KREMMLING SANITATION DISTRICT

Policy on Investments

Adopted: June 22, 2026

1. Purpose. This Policy on Investments ("Policy") is adopted by the Board of Directors (the "Board") of the Kremmling Sanitation District (the "District") to establish prudent, lawful, and consistent standards for the investment of District public funds. The purpose of this Policy is to safeguard public monies, ensure sufficient liquidity to meet operational and capital obligations, and obtain a reasonable rate of return consistent with statutory authority and the fiduciary responsibilities of local government officials.

2. Authority. This Policy is adopted pursuant to, and shall be interpreted consistently with the following:

   a. Legal Investments statutes, C.R.S. §§ 24-75-601.1 and 24-75-603

   b. Local Government Public Deposit Protection Act, C.R.S. § 11-10.5-101 *et seq.*

   c. Local Government Investment Pools, C.R.S. § 24-75-701 *et seq.*

3. Definitions.

   a. "Public Funds" means all moneys of the District, from whatever source derived, that are in the custody or control of the District and subject to investment under Colorado law.

   b. "Investment Officer" means the District Manager or such other person as the Board may designate to execute investment transactions on behalf of the District.

   c. "Authorized Investments" means those investments permitted under C.R.S. § 24-75-601.1 and other applicable Colorado statutes.

   d. "PDPA" means the Public Deposit Protection Act, C.R.S. § 11-10.5-101 *et seq.*

4. Scope. This Policy applies to all District Public Funds, including operating funds, reserve funds, capital project funds, enterprise funds, and any other funds under the control of the District, except where a bond resolution, trust indenture, or grant agreement imposes more restrictive investment requirements. In the event

of a conflict between this Policy and applicable law or bond covenants, the more restrictive requirement shall govern.

5. Investment Objectives. The District's investment objectives, in priority order, are as follows:

    a. Safety of Principal. Preservation of capital is the foremost objective. Investments shall be undertaken in a manner that seeks to ensure the safety of principal consistent with statutory authority.

    b. Liquidity. The District's portfolio shall be structured to meet anticipated cash flow requirements for operations, debt service, and capital expenditures.

    c. Yield. The District shall seek to attain a market rate of return throughout budgetary and economic cycles, consistent with safety and liquidity needs.

6. Standard of Care. The Investment Officer and any person involved in the investment of Public Funds shall exercise the care that a prudent person in a like position would exercise under similar circumstances, consistent with C.R.S. § 24-75-601.4, which provides protections for officials acting in good faith compliance with statutory investment standards. Investment decisions shall be made in the best interests of the District and not for personal gain.

7. Authorized Investments. The District may invest Public Funds only in Authorized Investments permitted under Colorado law, including but not limited to:

    a. Obligations of the United States or securities fully guaranteed by the United States.

    b. Obligations of U.S. government agencies or instrumentalities as permitted by statute.

    c. Certificates of deposit, savings accounts, money market deposit accounts, or other deposit instruments in eligible public depositories as authorized by C.R.S. § 24-75-603.

    d. Eligible bankers' acceptances, commercial paper, and corporate bonds to the extent permitted under C.R.S. § 24-75-601.1 and subject to applicable credit quality requirements.

    e. e. Shares of any local government investment pool authorized under C.R.S. § 24-75-701 *et seq.*

f. Any other investment expressly permitted by Colorado statute for local governments.

g. The District shall not engage in speculative trading, leverage, derivatives (unless expressly authorized by statute), short sales, or any investment not specifically authorized by Colorado law.

8. Depositories and Collateralization. All deposits of Public Funds shall be made only in eligible public depositories as defined by Colorado law. Deposits exceeding federal insurance limits shall be secured in accordance with the PDPA and applicable rules of the Colorado Banking Board. The District shall not maintain uninsured and uncollateralized deposits.

9. Diversification and Maturity. The District shall diversify investments to the extent practical to reduce exposure to credit and interest rate risk. Investment maturities shall be aligned with projected cash flow needs. Unless otherwise authorized by the Board, no investment shall have a final maturity exceeding five (5) years from the date of purchase.

10. Delegation of Authority. The Board retains ultimate authority over the investment of Public Funds. The Board delegates to the Investment Officer the authority to implement this Policy and execute transactions within its limits. The Investment Officer may utilize qualified financial institutions, brokers, advisors, or custodians, provided all investments remain within statutory authority and this Policy.

11. Safekeeping and Internal Controls. The District shall maintain written internal controls governing the investment process, including separation of duties where feasible, written authorization for transactions, documentation of trades, and periodic reconciliation of investment accounts. Securities shall be held in the District's name by a third-party custodian when practical. All members of the Board shall be signers on any investment account and have access to online reporting and statements.

12. Reporting. The Investment Officer shall provide the Board with periodic reports, no less than quarterly, summarizing investment holdings, maturity dates, market values (where applicable), and compliance with this Policy. Investment records shall be maintained in accordance with Colorado public records and audit requirements.

13. Supplement to Law. The provisions of this Policy shall be in addition to and in supplement of any law of the State of Colorado.

14. Amendment. The Board may amend this Policy from time to time, only in writing following a duly called meeting.