



Town of Discovery Bay

Program Area: Finance	Policy Name: Investment Policy	Policy Number: 003
Date Established: July 1, 1998	Date Amended: January 18, 2012	Resolution: 2012-02

A. Purpose

The purpose of the Investment Policy for the Town of Discovery Bay Community Services District, hereinafter District, is intended to establish the guiding principles and provide direction to the General Manager for the prudent and beneficial investment of all funds and monies of the District. Any reference to the financial investment portfolio shall mean the total District cash and securities under management by Contra Costa County on behalf of the District.

B. Authority

Pursuant to California Government Code §61050(b), the Contra Costa County Treasurer shall serve as the Treasurer of the District.

The Contra Costa County Treasurer directs investments pursuant to the Contra Costa County Investment Policy, adopted pursuant to Board of Supervisor action on June 21, 2011. The Contra Costa County Investment Policy is included as a part of this Policy and shall serve as the prevailing Investment Policy of the District.

Government Code §56301(see Exhibit A) and related subsections permits the types of investments allowed in California for local public agencies. Investment regulations emphasize preservation of capital and are conservative in nature. The authority to invest as defined in the Government Code is delegated to the local agency's legislative board for re-delegation to its General Manager.

C. Contra Costa County Governance

The District is restricted regarding the investment process and its investments are administered and managed by the Contra Costa County Investment Policy. The Town of Discovery Bay CSD is limited to *electing the investment type, determining the duration of that investment, and directing the amount to be invested*. The Contra Costa County Treasurer directs investments in accordance with the Contra Costa County Investment Policy.

D. Basic Policy and Objectives

The District's Investment policy is a conservative policy guided by the following four (4) principles of public investment fund management.

1. Prohibition of Risk. Investments shall not include any funds in inverse floater, or any security that could result in zero or negative interest accrual if held to maturity, or range notes, or interest-only

strips that are derived from a pool of mortgages as to eliminate financial risk. (see Exhibit "A" for a list of Permitted Investments)

2. **Safety of Principal.** Investments shall be undertaken in a manner which first seeks to preserve portfolio principal.

3. **Liquidity.** Investments shall be made with maturity dates that are compatible with cash flow requirements and which will permit easy and rapid conversion into cash, at all times, without substantial loss of value.

4. **Return on Investment.** Investments shall be undertaken to produce an acceptable rate of return after the first consideration for principal and liquidity.

E. Management of Investments

Pursuant to Government Code §61050(b), the Treasurer of Contra Costa County serves as Treasurer of the District and is therefore responsible for overseeing the District's investment portfolio. The District is, however, responsible for directing the Treasurer as to the authorized types of investments, maturity dates, and amount in each investment vehicle. It is the Policy of the District to ensure that all District investments adhere to the following four (4) tenants of investment security:

a. **Diversification.** TODBCSD shall maintain a portfolio of authorized investments with diversified maturities, issuers and security types to avoid the risk inherent in over investing in any one sector.

b. **Reporting Requirements.** Annually the General Manager will report the Return on Investment (ROI) to the Board of Directors for review.

c. **Performance Assessment.** An assessment and overall gauge of the health of the investment portfolio shall be conducted annually to evaluate the effectiveness of the TODBCSD's investment program. The purpose of this review, in addition to evaluation of performance, is to provide the platform and possible recommendations for change and improvement to the portfolio to the Board of Directors.

d. **Conflicts.** In the event any provision of this Investment Policy is in conflict with any State or Federal statute, the provisions of each statute shall govern.

Exhibit "A" Permitted Investments

Allowable investment instruments per state government code (as of January 1, 2011)

Applicable to all local agencies:

Investment Type	Maximum Maturity	Maximum Specified % of Portfolio	Minimum Quality Requirements
Local Agency Bonds	5 Years	None	None
U.S. Treasury Obligations	5 Years	None	None
State Obligations CA and Others	5 Years	None	None
CA Local Agency Obligations	5 Years	None	None
Bankers' Acceptances	180 Days	40%	None
Commercial Paper - Select Agencies	270 Days	25% of the Agency's Money	<i>"A-1" if the issuer has issued long-term debt it must be rated "A" without regard to modifiers"</i>
Commercial Paper - Other Agencies	270 Days	40% of the Agency's Money	<i>"A-1" if the issuer has issued long-term debt it must be rated "A" without regard to modifiers"</i>
Notable Certificates of Deposit	5 Years	30%	None
CD Placement Service	5 Years	30%	None
Repurchase Agreements	1 Year	None	None
Reverse Repurchase Agreements and Securities Lending Agreements	92 Days	20% of the Base Value of the Portfolio	None
Medium Term Notes	5 Years	30%	"A" Rating