

OCEANO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2014-01

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE OCEANO COMMUNITY SERVICES DISTRICT ADOPTING THE YEAR 2014 DISTRICT INVESTMENT POLICY

WHEREAS, the Board of Directors of the Oceano Community Services District ("District") has a fiduciary responsibility to assure that public funds are invested in financial instruments and institutions in accordance with State and Federal law and District guidelines; and,

WHEREAS, District funds will be available from time to time that would be beneficial to invest in financial instruments in accordance with the Year 2014 Investment Policy (Exhibit A) and deposited in interest bearing accounts, in banks or financial institutions having offices within the State; and,

WHEREAS, the Board of Directors finds that it is impractical to take individual action authorizing the investment of such funds into permissible investments under the Government Code, as well as the District's financial policy, and finds and determines that the District Finance Officer/Treasurer should be authorized to invest such funds in accordance with the provisions of the District's current Investment Policy and the California Government Code.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Oceano Community Services District that the District Finance Officer/Treasurer is hereby authorized to deposit for safe keeping all money belonging to, or in the custody of, the District pursuant to Exhibit A, the District's Year 2014 Investment Policy; and,

BE IT FURTHER RESOLVED that the District hereby adopts a Statement of Investment Policy attached hereto as Exhibit A, Year 2014 Investment Policy, which supersedes any previously adopted or utilized policies and that this Policy be effective immediately.

On motion by President Guerrero, seconded by Director Blackburn and carried on the following roll call vote, to wit:

AYES: President Guerrero, Directors Blackburn, Angello and White

NAYES:

ABSENT:

ABSTAIN: Vice President Lucey

The foregoing Resolution is hereby passed and adopted this 22nd day of January, 2014.



MATTHEW GUERRERO, ESQ., PRESIDENT

ATTEST:



Marie McGrath - office manager
Lonnie Curtis, General Manager

**RESOLUTION 2014-01
EXHIBIT A**

**YEAR 2014 INVESTMENT POLICY
OCEANO COMMUNITY SERVICES DISTRICT**

1. INTRODUCTION

The purpose of this Investment Policy is to establish the guidelines for the prudent investment of Oceano Community Services District funds (herein referred to as District funds).

District funds are to be managed with a high degree of care and prudence. Though all investments contain a degree of risk, the proper concern for prudence, high ethical standards, and proper delegation of authority reduces the potential for any realized loss.

This Policy establishes the standards under which the District's Finance Officer/Treasurer will conduct business with financial institutions with regard to the investment process.

2. FINANCE OFFICER/TREASURER

The Board of Directors appoints the General Manager as the District Finance Officer/Treasurer. The General Manager, acting as The Finance Officer/Treasurer, shall appoint a staff member to act in his/her absence. The staff member shall have, as a minimum, a certificate in accounting or payroll accounting from a Community College or equivalent, and be subject to Board approval. The Finance Officer/Treasurer shall obtain the Board's approval for directing transactions between investment institutions. The District's Finance Officer/Treasurer shall serve at the Board's pleasure.

3. SCOPE

The District investment portfolio shall consist of money in the District's treasury not required for the immediate necessities of the District. The District funds shall be invested in accordance with this Policy.

4. OBJECTIVES

The primary objectives are safety, liquidity, and yield as stated in paragraphs 4.A. - 4.D. below, and in compliance with California and Federal law.

A. SAFETY

The investment portfolio shall be managed in a manner that ensures the preservation of capital. The objective is to minimize credit risk and interest rate risk.

B. LIQUIDITY

The investment portfolio shall remain sufficiently liquid to meet all operating requirements. This shall be accomplished by structuring the investment portfolio so that investments mature concurrently with cash needs.

C. YIELD

Yield shall be a consideration only after the requirement of safety and liquidity have been met.

D. COMPLIANCE

This Investment Policy is written to be in compliance with California and Federal law.

