

**BOARD OF TRUSTEES
COLORADO SURPLUS ASSET FUND TRUST
1 o'clock pm, August 6, 2018 – Guaranty Bank, 3301 East 1st Avenue
Denver, CO 80206**

**AGENDA FOR
2nd QUARTER 2018 CSAFE BOARD MEETING**

1:00 p.m. Chairman Alan Krcmarik opens the quarterly meeting.

- Review 1Q 2018 Minutes, April 27, 2018 & May 31st Special Session Minutes
- ✓ Motion to Approve

A. Board review of Investment Advisor's Report and a Motion to Approve Report–

1. Market Outlook/Interest Rate Environment
2. Portfolio Manager's Report
 - Portfolio Review
 - Credit Policy Changes
 - S&P Stress Test Review

B. Consideration of Investment Policy Amendment Authorizing Negotiable CDs including Yankee CDs as Eligible Investments

- ✓ Motion to Approve

C. Board Review of LT Trust Administrator Report–

- ✓ Motion to approve
- Board Review of Checking Account -
 - ✓ Motion to approve checking account

D. Board Action Items

1. Consideration and Possible Passage of the Following Three Resolutions–

A. RESOLUTION OF THE BOARD OF TRUSTEES (the “Board”) OF THE COLORADO SURPLUS ASSET FUND TRUST (“CSAFE”) TO REQUIRE THE INVESTMENT ADVISOR AND THE ADMINISTRATOR TO JOINTLY AND COOPERATIVELY ISSUE QUARTERLY REPORTS TO THE COLORADO SECURITIES COMMISSIONER, THE BOARD, AND TO ALL OF CSAFE’S PARTICIPANTS RESOLUTION NO. 2018-08-01

- ✓ Motion to Approve

B. RESOLUTION OF THE BOARD OF TRUSTEES (the “Board”) OF THE COLORADO SURPLUS ASSET FUND TRUST (“CSAFE”) REQUIRING CSAFE’S INVESTMENT ADVISOR TO FILE AN ANNUAL REPORT CONCERNING AND PROVIDING CERTAIN DETAIL AS PROVIDED BELOW, RELATING TO THE SEPARATELY MANAGED ACCOUNTS THE “SMAs”) MANAGED BY THE INVESTMENT ADVISOR, FOR ITS CLIENTS WHO ARE ALSO PARTICIPANTS IN CSAFE RESOLUTION NO. 2018-08-02

- ✓ Motion to Approve

C. RESOLUTION OF THE BOARD OF TRUSTEES (the “Board”) OF THE COLORADO SURPLUS ASSET FUND TRUST (“CSAFE”) ESTABLISHING A POLICY SIGNING OF CHECKS AND OTHER NECESSARY DOCUMENTS IN

**CONNECTION WITH CSAFE BANK ACCOUNTS AT ANY FINANCIAL
INSTITUTION RESOLUTION NO. 2018-08-03**

√ Motion to Approve

E. Executive Session

- Pursuant to C.R.S. 24-6-402 (4) (f), "Discuss Personnel Matters."

F. 3rd Quarter Board Meeting October 26th, 9:00 am -12:00 pm, Guaranty Bank, lunch

RESOLUTION
OF THE BOARD OF TRUSTEES (the “Board”) OF THE COLORADO SURPLUS
ASSET FUND TRUST (“CSAFE”) TO REQUIRE THE INVESTMENT ADVISOR AND
THE ADMINISTRATOR TO JOINTLY AND COOPERATIVELY ISSUE QUARTERLY
REPORTS TO THE COLORADO SECURITIES COMMISSIONER, THE BOARD, AND
TO ALL OF CSAFE’S PARTICIPANTS

RESOLUTION NO. 2018-08-01

WHEREAS, in connection with the annual audit of CSAFE by the Colorado Department of Regulatory Agencies, Division of Securities (the “Division”), the Division issued a letter stating that in their view, CSAFE was not in compliance with the quarterly reporting requirements contained in the Colorado Code of Regulations, specifically, 3 CCR 704-1, Rule 51-9.3; and

WHEREAS, the Board recognizes that of the information required to be contained in those quarterly reports (the “Quarterly Report”) by the applicable rule, is generally contained on the CSAFE website and available for review and inspection by all interested parties at any time. However, the Board acknowledges that CSAFE has an obligation to comply with the requirements of said regulation and to establish policies and procedures for compliance with CSAFE’s legal responsibilities.

NOW, THEREFORE, be it Resolved by the Board, that:

1. At each quarterly meeting of the Board, CSAFE’s Investment Advisor and Administrator shall present to the Board a Quarterly Report in compliance with all of the requirements of 3 CCR 704.1, Rule 51-9.3, the provisions of which are attached hereto and incorporated herein by this reference.
2. Not more than 30 days after presentation of the Quarterly Report to the Board at its quarterly meeting, the Administrator shall transmit a copy of said Quarterly Report to the Division, and to each CSAFE Participant, and shall advise the Board that it has complied with this requirement after doing so.

Approved by motion at a properly noticed Board meeting on August 6, 2018.

