

INVESTMENTS POLICY

1. Objectives

The primary objectives, in priority order, of the investment activities of SVCE shall be:

- a. With respect to all investments:
 - i. To be in compliance with all Federal, State and local laws as well as all SVCE policies and procedures.
 - ii. All investments of SVCE shall be undertaken in a manner which seeks the preservation of principal.
 - iii. To remain sufficiently liquid to enable SVCE to meet all operating requirements which might be reasonably anticipated.
 - iv. To maximize yield consistent with risk limitations identified herein and prudent investment principles.

- b. With respect to short-term Cash Management objectives:
 - i. To accelerate receipt of all funds due to SVCE.
 - ii. To accurately monitor and forecast expenditures and revenues, thus enabling SVCE to invest funds to the fullest extent possible.
 - iii. The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

2. Standard of Care

SVCE will manage funds in accordance with the Prudent Investor Standard pursuant to California Government Code 53600.3.1.

3. Delegation of Authority

The following individuals are authorized to sign investment documents and/or execute cash transfers and make investments of SVCE's funds:

- a. Chief Executive Officer
- b. Director of Administration and Finance

4. Ethics and Conflicts of Interest

The authorized employees who are responsible for the investment of SVCE funds shall refrain from personal business activity that could conflict with the proper execution of SVCE's investment program, or which could impair the ability to make impartial investment decisions.

Pursuant to SVCE's Conflict of Interest Code, employees shall disclose any financial interests and investment holdings that could affect the performance of SVCE's portfolio or the individual's judgement or decisions regarding SVCE's portfolio.

5. Authorized Investments

The following types of investments are permitted;

Deposits at Bank(s); Funds may be invested in non-interest bearing depository accounts to meet SVCE's operating and collateral needs and grant requirements. Funds not needed for these purposes will be invested in interest bearing depository accounts or certificates of deposit with maturities not to exceed twelve months.

Banks eligible to receive deposits will be federally or state chartered and will conform to Government Code 53635.2.

Local Agency Investment Fund (LAIF); Funds may be invested in the Local Agency Investment Fund. The LAIF was established by the California State Treasurer for the benefit of local agencies.

6. Hedging Program

Staff may examine and recommend to the Board an investment strategy that will hedge against revenue loss due to high PCIA or increased prices of natural gas commodity.

7. Reporting Requirements

The Director of Administration and Finance shall be responsible for preparing a monthly investment report, as required by California Government Code 53607. The investment report shall include:

- a. Type of Investment
- b. Institution of Purchase
- c. Date of purchase and maturity
- d. Interest rate
- e. Target benchmark

8. Annual Review

The Investment Policy will be reviewed annually. Any changes to the Investment Policy will be submitted to the Board of Directors for approval.