



# TRIUNFO SANITATION DISTRICT

A PUBLIC AGENCY

March 16, 2011

Board of Directors  
Triunfo Sanitation District  
Ventura County, California

## DISTRICT INVESTMENT POLICY

At the February 28, 2011 Board Meeting, the Board reaffirmed the existing District Investment Policy with the removal of Exhibit A from the Investment Policy (Resolution No. T08-01) and the deletion of the reference to Exhibit A in Section 9 of the Investment Policy. In order to do so, a new resolution must be adopted to rescind Resolution No. T08-01. Attached for the Board's consideration is Resolution No. T11-02 which will repeal and replace Resolution No. T08-01.

If you have any questions or concerns please contact me by e-mail at [VickieDragan@vrds.com](mailto:VickieDragan@vrds.com) or by telephone at 805-658-4646.

## RECOMMENDATION

It is recommended the Board adopt Resolution No. T11-02, Stating District Investment Policy

*Vickie Dragan*

VICKIE DRAGAN - DIRECTOR OF FINANCE & ADMINISTRATION

Enc.

APPROVED FOR MARCH 28, 2011 AGENDA

*Doug Anders*

Doug Anders, Acting District Manager

*Item 1-1*

**TSD RESOLUTION NO. T11-02  
STATING DISTRICT INVESTMENT POLICY**

**WHEREAS**, the Legislature of the State of California in California Government Code (CGC) Sections 53600.6 and 53630.1 has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern; and

**WHEREAS**, the Board of Directors of the Triunfo Sanitation District (the District) may invest monies not required for the immediate necessities of the District in accordance with the provisions of CGC Section 53600 et seq.; and

**WHEREAS**, Triunfo Sanitation District authorizes the Director of Finance, acting as Treasurer of the District to direct the collection and disbursement of all monies into and out of the District treasury, make investments and open & close bank accounts as necessary to conduct the business of the District; and

**WHEREAS**, the District independent auditor is directed to annually review internal controls as related to the duties of the Treasurer in accordance with adopted investment policy and report any conflict or exceptions to the Board of Directors.

**NOW, THEREFORE**, be it resolved, determined and ordered by the Board of Directors of the Triunfo Sanitation District as follows:

1. **Policy.** It shall be the policy of the Triunfo Sanitation 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 District funds.

2. **Scope.** This policy covers all funds and investment activities under the direct authority of the District. Bond proceeds shall be invested in accordance with the terms and conditions of debt issue agreements. Monies placed in pools operated by other government agencies shall be invested in accordance with the investment policy of the pool.

3. **Prudence.** The Treasurer of the Triunfo Sanitation District manages pooled cash under the prudent investor rule. This rule states that:

"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."

4. **Objectives.** As specified in CGC Section 53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives, in priority order, of the investment activities shall be:

(a) **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the Triunfo Sanitation District shall be undertaken in

6-2

a manner that seeks to ensure the preservation of capital in the overall portfolio. Unless otherwise needed for unanticipated liquidity purposes, such as an emergency requiring an unexpected expenditure of funds, securities will not be sold at a loss of principal.

- (b) **Liquidity:** The investment portfolio will remain sufficiently liquid to enable the Triunfo Sanitation District to meet all operating requirements which might be reasonably anticipated.
- (c) **Return on Investments:** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

5. **Investment Philosophy.** The investment program of the District shall be managed in a professional manner that is worthy of public trust. The District may contract for investment management services. When such services are acquired, periodic evaluations of performance measured against established benchmarks shall be conducted.

6. **Delegation of Authority.** Authority to manage the investment program is derived from CGC Section 53600, et seq. Management responsibility for the investment program is hereby delegated to the Treasurer, who shall establish written procedures for the operation of the investment program consistent with this investment policy. No person or organization may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate staff and organizations. Under the provisions of CGC Section 53600.3, the Treasurer is a trustee and a fiduciary subject to the prudent investor standard.

7. **Ethics and Conflicts of Interest.** Officers, employees, and banks involved in the investment process shall refrain from 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.

