

PLEASANT HILL REDEVELOPMENT AGENCY INVESTMENT POLICY

Effective July 1, 2006

INTRODUCTION

The investment policy of the Pleasant Hill Redevelopment Agency is based upon State of California Government Code Sections 53601 through 53635 and the "prudent investor" rule. The primary goals of this policy are:

1. To ensure compliance with all State and Local laws governing the investment of monies in the custody of the Agency Treasurer.
2. To protect the principal monies entrusted to the Agency Treasurer.
3. To meet the daily cash flow demands of the Agency.
4. To generate the maximum amount of investment income within the parameters of prudent risk management.

The monies entrusted to the Agency Treasurer constitute the "Investment Portfolio" referred to in this document.

DELEGATION OF AUTHORITY

In the Pleasant Hill Redevelopment Agency, management responsibility for investments is herewith delegated to the Agency Treasurer pursuant to Government Code Section 53607. The Treasurer shall establish procedures for the operation of an investment program consistent with this investment policy and shall perform investment transactions. The Treasurer may retain the services of an investment advisor. These procedures will include reference to safekeeping, wire transfer agreements, banking service contracts and collateral/depository agreements. The Treasurer shall be responsible for all transactions undertaken.

The Treasurer shall appoint a Deputy Agency Treasurer who shall perform the Treasurer's duties in the absence of the Treasurer.

SCOPE

The Treasurer is responsible for investing the unexpended cash in the Agency Treasury. This investment policy applies to the investment activities of the Pleasant Hill Redevelopment Agency. The invested assets of the Agency, with the following three exceptions, shall be administered in accordance with the provisions of this policy. The exceptions are the Public Employees Retirement System and Deferred Compensation Funds, which are administered separately by trustees, and Bond

proceeds which are invested according to the specifications of the bond indenture according to Government Code Section 53601(1).

OBJECTIVES

Objectives have been set in order to achieve the goals of this investment policy. The primary objectives, in priority order, of the Pleasant Hill Redevelopment Agency's investment policy are:

A. Safety of Principal

Safety of principal is the foremost objective of the Pleasant Hill Redevelopment Agency. With each investment transaction the Treasurer shall seek to ensure that capital losses are avoided, whether these losses are from securities default, broker-dealer default, or erosion of market value. The Agency shall seek to preserve principal by mitigating the two types of risk: credit risk and market risk.

Further guidelines for safety of principal shall include:

1. Limiting the Portfolio's exposure to each issue and each issuer of debt.
2. Determining minimum credit requirements for firms that hold Agency monies.

B. Liquidity

The Pleasant Hill Redevelopment Agency's investment portfolio will remain sufficiently liquid to enable the Agency to meet all operating requirements, which might be reasonably anticipated.

C. Return on Investment

Return on investment shall be an average market rate of return governed by the objectives of safety and liquidity in accord with prudent investment principles.

MATURITIES

Maturities shall be selected to anticipate cash needs, thereby eliminating the possibility of the need for forced investment liquidation. Cash flow estimates shall be prepared in a prudent manner.

To insure that funds are always available when needed, the Agency shall maintain a position of investing no greater than 33% of the portfolio in maturities greater than one year. Further, each individual security shall be limited to one million dollars.

QUALIFIED DEALERS

If the Agency Treasurer chooses to purchase investments indirectly, the Agency shall transact business only with banks, savings and loans, and investment securities dealers. The dealers must be primary dealers regularly reporting to the Federal Reserve Bank. The Treasurer shall approve dealers wishing to do business with the Agency and determine if they are adequately capitalized, market securities appropriate to the Agency's needs, and are recommended by managers of portfolios similar to the Agency's.

All financial institutions and securities dealers who desire to engage in investment transactions with the Pleasant Hill Redevelopment Agency shall certify that the supervising officer has reviewed the Agency's investment policy and agrees to disclose potential conflicts or risks to public funds that might arise out of business transactions between the firm/depository and the Pleasant Hill Redevelopment Agency. Employers of any financial institution offering securities or investments to the Pleasant Hill Redevelopment Agency shall be trained in the precautions appropriate to public sector investments and shall be required to familiarize themselves with the Agency's Investment Policy.

