

TULARE LOCAL HEALTHCARE DISTRICT

Statement of Investment Policy

Revised: 2/22/2023

1.0 Purpose

The purpose of this Statement of Investment Policy (this “Policy”) is to provide guidelines to the Tulare Local Healthcare District (TLHD) officers and employees regarding the deposit and investment of TLHD monies, funds, and financial assets (collectively, “Funds”) in accordance with, and subject to the limitations of, applicable laws.

2.0 Policy

- a. Government Code section 53646 recommends that the treasurer or chief fiscal officer of TLHD may annually prepare and adopt a written statement of investment policy.
- b. Government Code sections 53600 *et seq.* and 53630 *et seq.* and other laws authorize TLHD to deposit and invest its Funds in various institutions and types of investments, subject to certain limitations.
- c. This Policy applies to all Funds, which, as this term is used in this Policy, refers to all monies, funds, and financial assets of TLHD, including its general fund, all enterprise funds, all trust funds, and all capital project funds.

3.0 Standard of Care & Objectives

- a. TLHD officers and employees empowered with depositing, investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing (collectively, the “Investment Actions”) the Funds shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of TLHD, that 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 TLHD. TLHD officers and employees handling deposits and investments of TLHD funds shall act pursuant to a “prudent investor” standard applied in the context of managing the entire portfolio. (Govt. Code § 53600.3.)
- b. When undertaking the Investment Actions, the primary goals and objectives, in order of priority, shall be:
 - i. **Safety.** To safeguard the principal of the Funds. Deposits and investments of the Funds 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 TLHD. TLHD's investment portfolio must remain sufficiently liquid to enable TLHD to meet all operating expenses and requirements which might be reasonably anticipated.

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- iii. Return on Investment. To achieve a return on the investment of the Funds. As a final priority, TLHD's investment portfolio shall be designed with the objective of obtaining a fair market rate of return throughout budgetary and economic cycles and consistent with the first two priorities.

4.0 Delegation of Authority

The Board of Directors of TLHD (the "Board") delegate to the CEO, or designee, principal management responsibility for the Investment Actions with respect to the Funds pursuant to this Policy. TLHD authorizes the CEO, or designee, to undertake such Investment Actions on behalf of TLHD pursuant and subject to this Policy, all applicable laws, and the prudent investor standard.

5.0 Authorized Investments

All Funds may be deposited and invested in one or any combination of the following institutions and investment types:

- a. Local Agency Investment Fund (LAIF)
- b. Investment pool, aggregated.
- c. Investment pool, given specific direction with respect to type/duration.
- d. U.S. Treasury obligations.
- e. Commercial Paper of prime quality that meets the criteria of the Government Code.
- f. Federal Deposit Insurance Corporation (FDIC) insured accounts in a bank or savings and loan association.
- g. Loans to local government agencies in Tulare County with a fair rate of return, which are specifically authorized and evidenced by a TLHD Board of Directors approved resolution or loan agreement.
- h. An unencumbered cash reserve of \$1 million will remain liquid at all times, unless otherwise authorized by the Board of Directors.

6.0 Safekeeping and Custody

All Funds shall have TLHD named as depositor and registered owner. Any securities purchased or acquired shall be delivered to TLHD by book entry, physical delivery, or by third party custodial agreement as required by Govt. Code section 53601.

7.0 Annual Review and Quarterly Reporting

The CEO of TLHD, on at least a quarterly basis, may make available to the Board copies of the most recent account statements received by TLHD from LAIF and other institutions holding the Funds which demonstrate the cash on hand with each respective institution. The CEO may further, on an annual basis, make available to the Board an annual report demonstrating disbursement of interest earned and the fair market value adjustment of investments held. The CEO shall annually review this statement of investment policy and request the Board to either make appropriate changes or reaffirm

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the current policy. (Govt. Code § 53646.)

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8.0 Amendments

This Policy shall take effect only upon adoption by the Board. Any subsequent amendments or modifications to this Policy shall not take effect unless expressly approved by the Board by a vote taken during the open session of a meeting of the Board, duly called.

9.0 Policy Review

The Secretary of the Board shall ensure this Policy is reviewed and, as necessary, revised annually.

10.0 Responsible Department/Division/Party

The CEO shall be the responsible party for the implementation, publication, review and revision (if necessary) of this Policy.

| Date | Version # | Description |
|-----------|-----------|----------------------|
| 7/24/2003 | 001 | Initial Release |
| 2/22/2023 | 002 | Reviewed and Revised |
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