

**Santa Lucia Preserve Community Services District
Investment Policy
Adopted March 15, 2010**

I. Policy Statement

The Santa Lucia Preserve Community Services District (“District”) has been entrusted to manage and protect public money. When managing public agency funds, the District understands that investment success is measured in terms of prudent investing with safety and liquidity taking precedence over yield. The District recognizes that California State law, Government Code Sections 53600 – 53609, as may be amended from time to time, governs the investment of the District’s funds.

II. Scope

This investment policy applies to all uncommitted cash and includes:

- A. Operating Cash
- B. Reserve Funds

III. Objectives

State law establishes the primary objectives for the investment of the District’s operating cash and reserves funds. The primary objectives, in priority order are as follows:

- A. *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 principal.
- B. *Liquidity*: The District’s investment portfolio will remain sufficiently liquid to meet all operating and financial obligations when and as needed.
- C. *Yield*: The investment portfolio shall be designed with the objective of earning a rate of return consistent with the Districts constraints of safety and liquidity. Return on investment of the District’s funds is of least importance as compared to the safety and liquidity objectives described above.

IV. Portfolio Structure / Authorized Investment

The following investments will be permitted by this policy and are authorized by California Government Code. Maturities of investments will be selected based on liquidity requirements to minimize interest rate risk and maximize earnings.

<u>Investment Type</u>	<u>Percentage Amount</u>
A. Investment Trust of California, a joint powers authority (CalTRUST)	0% to 100%
B. The Local Agency Investment Fund (LAIF)	0% to 50%
C. Certificates of Deposit insured by the FDIC.	0% to 50%
D. United States Treasury Securities	0% to 50%
E. Triple A rated money market mutual funds regulated by the SEC	0% to 100%
F. FDIC insured deposits in banks	0% to 50%
G. Other prudent investment instruments authorized by CA Gov Code	0% to 50%

V. Delegation of Authority

Management Responsibility for the investment program is hereby delegated to the Treasurer / Finance Officer of the District, who may invest the District's funds consistent with this investment policy and who shall ensure through the District's controls that such investment program is consistent with this investment policy.

VI. Reporting

The Finance officer shall render an investment report to the General Manager and Board of Directors (or committee established by the Board of Directors) of the District on a quarterly basis.

VII. Standard of Care

A. Prudence

The Board of Directors, General Manager and Treasurer / Financial Officer of the District are trustees and therefore fiduciaries subject to the prudent investor standard. 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 needs of the agency, 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 agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by California law.

B. Ethics and Conflict of Interest

In the manner required by applicable law, Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions.

VIII. Policy Adoption

The District's investment policy shall be adopted by resolution by the Board of Directors at a public meeting. Any modifications to the policy shall also be considered at a public meeting.