8. **Authorized Investments.** From the eligible securities permitted by CGC Section 53600 et seq., the Treasurer is authorized to use only the following:

- State Investment Pool - California State Treasurer's Local Agency Investment Fund (LAIF).
- Ventura County Investment Pool - Ventura County Treasurer's Investment Pool.
- Certificates of Deposit (CDs) - Non-negotiable deposits in commercial banks or savings and loan associations in the State of California. Deposits up to \$100,000 are federally insured. Beyond that amount, CDs must be collateralized with the collateral held separately from the issuing institution. The value of the investment must have collateral of at least 110 percent if government securities, or collateral of at least 150 percent if mortgage-backed securities.

- U.S. Agencies - Instruments of or issued by a federal agency or a United States government-sponsored enterprise. Such agencies include, but are not limited to, the Government National Mortgage Association, Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Student Loan Marketing Association, Tennessee Valley Authority and the Federal National Mortgage Corporation.
- U.S. Government - United States Treasury bills, notes, bonds or certificates of indebtedness backed by the full faith and credit of the United States Government.
- Negotiable Certificates of Deposit - Issued by federally or state chartered banks and associations or state-licensed branches of a foreign bank. Not more than 30 percent of funds shall be invested in negotiable certificates of deposit. All amounts invested shall be subject to the limitations of CGC Section 53638.
- Bankers' Acceptances - Bills of exchange or time drafts drawn on and accepted by commercial banks with a term not to exceed 180 days. Not more than 40 percent of funds shall be invested in Bankers Acceptances and no more than 30 percent of funds shall be invested in the bankers acceptances of any single commercial bank.
- Mutual Funds - Shares of beneficial interest issued by diversified management companies investing in the securities and obligations authorized by Section 53600 et seq., and complying with Section 53630 et seq. Section 53601(k) further defines requirements. Such funds must carry the highest rating of at least two of the three largest national rating agencies. In accordance with Sections 53601.7(c) and (f), not more than 25 percent of funds shall be invested in Money Market Mutual Funds, or more than 10 percent in any single mutual fund. All such investments shall be placed only in money market funds intended to maintain net asset value.

Only the Board of Directors may authorize other types of investments permitted by the CGC.

**9. Purchase or Sale of U. S. Government Securities.** The purchase or sale of U.S. Government Securities shall be awarded based on competitive bids. Quotes shall be solicited from no fewer than three firms. Documentation relating to investment quotes shall be maintained by the Department of Finance for six months. Only broker/dealers that maintain an office within the State of California shall be authorized to buy or sell U.S. Government Securities.

**10. Prohibited Investments.** Under the provisions of CGC Sections 53601.6, the Triunfo Sanitation District shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips that are derived from a pool of mortgages, repurchase & reverse repurchase agreements and stocks. The use of derivatives, options, futures or buying on margin is also specifically prohibited.

**11. Maximum Maturities.** To the extent possible, the Treasurer will attempt to match investments with anticipated cash flow requirements. Unless otherwise approved by the District Board of Directors, investments shall have a maturity of no more than five (5) years from the date of purchase. Reserve funds may be invested in securities exceeding five (5)

6-4

years if the maturity of such investments are made to coincide as nearly as practicable with the expected use of funds and if expressly authorized by the District Board of Directors as required by CGC Section 53601.

**12. Safekeeping and Custody.** All security transactions entered into by the Triunfo Sanitation District shall be conducted on delivery-versus-payment basis. All securities purchased or acquired by the Triunfo Sanitation District shall be in the name of the District and shall be held in safekeeping by a bank or trust company as required by CGC Section 53601.

**13. Transfer of Funds.** Checks drawn or wire payment requests for investments initiated by the District shall contain two original signatures. All cash transactions shall be cleared through the main District bank account or through the District's safekeeping account and each investment transaction shall be confirmed by written notice to the District.

**14. Authorized Signatories.** At least two persons from the list of officials authorized by resolution to sign for the District shall sign on each investment account. No facsimile signatures may be used for investment transactions initiated by the District. Funds to meet daily cash needs may be withdrawn from either the Ventura County Investment Pool or LAIF and deposited into the District's main bank account by one authorized official.

