



## Board Policy

# **Statement of Investment Policy**

### **Purpose:**

The purpose of this Statement is to ensure that surplus funds are invested by the District in accordance with statutory guidelines and a prudent balance between fund preservation, liquidity, and return on investment. As a Health Care District, investment options are governed by the State of California as set forth in the Government Code chapters on "Investment of Surplus" (Section 53600, et.seq.) and "Deposit of Funds" (Sections 53630, et.seq.).

### **1. Investment Management**

The Treasurer of the Board of Directors shall be in charge of oversight of the District's surplus funds and their investment and shall advise the Board on investment options and investment policy. The Treasurer shall have such other responsibilities that may be set forth in the District Bylaws or from time to time assigned by the Board of Directors. The Board of Directors is ultimately responsible for the disposition of the District's funds. The Board may at any time appoint one or more investment managers to advise on Board fund investment issues. The Board of Directors may, if it chooses, delegate discretion and authority to the Treasurer, the District CEO, or a professional investment manager(s) over surplus funds, subject to the limitations on such delegation and investment restrictions established by State Law, this Policy, or from time to time by the Board of Directors. Based on budget or other spending needs of the District, the CEO, subject to Board Treasurer approval, is authorized to shift surplus funds in operational bank accounts to District surplus fund investment vehicles approved by the Board, or to shift liquid investment funds into operations spending accounts to cover budgeted or otherwise approved expenditures of the District. If such shift of funds occurs it shall be reported to the Board at its next meeting.

### **2. Investment Guidelines**

A. Investment of funds on behalf of the District shall conform to the Prudent Investor Standard as set forth in Government Code Section 53600.3, which includes proceeding in a manner "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."

- B. Investment vehicles authorized and described in Gov't Code chapters on "Investment of Surplus" (Sections 53600, et seq.) and "Deposit of Funds" (Section 5360, et seq.) including U.S. Treasury instruments, certain Bank obligations, "prime" commercial paper and bills of exchange, bank certificates of deposit, money market funds, bonds and notes, shall be limited in the manner described therein. The District is specifically authorized to place funds in the Local Agency Investment Fund established by the State of California (Government Code Section 16429.1) and with the San Mateo County Pooled Investment Fund (Government code Section 53684).
- C. Pursuant to Health and Safety Code Section 32121(c) the Board of Directors may also invest in certain real property for the benefit of the District. Any real estate acquisition or arrangement with private organizations should have an existing or potential health-related purpose. A health-related purpose shall include purchasing property (a) with the intention of leasing it back to an entity that agrees to provide needed health services to people within the District; (b) with the intention of entering into a joint venture with an entity that will provide needed health services within the District; (c) that will enhance the value or desirability of existing District projects; or (d) that will be open to the general public for exercise or rehabilitation. Real property that is zoned for health services and is easily accessible by public transportation is most desirable. The Board directs the CEO and Board Treasurer to actively pursue real estate opportunities and present them to the full Board for consideration of acquisition. The Board may invest such money not required for the immediate needs of the agency in such portions as it deems wise or expedient. (Gov't Code Section 53601). In deciding whether to make an investment the Board shall consider three primary objectives: (1) safeguarding the principal, (2) meeting the liquidity needs of the District and (3) achieving a return. (Gov't Code Section 53600.5). At the first public meeting at which the acquisition of any real estate is publicly announced by the Board, the Board shall also announce the purpose of the acquisition, and record the purpose in the official minutes. If the original purpose becomes frustrated, the Board shall either publicly announce a new purpose and record the same in the official minutes, sell the real estate, or hold the real estate until market conditions improve to a specified level.
- D. The Board Treasurer shall annually provide the Board a copy of this Statement of Investment Policy for review at a public meeting. In addition, the Treasurer shall deliver a quarterly report to be submitted within 30 days following the end of the quarter covered by the report. This report shall cover information required by Government Code Section 53646, including type of investment, issuer, investments and moneys held, and shall additionally include a description of any of District funds under the management of contracted parties, and general investment fund compliance with this policy. For investments that have been placed in the Local Agency Investment Fund or in the County Investment Pool, or any combination of these, the Treasurer may supply to the Board and District Auditor the most recent statement or statements received from these institutions in lieu of the Treasurer's own report required by this policy.

### **3. Legislative Changes**

The statutory references within this Policy shall be deemed to incorporate any legislative changes to the codes subsequent to adoption of this Policy and shall further be deemed to incorporate any successor statutes that subsequently replace the referenced statutes or statutory schemes.