The Agency shall at least annually send a copy of the current investment policy to all dealers approved to do business with the Agency. Confirmation of receipt of this policy shall be considered evidence that the dealer understands the Agency's investment policies, and intends to offer the Agency only appropriate investments.

SAFEKEEPING OF SECURITIES

To protect against potential losses by collapse of individual securities dealers, all securities owned by the Agency (including collateral on repurchase agreements), shall be held in the Agency's name in safekeeping by a third party bank trust department. Said trust department shall act as agent for the Pleasant Hill Redevelopment Agency pursuant to a custody agreement between the bank and the Agency. All securities shall be received and delivered using standard delivery-versus-payment procedures. The Custodian shall provide safekeeping receipts of all securities held.

ETHICS AND CONFLICTS OF INTEREST

The Investment Officers, i.e., the Agency Treasurer and the Deputy Agency Treasurer, shall be governed by the "Code of Ethics" and the "Code of Professional Conduct" of the California Municipal Treasurers Association. The Investment Officers shall refrain from personal business activity that could conflict with proper execution of the investment program, or which would impair their ability to make impartial investment decisions.

PRUDENCE

Generally, investments shall be made in the context of the "prudent investor" rule, which states:

"...investments shall be made with 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 to be derived." Officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

AUTHORIZED INVESTMENTS

The Agency is governed by California Government Code Sections 53600 et. seq. Within the context of these limitations, the following investments are authorized:

United States Treasury Bills, Bonds and Notes

Obligations issued by United States Government Agencies

Banker's Acceptance - a draft or bill of exchange drawn on and accepted by a commercial bank

Commercial Paper - issued by a domestic corporation

Medium Term Notes (MTNs) - issued by corporations operating within the United States

Repurchase Agreements (repos) - with banks and dealers with which the Agency has entered into a master repurchase contract, which specifies terms and conditions of repurchase agreements

Time Deposits (CDs) - nonnegotiable time certificates of deposit issued by a national or state chartered bank or federal savings and loan association. CDs are collateralized.

Mutual Funds - pools of authorized investments, authorized only as part of the Agency's banking service agreement, i.e., a sweep account.

Local Agency Investment Fund (LAIF) - pool established by the State Treasurer for the benefit of local agencies, up to the maximum amount permitted by LAIF. Investment Trust of California (CalTRUST) – a joint powers Trust in participation with other public agencies in California.

INELIGIBLE INVESTMENTS

Including but not limited to common stocks, reverse repurchase agreements, inverse floaters and "derivatives." Leveraging shall not be used.

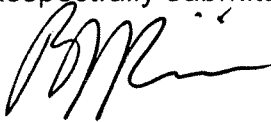
REPORTING

According to state law, the Agency Treasurer shall render an investment report no less than quarterly to the chief executive officer and the legislative body of the Agency.

POLICY REVIEW

This investment policy shall be reviewed by the Redevelopment Agency at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity, rate of return, and its relevance to current law and financial and economic trends. Amendments and modifications to the policy shall be accepted by the Redevelopment Agency prior to implementation.

Respectfully submitted,



Richard J. Ricci
Agency Treasurer

July 17, 2006

RESOLUTION NO. _____-06

A RESOLUTION OF THE PLEASANT HILL REDEVELOPMENT AGENCY
 APPROVING AN INVESTMENT POLICY AS OF JULY 1, 2006 AND DELEGATING
 INVESTMENT AUTHORITY TO THE AGENCY TREASURER

WHEREAS, California state law requires the Agency Treasurer to render a statement of Investment Policy annually to the Redevelopment Agency at a public meeting; and

WHEREAS, California state law requires the Redevelopment Agency to annually delegate investment authority to the Agency Treasurer.

NOW THEREFORE, BE IT RESOLVED that the Pleasant Hill Redevelopment Agency approves the Investment Policy and delegates investment authority to the appointed Agency Treasurer for the fiscal year July 1, 2006, through June 30, 2007.

ADOPTED by the Pleasant Hill Redevelopment Agency at a regular meeting held on the 17th day of July 2006 by the following vote:

AYES:
 NOES:
 ABSENT:

 JOHN HANECAK, Chair

ATTEST:

 ROBERT M. STEWART, Agency Secretary

APPROVED AS TO FORM:



 DEBRA S. MARGOLIS, City Attorney