**15. Distribution of Investment Earnings.** Whenever practical, District cash shall be consolidated and invested on a pool concept basis. Interest earnings shall be allocated according to average monthly balances on a calendar month basis.

**16. Investment Policy Adoption.** The Investment Policy shall be adopted by Resolution of the Triunfo Sanitation District. The policy shall be reviewed at least annually and the Board of Directors shall consider any change in the policy at a public meeting.

**17. Reporting.** The Treasurer shall submit to each member of the Board and the District Manager a monthly investment report of all funds held at the end of each month which are directly controlled and managed by the Treasurer including a detailed listing of all investment transactions which were both opened and closed during a report period or, if none, a statement to that effect. The report shall be included on the agenda for a public Board meeting at least quarterly. In accordance with CGC Section 53646(b)(1), this report shall include a complete description of the portfolio, the type of investments, the issuers, maturity dates, par values, dollar amount invested and the current market values of each component of the portfolio including funds managed for Triunfo Sanitation District by third party contracted managers. This report shall also include the source of the portfolio valuation.

Each investment report shall be submitted within 30 days following the end of the period covered by the report and must also include a certification that (1) all investment actions executed since the last report have been made in full compliance with the Investment Policy or state areas of non-compliance and (2) the Triunfo Sanitation District will meet its expenditure obligations for the next six months or state why sufficient money may not be available as required by CGC Section 53646(b)(2) and (3). The Treasurer shall maintain a complete and timely record of all investment transactions.

**BE IT FURTHER RESOLVED** that TSD Resolution No. T08-01 is hereby repealed and replaced by the adoption of this action.

**PASSED, ADOPTED AND APPROVED** this 28<sup>th</sup> day of March 2011.

TRIUNFO SANITATION DISTRICT

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Michael L. Paule, Chair  
Board of Directors

ATTEST:

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Josie Guzmán  
Clerk of the Board

**TSD RESOLUTION NO. T08-01**  
**STATING DISTRICT INVESTMENT POLICY**

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**WHEREAS**, the Board of Directors of the Triunfo Sanitation District (the District) may invest monies not required for the immediate necessities of the District in accordance with the provisions of CGC Section 53600 et seq.; and

**WHEREAS**, Triunfo Sanitation District authorizes the Director of Finance, acting as Treasurer of the District to direct the collection and disbursement of all monies into and out of the District treasury, make investments and open & close bank accounts as necessary to conduct the business of the District; and

**WHEREAS**, the District independent auditor is directed to annually review internal controls as related to the duties of the Treasurer in accordance with adopted investment policy and report any conflict or exceptions to the Board of Directors.

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6-7

(c) **Return on Investments:** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

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6-8

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**BE IT FURTHER RESOLVED** that TSD Resolution No. T06-05 is hereby repealed and replaced by the adoption of this action.

**PASSED, ADOPTED AND APPROVED** this 25th day of February 2008.

TRIUNFO SANITATION DISTRICT

Ronald Stark  
Ronald Stark, Chair  
Board of Directors

ATTEST:

Rhonda Catron  
Rhonda Catron  
Clerk of the Board

EXHIBIT A

AUTHORIZED BROKER/DEALERS

COMPANY NAME	NAME OF BROKER/DEALER	CONTACT NUMBER
Citigroup Global Markets 660 Newport Center Dr. Suite 1100 Newport Beach CA 92660	William C. Balckwill Senior Vice President	(800) 258-6663
Wells Fargo Bank 400 Capital Mall 7 <sup>th</sup> Floor Sacramento CA 95814	Tony Garcia Vice President	(888) 267-9113
Bank of America 300 South Grand Avenue 19 <sup>th</sup> Floor Los Angeles CA 90071	Susan Schiefelbein Vice President/Principal	(877) 595-1250 (213) 229-3208
Morgan Keegan 28202 Cabot Road Suite 300 Laguna Niguel CA 92677	Rosa Schulte Vice President	(866) 261-3367
Union Bank 445 South Figueroa Street 11 <sup>th</sup> Floor Los Angeles CA 90071	Mark Kreymer Securities Officer	(800) 358-8771

6-11