improvement funds shall be held in an interest-bearing account and can be mingled with other operating funds monies as long as they are properly earmarked within the bookkeeping system so as to be identified by both amount and holding account.
- Funds may be used for improvements required to complete the landscaping of HOA common elements directly abutting private lots without a vote of the membership.
- Improvements with a complete cost of less than \$5000 may be installed by a majority vote of the Board of Directors without a vote of the membership.
- Improvements with a complete cost of greater than \$5000 may not be installed without a majority vote of the membership.
- The Board of Directors shall poll the membership no less than every two years regarding desired improvements. Based on the poll, the Board of Directors shall establish a list of improvements desired and rank them in order of popularity.

For Reserve Funds:

- Select funds that mature in five years or less.
- Reserve funds needed within one year shall be invested in savings accounts, money market accounts or short-term CDs.
- Funds needed beyond one year may be laddered and invested in short- or long-term CDs or U. S. Treasury bills, notes, bonds and derivative vehicles to liquidate as reserve project needs arise.

The Association may vary from this strategy when reserving a portion for a specific expense.

Review and Control Procedures

The Association review and control procedures shall be as follows:

- All accounts will be titled in the Association's name.
- Authorized signers will be the officers of the Association: President, Vice President, Secretary and Treasurer.
- All checks written, except for transfers between accounts, require two authorized signatures. The primary authorized signers are the President and the Treasurer. If one or both, of these officers is/are not available, then the Vice President and/or Secretary shall be the signers.
- The Community Manager may use a Debit card tied to the business checking account with a daily transaction limit of \$300 and a cash withdrawal limit of \$100.
- The Community Manager may schedule maintenance or repair work without consulting with the Board of Directors (BOD) when an emergency arises, and the maintenance or repair funds are available in the budget for the applicable category of the component. An emergency is defined as a component failure that affects the safety of the community or could cause additional financial losses if not repaired or replaced.
- For non-emergency situations, the Community Manager has the authority to spend up to \$750 for items that have been included in the budget without prior consultation with the Board of Directors. For items over \$750 that are included in the budget, the Community Manager will consult with the President and Treasurer prior to spending the funds. For non-emergency repair or replacement of items not covered in the budget costing less than \$500, the Community Manager will consult with the President and Treasurer prior to spending the funds. For items costing \$500 or more, the items must be brought to the entire Board of Directors.
- Recurring bills may be set up for electronic-fund transfers from the business checking account.
- Policy changes to the investment strategy will require a meeting to obtain a board consensus.
- The Association's treasurer shall have on-line access, when available, to view all financial accounts and will (a) periodically view the accounts and (b) review all monthly statements.

- All accounts will be reported separately on the Association's monthly Balance Sheet.
- The monthly Income and Expense Statement and a summary of cash on hand will be posted on the
- HOA Financial Reports will be available to the Members and prospective Members upon written request.

Definitions: Unless otherwise defined in this Resolution, terms defined in the Declaration shall have the same meaning herein.

Supplement to Law: The provisions of this Resolution shall be in addition to and in supplement of the terms and provisions of the Declaration and the law of the State of Colorado governing the Project.

Deviations: This Resolution is not intended and shall not deprive the Board of discretion in exercise and discharge of any of its duties and authority as the Board, in its sole discretion, determines is reasonable under the circumstances.

Amendment: The Board of Directors may amend this procedure from time to time.

Secretary's Certification: The undersigned, being the Secretary of the Association, certifies that the Board of Directors of the Association adopted the foregoing resolution and in witness thereof, the undersigned has subscribed his/her name.

Spyglass Ridge Homeowners Association, Inc.

SIGNED COPY ON FILE IN COMMUNITY CENTER

Alisa Wise, Secretary

Effective Date: April 15, 2021