This brief is being provided to inform the Board, staff and public of the details of an agenda item that requires action from the Board. The President of the Board will provide board members, staff, and the public the opportunity to ask questions about this topic when this agenda item is announced.

**Date:**February 15, 2021

**Originator:** Cary Curtis

**Purpose**: Proposed Revision for Investment of District Funds Policy #2130

**Supporting Documents Included: Yes**

**Desired Action by the Board:**  First reading by the board of revisions to Policy #2130 – Investment of District Funds. The board may choose to waive the second reading and adopt recommendation as presented. Revisions to this policy requires a 3/5th majority affirmative vote of the entire membership of the board to adopt. This policy must be reviewed in conjunction with the required procedures document.

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1. **Description:**

The revision of policy #2130 is needed to–

* Update new legally required references and language.
* Separate procedures from the policy document.
* Develop legally required procedures in support of the Policy and reviewed by the board.

The Policy Review Committee has provided the Capital Improvement and Finance Committee with the revised Policy that has been validated against the current CSDA templated Policy document and cross referenced with the District’s current Investment of District Funds policy.

Additionally, the Policy Review Committee has provided the Capital Improvement and Finance Committee with a document containing legally required procedures to be drafted and presented to the board with revised Policy #2130. These legally required procedures are called out in the revised policy.

1. **Reason for Recommended Board Action -** (*Consider compliance, cost savings, fixing a problem*):

There have been legal changes to the Investment of District Funds Policy. This revision syncs up the legal requirements for both the policy and procedures.

1. **Anticipated Impacts to the District (negative and/or positive) -** (*Consider financial impact, change in procedures, customer and staff communication and effect if recommendations are not adopted*):

No negative impact identified.

1. **Anticipated Impacts to the Customer –** *Standby, Residential, Commercial***:**

None identified.

1. **Recommendation (s):**

Review revised Policy #2130 with a recommendation that the board accept the revised Policy.

Gold Mountain Community Services District

# POLICY HANDBOOK

**POLICY TITLE: Investment of District Funds**

**POLICY NUMBER: 2130**

* 1. Premise:

1. The Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern (California Government Code (GC) §53600.6 and §53630.1); and,
2. Government Code Sections 53601, et seq., allow the legislative body of a local agency to invest surplus monies not required for the immediate necessities of the local agency; and,
3. The Treasurer of the Gold Mountain Community Services District is required to annually prepare and submit a statement of investment policy and such policy, and any changes thereto, is to be considered by the local agency’s legislative body at a public meeting (GC §53646(a)). The statement shall also be annually presented to any oversight agency of the Gold Mountain Community Services District.
4. For these reasons, and to ensure prudent and responsible management of the public’s funds, it is the policy of theGold Mountain Community Services District to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all statutes governing the investment of Gold Mountain Community Services District funds.
   1. Scope:

This investment policy applies to all financial assets of Gold Mountain Community Services District. These funds are as accounted for in the annual audited financial statements of the District and include:

1. Demand Accounts
2. Investments
3. General Fund
4. Gold Mountain CSD Investment Funds (others)
5. Operation and Maintenance Fund
6. Enterprise Funds
   1. Delegation of Authority:

Authority to manage the investment program is derived from CGC Sections 53600, et seq. Management responsibilities for the investment program is hereby delegated to the District Treasurer, who shall establish and maintain written procedures for the operation of the investment program consistent with this investment policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the District Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of the subordinate officials.

* 1. Ethics and Conflicts of Interest:

Officers and employees involved in the investment process shall not engage in personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

**2130.5** Prudence:

The Board and persons authorized to make investment decisions subject to these policies are fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a fiduciary 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 needs of the District, that a prudent person acting 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. Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. Investment officers acting in accordance with written procedures and the Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from policy or expectations are reported in the next issued quarterly treasury report and appropriate actions are taken to control adverse developments. When a deviation poses a significant risk to the District’s financial position, the District Treasurer shall notify the Board immediately.

**2130.6** Objectives:

As specified in GC§53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the primary objectives of the investment activities, in priority order, shall be:

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 whole portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

1. **Liquidity**: The secondary objective shall be to meet the liquidity needs of the District.
2. **Yield:** The third objective shall be to achieve a return on the funds under the District’s control.