

investment risk constraints and the cash flow characteristics of the portfolio.

3120.5 DELEGATION OF AUTHORITY

Authority to manage the investment program is derived from CGC Sections 53600, et seq. Management responsibility for the investment program is hereby delegated to the Treasurer, Sandeep S. Karkal, who shall establish written procedures for the operation of the investment program consistent with this investment policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. The following employees are authorized to telephone instructions for deposits and withdrawals from the District bank account to the State Treasurer and vice versa:

Sandeep S. Karkal, Manager-Engineer, Treasurer
Laura M. Creamer, Finance Officer

No person 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 officials. Under the provisions of CGC 53600.3, the Treasurer is a trustee and a fiduciary subject to the prudent investor standard. The District maintains a public officials' surety bond in the amount of \$200,000.

3120.6 ETHICS AND CONFLICTS OF INTEREST

Officers and employees 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.

3120.7 AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Treasurer will maintain a list of financial institutions, selected on the basis of credit worthiness, financial strength, experience and minimal capitalization authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment and financial advisory services in the State of California. No public deposit shall be made except in a qualified public depository as established by state laws.

For brokers/dealers of government securities and other investments, the Treasurer shall select only broker/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers or other applicable self-regulatory organizations.

Before engaging in investment transactions with a broker/dealer, the Treasurer shall have received from said firm a signed Certification Form. This form shall attest that the individual responsible for the District's account with that firm has reviewed the District's Investment Policy and that the firm understands the policy and intends to present investment recommendations and transactions to the District that are appropriate under the terms and conditions of the Investment Policy.

3120.8 AUTHORIZED AND SUITABLE

It is the practice of the District to invest inactive operating and capital improvement funds only with the State Treasurer's Local Agency Investment Fund and/or with local banks and savings and loans. *Prohibited Investments.* Under the provisions of CGC Section 53601.6 and 53631.5, the District shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools or any investment that may result in a zero interest accrual if held to