

OLIVEHURST PUBLIC UTILITY DISTRICT

RESOLUTION NO. 2118

**RESOLUTION OF OLIVEHURST PUBLIC UTILITY DISTRICT
ADOPTING THE OLIVEHURST PUBLIC UTILITY DISTRICT STATEMENT
OF INVESTMENT POLICY**

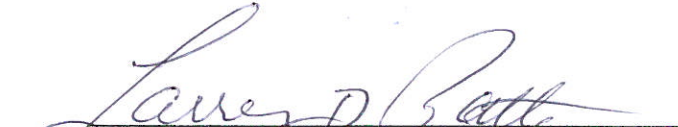
WHEREAS, the Board has heretofore authorized and appointed in accordance with Resolution No. 2117 the General Manager to serve as the Treasurer for Olivehurst Public Utility District and invest District funds; and

WHEREAS, the Board is required to adopt an investment policy to guide the investment decisions of the Treasurer; and,

NOW, THEREFORE, the Board does hereby adopt the attached Olivehurst Public Utility District Statement of Investment Policy as the official investment policy of the District.

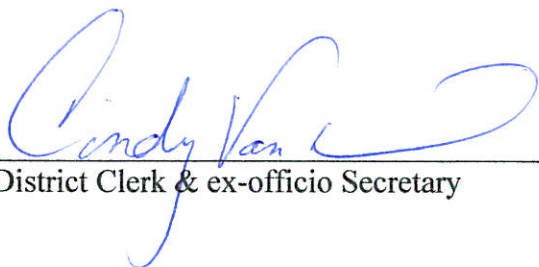
PASSED AND ADOPTED THIS 18th DAY OF MAY 2006.

OLIVEHURST PUBLIC UTILITY DISTRICT




President, Board of Directors

ATTEST:



District Clerk & ex-officio Secretary

APPROVED AS TO FORM AND LEGAL
SUFFICIENCY



Jeffrey A. Meith, Legal Counsel

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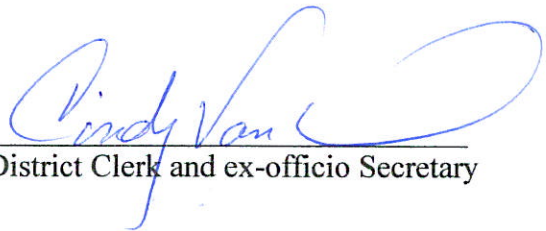
I hereby certify that the foregoing is a full, true and correct copy of a Resolution duly adopted and passed by the Board of Directors of the Olivehurst Public Utility District, Yuba County, California, at a meeting thereof held on the 18th day of May 2006, by the following vote:

AYES, AND IN FAVOR THEREOF: Director Morrison, Hollis, Miller, and Patty.

NOES : None.

ABSTAIN : None.

ABSENT : Director Carpenter.


District Clerk and ex-officio Secretary

**OLIVEHURST PUBLIC UTILITY DISTRICT
STATEMENT OF INVESTMENT POLICY**

1. Background and Purpose.

- a. Government Code sections 53600 et seq. and 53630 et seq. and other laws authorize the District to deposit and invest its money and funds in various institutions and types of investments, subject to limitations.
- b. The purpose of this policy is to provide guidelines to the Treasurer of Olivehurst Public Utility District with regard to the deposit and investment of District monies and funds in accordance with, and subject to the limitations of, applicable laws.

2. Scope.

This investment policy applies to all monies, funds, and financial assets of the District, including its general funds, all enterprise funds, all trust funds, and any and all capital project funds.

3. Standard of Care and Objectives.

- a. Deposits and investments shall be made with the 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 derived. The Treasurer shall deposit and invest funds pursuant to a “prudent investor” standard applied in the context of managing the entire portfolio. (See Gov. Code § 53600.3)
- b. When depositing, investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing District funds, the District’s primary goals and objectives, in order of priority, shall be:
 - i. Safety: To safeguard the principal of the District funds. Deposits and investments of District funds, monies, and financial assets shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
 - ii. Liquidity: To meet the liquidity needs of the District. The District’s investment portfolio must remain sufficiently liquid to enable the District to meet all operating expenses and requirements which might be reasonably anticipated.
 - iii. Return on Investment: To achieve a return on the investment of the District funds. As a final priority, the District’s investment portfolio shall be designed with the

objective of obtaining a fair market rate of return throughout budgetary and economical cycles and consistent with the first two priorities.
(See Gov. Code § 53600.5)

4. Delegation of Authority.

The District Board of Directors delegates to the Treasurer principle management responsibility for the deposit and investment of District monies, funds, and financial assets pursuant to this Statement of Investment Policy. The District Board of Directors authorizes the Treasurer to make deposit and investment decisions on behalf of the District pursuant and subject to this investment policy, applicable laws, and the prudent investor standard.

5. Authorized Investments.

District surplus funds and monies may be deposited and invested in only one or a combination of the following institutions and investment types:

- a. Yuba County Treasury Pool
- b. Federal Deposit Insurance Corporation (FDIC) insured accounts in a bank or savings and loan association
- c. Local Agency Investment Fund of the State of California
- d. As authorized by Gov. Code section 53601

6. Safekeeping and Custody.

All District deposits and investments shall have the Olivehurst Public Utility District named as depositor and registered owner. The Treasurer shall for all deposits take and preserve a receipt, certificate of deposit, or other evidence of the deposit. (See Gov. Code § 53641). Any securities purchased or acquired directly by the Treasurer other than through authorized investment pools shall be delivered to the District by book entry, physical delivery, or by third party custodial agreement as required by Gov. Code section 53601.

7. Annual Review and Monthly Reporting.

The Treasurer on a monthly basis shall make available to the District Board of Directors copies of the most recent account statements received by the District from the Yuba County Treasurer and other institutions holding District funds and monies. The District Board of Directors shall annually review and, in the best interests of the District, make any needed changes to the District Investment Policy and delegation of investment authority to the Treasurer. (See Gov. Code § 53607).