CSAFE, a Common Law Trust:

By: _____
Alan Krcmarik
Chairman of the Board of Trustees
Colorado Surplus Asset Fund Trust

Statement of Changes in Shareholders' Equity,

Statement of Cash Flows, and

All notes and disclosures as required by GAAP unless waived by order of the Commissioner.

Comparative financial statements shall be prepared for all entities that have been in operation for more than 12 months.

- C. Any and all other presentations of financial data including, but not limited to, projections and supplementary data shall be reviewed by a CPA and be covered by an Unqualified Accountant's Review Report issued by a CPA.

CHAPTER 8 EFFECTIVE DATE

51-8.1 Savings Provisions

For the purposes of section 11-51-802(3), C.R.S. (1990), the phrase "... an offering begun in good faith before July 1, 1990 ..." means an offering of securities in which at least one offer was made in good faith in Colorado prior to July 1, 1990.

CHAPTER 9 LOCAL GOVERNMENT INVESTMENT POOL TRUST FUNDS

51-9.1 Authority

The regulations provided in this Chapter 9 have been adopted pursuant to the authority granted to the securities commissioner in sections 11-51-901, et seq. C.R.S. and 24-75-701, et seq., C.R.S.

51-9.2 Definitions

For purposes of this rule, the terms identified below shall have the following meanings:

- A. "Board of trustees" shall have the same meaning as that term is defined in section 24-75-701(2), C.R.S.;
- B. "Investment adviser" shall have the same meaning as that term is defined in section 24-75-701(5), C.R.S.;
- C. "Local government investment pool trust fund" shall have the same meaning as that term is defined in section 24-75-701(9), C.R.S., and as established pursuant to sections 11-51-901, et seq., and 24-75-701, et seq., C.R.S. ("LGIP");
- D. "Participating local government" shall have the same meaning as that term is defined in 24-75-701(10), C.R.S.; and
- E. "Securities commissioner" shall have the same meaning as that term is defined in section 24-75-701(11), C.R.S.

51-9.3 Registration, Reports and Bookkeeping of the Local Government Investment Pool Trust Funds

- A. Prior to an LGIP's investment of any trust fund assets, the LGIP board of trustees must register the LGIP with the Securities Commissioner pursuant to section 11-51-905, C.R.S.

- B. Quarterly reports to the Securities Commissioner pursuant to section 11-51-908(2), C.R.S., shall be filed by all LGIPs with the Securities Commissioner within thirty (30) days after the end of the quarter and shall contain the following information:
1. Financial statements that contain a balance sheet, an income statement, and a statement of changes in net assets for the previous quarter; and
 2. The quarterly report to participating local governments.
- C. The quarterly report to participating local governments shall include, at a minimum, the following information:
1. A statement of net assets;
 2. A statement of operations;
 3. A statement of changes in net assets;
 4. A listing of portfolio assets that, at a minimum, describes each investment instrument by issuer, face value, yield at purchase, final maturity date, cost, and market value;
 5. The average daily yield for the month and the average annualized yield;
 6. The expense ratio;
 7. A diversification report that, at a minimum, identifies the percentage of the total net assets of the fund by each issuer and the percentage of the total issue the fund invested in any individual issue; and
 8. The weighted average maturity to final and the weighted average maturity to reset.
 9. Any other material information.

51-9.4 Written Policies and Procedures

All LGIPs shall establish, maintain, and enforce written policies and procedures that are reasonably designed to achieve compliance with the following requirements:

- A. Written policies and procedures intended to ensure that each entity that seeks to become a participating local government, and entities actively participating in an LGIP are "local governments" as that term is defined in section 24-75-701(8), C.R.S., for the duration of the local governments' participation in an LGIP.
- B. Written policies and procedures to ensure that the LGIP complies with GASB Statement No. 79, Certain External Investment Pools and Pool Participants, if the LGIP elects to report on an amortized cost basis. An LGIP that does not comply with GASB Statement No. 79 may continue to operate as a stable Net Asset Value pool but must use fair value for financial reporting purposes in accordance with GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools, or FASB Accounting Standards Codification 820, Fair Value Measurement.
- C. Written investment policies and procedures that define the credit, liquidity, maturity, and diversification objectives of the LGIP and the means to achieve these objectives. These policies and procedures shall, at a minimum, address:

