

**OCEANO COMMUNITY SERVICES DISTRICT
RESOLUTION NO. 2017- 07**

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE OCEANO COMMUNITY SERVICES DISTRICT ADOPTING THE YEAR 2018 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 2018 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 expect that the District will hire and provide continuous training to the District Finance Officer/Treasurer to meet the "Prudent Investor Standard" requirements established in Government Code Section 53600.3, and that the District Board of Directors shall authorize investments 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 2018 Investment Policy; and,

BE IT FURTHER RESOLVED that the District hereby adopts a Statement of Investment Policy attached hereto as Exhibit A, Year 2018 Investment Policy, which supersedes any previously adopted or utilized policies and that this Policy be effective immediately.

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

AYES: President White, Director Angello, Director Coalwell, Director Brunet

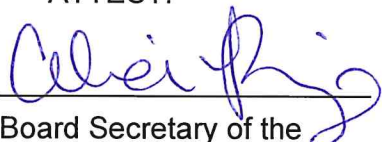
NAYES: None

ABSENT: Vice President Austin

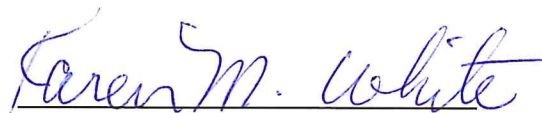
ABSTAIN: None

The foregoing Resolution is hereby passed and adopted this 13 day of December, 2017.

ATTEST:


Board Secretary of the

Oceano Community Services District



President, Board of Directors
of the Oceano Community Services District

RESOLUTION 2017-07
EXHIBIT A

YEAR 2018 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, may appoint the Business and Accounting Manager to act as the District Finance Officer/Treasurer.

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**
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. Rabobank, an FDIC insured Bank, in the accounts specified by the Board of Directors, including those accounts ending in 0161, 1101, 5783, 7655. Any additional accounts or investments in Rabobank require advanced approval by the Board of Directors.
3. Such other financial institutions or securities that may be specifically approved 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 any investment not specifically authorized by the Board of Directors, and in no event shall the Board of Directors authorize any of the following:

- C. Inverse floaters, range notes, or interest only strips that are derived from a pool of mortgages.

- D. Any security that could result in a zero interest accrual if held to maturity.
- E. 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.
- F. 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.