5. STANDARDS OF CARE

A. PRUDENCE

The Finance Officer/Treasurer will manage the portfolio pursuant to the "Prudent investor Standard." When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds in the District's investment portfolio, the Finance Officer/Treasurer shall act with care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the management of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the District.

B. DISCLOSURES

The Finance Officer/Treasurer shall disclose any material interest in financial institutions with which he/she conducts the District business.

6. INVESTMENTS AUTHORITY

A. PERMITTED INVESTMENTS

The District Finance Officer/Treasurer is authorized to invest in the following institutions:

1. County pooled funds (California Government Code Section 61730).
2. The Local Agency Investment Fund created by the California State Treasury (California Government Code Section 16429.1).
3. One or more FDIC insured Banks that are designated as District depositories by resolution of the Board of Directors (California Government Code Section 61737.02).
4. As per state law (GC 164291.1, 53601, 53601.8, 53635 & 53638), public funds may be deposited into collateralized bank deposits with up to a five (5) year maturity with no limit on the percentage of the overall portfolio of the public agency. It is the policy of the Oceano Community District, in accordance with state law, to have the opportunity to place funds as deemed appropriate by the Board of Directors with a bank depository when such a deposit will ensure that by doing so, the OCSD will preserve the safety of the funds, maintain the necessary liquidity to meet its operational needs and earn a rate of return that the Board deems acceptable.
5. Such other financial institutions or securities that may be designated by the Board of Directors from time to time in compliance with California and Federal law.

B. PROHIBITED INVESTMENTS

The District's Finance Officer/Treasurer shall not invest in:

1. Inverse floaters, range notes, or interest only strips that are derived from a pool of mortgages.
2. Any security that could result in a zero interest accrual if held to maturity.
3. A state or federal credit union, if a member of the District's Board of Directors or an administrative officer also serves on the Board of Directors, or any committee appointed by the Board of Directors, or the credit committee or supervisory committee of the state or federal credit union.
4. Any instrument rated lower than Bank investment grade.

C. DIVERSIFICATION

Investments, other than investments referenced in paragraphs A. (1) and (2) above, should be diversified to avoid losses that may be associated with any one investment.

7. REPORTS

A. QUARTERLY REPORT

The Finance Officer/Treasurer shall file a quarterly report that identifies the District's investments and their compliance with the District's Investment Policy. The quarterly report shall be filed with the District's auditor and considered by the District's Board of Directors within thirty (30) days after the end of each quarter (i.e., by May 1, August 1, November 1, and February 1) (California Government Code Section 53646). Required elements of the quarterly report are as follows:

1. Type of Investment
2. Institution
3. Date of Maturity (if applicable)
4. Amount of Deposit or Cost of the Security
5. Current Market Value of Securities with Maturity in Excess of Twelve Months (if applicable)
6. Rate of Interest
7. Statement Relating the Report to the Statement of Investment Policy
8. Statement that there are Sufficient Funds to Meet the Next 30 Days' Obligations
9. Accrued Interest (if applicable)

B. ANNUAL REPORT

Prior to February 1 of each year, the Finance Officer/Treasurer shall file and submit an annual report to the District's auditor and Board of Directors which will contain the same information required in the quarterly report.

The annual report will include a recommendation to the Board of Directors to either:

1. Readopt the District's then current annual Investment Policy.
2. Amend the District's then current Investment Policy.

C. LIMITED QUARTERLY REPORT

If the District has placed all of its investments in the Local Agency Investment Fund (LAIF), created by California Government Code Section 16429.1, or in Federal Deposit Insurance Corporation, insured accounts in a bank, in a County investment pool, or any combination of these, the Finance Officer/Treasurer may submit to the Board of Directors and the auditor of the District. The most recent statement or statements received by the District from these institutions in lieu of the information required in paragraph 7.A., above. This special reporting policy does not relieve the Finance Officer/Treasurer of the obligation to prepare an annual investment statement as identified in paragraph 7.B., above.