1. Safety of capital as a priority so as to ensure preservation of principal;
 2. Sufficient liquidity be maintained to enable funding of all reasonably expected cash needs given the participant composition and history as well as economic and market conditions;
 3. Investment return, taking into consideration a pool's cash flow expectations;
 4. Diversification of investment, including deposits adequate to reduce portfolio risks from an over concentration in any specific maturity, issuer, counterparty, depository, security, or class of securities;
 5. Defining, monitoring and controlling interest rate risk; and,
 6. Compliance with section 24-75-801.1, C.R.S.
- D. Written policies and procedures that require the LGIP to monitor redemptions and reduce risk of unusually high redemptions in order to meet participants' daily cash flow needs. The written policies and procedures shall require the LGIP to position its portfolio so as to be able to fund unexpected withdrawals. The level of liquidity may be adjusted to take into consideration the distinctive characteristics and composition of the participating local governments and historical redemption patterns for the pool. A minimum of 90 percent of an LGIP's portfolio should be comprised of highly liquid investments and deposits. Liquid investments and deposits are investments and deposits that can be redeemed or sold within five business days.
- E. Written policies and procedures for managing credit that require a thorough, constant and independent credit analysis process that adequately assess and manage the credit risk of an LGIP's investments. These policies shall at a minimum require:
1. Utilization of an experienced credit analyst that has the ability to manage and analyze credit risk;
 2. For securities other than U.S. Treasuries and Agencies, an approved issuer list that is updated regularly; and
 3. Policies that address assessing and liquidating positions in distressed credit situations as well as assessing and monitoring the credit quality and value of pledged collateral.
- F. Written policies and procedures requiring LGIP's to perform and maintain the results of, and assumptions used in connection with, monthly, or more frequent, stress testing. Such written policies and procedures shall further require the board of trustees and investment adviser of the LGIP to review the results of each stress test performed.
- G. Written policies and procedures that require each LGIP that utilizes amortized cost accounting to calculate a "shadow" NAV daily.
- H. Written policies and procedures that require compliance reviews to be performed at least weekly to assure compliance with investment policies, guidelines and procedures.
- I. Written policies and procedures intended to ensure that private information of an LGIP's participants remains confidential at all times;

**RESOLUTION
OF THE BOARD OF TRUSTEES (the “Board”) OF THE COLORADO SURPLUS
ASSET FUND TRUST (“CSAFE”) REQUIRING CSAFE’S INVESTMENT ADVISOR
TO FILE AN ANNUAL REPORT CONCERNING AND PROVIDING CERTAIN
DETAIL AS PROVIDED BELOW, RELATING TO THE SEPARATELY MANAGED
ACCOUNTS THE “SMAs”) MANAGED BY THE INVESTMENT ADVISOR, FOR ITS
CLIENTS WHO ARE ALSO PARTICIPANTS IN CSAFE**

RESOLUTION NO. 2018-08-02

WHEREAS, the CSAFE Board has determined that it is appropriate that the Investment Advisor prepare and submit to the Board an annual report and disclosure of certain activities of the Investment Advisor, for any of its SMA Clients that are also CSAFE Participants; and

NOW, THEREFORE, be it Resolved by the Board, that:

1. CSAFE’s Investment Advisor shall prepare and submit to the Board a report and disclosure which details the activities of the Investment Advisor, concerning its provision of services to CSAFE Participants, who are also SMA Clients of the Investment Advisor. Said report and disclosure shall include at a minimum, the following:
 - a. The number of CSAFE Participants who are also SMA Clients of the Investment Advisor; and
 - b. The amount of assets that are managed in the SMAs for CSAFE Participants.
2. This report shall be submitted to the Board for review annually at the Board’s July quarterly meeting.
3. The Investment Advisor is further directed to retain documentation of all actions taken to implement the requirements of this resolution, so that it may be available for review by any proper and interested party upon request.

Approved by motion at a properly noticed Board meeting on August 6, 2018.

CSAFE, a Common Law Trust:

By: _____
Alan Krcmarik
Chairman of the Board of Trustees
Colorado Surplus Asset Fund Trust

RESOLUTION
OF THE BOARD OF TRUSTEES (the “Board”) OF THE COLORADO SURPLUS
ASSET FUND TRUST (“CSAFE”) ESTABLISHING A POLICY SIGNING OF CHECKS
AND OTHER NECESSARY DOCUMENTS IN CONNECTION WITH CSAFE BANK
ACCOUNTS AT ANY FINANCIAL INSTITUTION

RESOLUTION NO. 2018-08-03

WHEREAS, the current CSAFE policy established by the Board permits the Board Treasurer to sign checks and other financial documents necessary to transfer funds and conduct business with banks and related financial institutions with which CSAFE has an account; and

WHEREAS, the Board has to determine that it is in the best interest of CSAFE that not only the Treasurer, but, the Chairperson and Vice Chairperson of the Board, in addition to the Treasurer, be authorized to sign checks and authorize transfers of funds and conduct other such business as is necessary to conduct regular business of CSAFE with any financial institution with which CSAFE has established an account.

NOW, THEREFORE, be it Resolved by the Board, that:

1. The Chairperson, Vice Chairperson and Treasurer of the Board of CSAFE, are each individually hereby authorized to sign any document necessary to authorize the transfer of funds, including but not limited to signing checks, authorizing wire transfers, or authorizing other transfers of funds in the regular course of CSAFE’s business and take all steps necessary to establish these accounts and sign any necessary documents and banking resolutions or other documents in connection therewith.
2. All accounts shall be established so that either the Board Chairperson, Vice Chairperson or the Board Treasurer may sign documents and take any other necessary steps to approve transactions and transact other business with the Bank or financial institution on behalf of CSAFE.

Approved by motion at a properly noticed Board meeting on August 6, 2018.

CSAFE, a Common Law Trust

By: _____
Alan Kremerik
Chairman of the Board of Trustees
Colorado Surplus Asset Fund Trust