



POLICY

Dublin San Ramon Services District

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Policy Title:	Investment		
Policy Description:	Investment Policy		
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It is the Policy of the Board of Directors of Dublin San Ramon Services District:

To invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state and local statutes governing the investment of public funds as outlined in the attached Investment policy.

Dublin San Ramon Services District Investment Policy

1.0 Policy

It is the policy of Dublin San Ramon Services District (hereafter, the "District") to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state and local statutes governing the investment of public funds.

2.0 Scope

This investment policy applies to all financial assets of the District under its direct control and authority. It does not cover deferred compensation plan investments, long-term debt proceeds and reserves held by a Trustee and invested pursuant to contractual agreement, or retirement investments held by a trustee (such as CalPERS).

3.0 Prudence

The District operates its investment portfolio under the Prudent Investor Standard (California Government Code Section 53600.3) which states, in essence, that "when investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skill, prudence and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated need of the District, that a prudent person in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the District."

This standard shall be applied in the context of managing the overall portfolio. Investment officers, acting in accordance with written procedures and this investment policy and exercising the above standard of diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4.0 Objective

The primary objectives, in priority order, of the District's investment activities shall be:

4.1 Safety: Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, the District will diversify its investments by investing among a variety of securities offering independent returns and financial institutions.

4.2 Liquidity: The District's investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated.

4.3 Return on Investments: The District's investment portfolio shall be designed with the objective of attaining a rate of return commensurate with the District's investment risk constraints and the cash flow characteristics of the portfolio.

5.0 Delegation of Authority

Pursuant to Section 53601 of the California Government Code (CGC), the District's Board of Directors has primary responsibility for the investment of all funds in the District treasury. As authorized under Section 53607 of the CGC, the Board hereby delegates its authority to invest or reinvest the funds of the District, and to sell or exchange securities so purchased, to the Treasurer who shall assume full responsibility for all such transactions until such time as this delegation of authority may be revoked by the Board.

The Treasurer shall establish written investment procedures for the operation of the investment program consistent with this policy.

6.0 Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Staff authorized to execute investment transactions shall disclose to the General Manager any material financial interests in financial institutions that conduct business within their jurisdiction, and they shall further disclose any material personal financial and/or investment positions that could be related to the performance of the District.

7.0 Authorized Financial Dealers and Institutions

The Treasurer will maintain an approved list of financial institutions authorized to provide investment services. In addition, a list will also be maintained for approved or security broker/dealers that are authorized to provide investment services in the State of California. These may include "primary" dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by state law. All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Treasurer with the following: a completed broker/dealer questionnaire, audited financial statements and certification of having read the District's investment policy.

Each broker/dealer shall provide an audited financial statement to the Treasurer on an annual basis.

8.0 Authorized and Suitable Investments

The District is empowered by CGC Section 53600 et seq. to invest public monies. Of these investments, the District's Board of Directors authorizes the following investments:

- Bonds issued by the District, when in the best interest of and a prudent investment for the District. [53601(a)]
- United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest. [53601(b)]
- Registered state warrants or treasury notes or bonds of this state [53601(c)]
- Registered treasury notes or bonds of any of the other 49 United States in addition to California [53601(d)]

- Bonds, notes, warrants, or other evidences of indebtedness of a local agency within this state [53601(e)]
- Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises [53601(f)]
- Negotiable certificates of deposit issued by a nationally or state-chartered bank or a savings association or federal association or a state or federal credit union or by a state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit may not exceed 30 percent of the agency's surplus money [53601(i)]
- Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated "A" or better by a nationally recognized rating service at the time of purchase. Purchases of medium-term notes shall not include other instruments authorized by this section and may not exceed thirty (30) percent of the agency's surplus money which may be invested pursuant to this section. [53601(k)]
- Deposits with bank and savings and loan associations, including certificates of deposit, where the deposits are insured by FDIC (Federal Deposit Insurance Corporation). Deposits in institutions in excess of FDIC insurance shall be fully collateralized as defined in Section 53652 of the CGC.
- The Local Agency Investment Fund (LAIF) established by the California State Treasurer for the benefit of local agencies and identified under the CGC Section 16429.1.
- Shares in California Asset Management Program (CAMP), a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the CGC which invests exclusively in investments permitted by Section 53601 of Title 5, Division 2, Chapter 4 of the CGC, as it may be amended.

9.0 Collateralization

Uninsured time deposits including certificates of deposit with banks and/or savings and loans shall be collateralized in the manner prescribed by law for depositories accepting local agency funds.

10.0 Safekeeping and Custody

All security transactions entered into by the District shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian designated by the Treasurer and evidenced by safekeeping receipts.

11.0 Diversification

The District will diversify its portfolio by investment type, issuer and maturity dates. Limits, if any, for security types are set forth in Section 8.0 of this document.

12.0 Maximum Maturities

The District will attempt to match its investments with anticipated cash flow requirements. No single investment shall exceed a term of five years except that 10% of the portfolio is deemed the “long-term” portfolio and may be invested with maturities up to seven years.

13.0 Conformance with Policy

At the time of purchase, all permitted investments shall conform in all respects with this Policy. If a percentage restriction is adhered to at the time of purchase, a later increase or decrease in percentage resulting from a change in values or assets will not constitute a violation of that restriction. Furthermore, if a credit rating standard is adhered to at the time of purchase; a later downgrade in credit rating will not constitute a violation of that standard. If securities are downgraded below the minimum acceptable rating levels the Treasurer shall advise the Board of Directors of the change at the next regular meeting, and use his/her best professional judgment concerning the retention of that security in the portfolio.

14.0 Internal Controls

The Treasurer shall establish and implement a system of internal controls, which shall be documented in writing. The controls shall be designed to prevent losses of public funds arising from fraud, employee error, and misrepresentation by third parties, unanticipated changes in financial markets or imprudent actions by employees and officers of the District.

15.0 Performance Standards

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and cash flow needs.

16.0 Reporting

The Treasurer shall provide the Board of Directors a quarterly investment report. The report shall include the type of investment, issuer, maturity date, par and cost/book values of all securities, investments and monies held by the District. It shall also include the rate of interest, the current market value as of the report date and the source of the valuation. The report shall state compliance of the portfolio to the Investment Policy as well as the CGC and it shall state the District’s ability to meet its estimated expenditures for the next six months.

17.0 Investment Policy Adoption

The District’s investment policy shall be adopted by resolution of the District’s Board of Directors. The Policy is generally reviewed every four years and any changes recommended by the Finance Committee are presented to the Board of Directors for consideration