RESOLUTION NO. 2026-23
OF THE BOARD OF DIRECTORS OF THE
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT
AMENDING POLICY 2215, 2330, & INVESTMENT POLICY

WHEREAS, the Georgetown Divide Public Utility District ("District") Board of Directors adopted the Investment Policy, Policy 2215 Asset Management Policy, and Policy 2330 Inclement Weather Policy; and

WHEREAS, the staff and consultants have reviewed and developed proposed minor amendments for submission to the Board of Directors for approval.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT THAT, Exhibit A - Policy 2215 Asset Management Policy, Exhibit B - Policy 2330 Inclement Weather Policy, and Exhibit C - Investment Policy, as finally approved and directed by the Board at its July 8, 2026 Board Meeting, are approved and adopted by the Board of Directors. The General Manager is authorized to certify the policies and enter them into the Policy and Procedures Manual.

PASSED AND ADOPTED by the Board of Directors of the Georgetown Divide Public Utility District at a meeting of said Board held on the 8th day of July 2026 by the following vote:

AYES: SEAMAN, MACDONALD, STOVALL, FISHER, SAUNDERS

NOES:

ABSENT/ABSTAIN:

____
Michael Saunders, President, Board of Directors
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

Attest:

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Nicholas Schneider, Clerk, and Ex officio
Secretary, Board of Directors
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

CERTIFICATION

I hereby certify that the foregoing is a full, true, and correct copy of Resolution 2026-23 duly and regularly adopted by the Board of Directors of the Georgetown Divide Public Utility District, County of El Dorado, State of California, on this 8th day of July 2026.

Nicholas Schneider, Clerk, and Ex Officio
Secretary, Board of Directors
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

ATTACHMENT:

***Exhibit A* Policy 2215 - Asset Management Policy**
***Exhibit B* Policy 2330 - Inclement Weather Policy**
***Exhibit C* Investment Policy**

POLICY TITLE: ASSET MANAGEMENT POLICY

POLICY NUMBER: 2215 Adopted: January 4, 2024 **Amended: July 8, 2026**

REFERENCES: Policy 2155 Debt Management Policy

Section 2215.01 Background and Purpose

The Georgetown Divide Public Utility District's capital assets include major government facilities, infrastructure, equipment, and networks that enable the delivery of public sector services. The performance and continued use of these capital assets are essential to the efficient delivery of reliable clean drinking water, seasonal non-potable water, and wastewater services.

The Board of Directors is committed to establishing sound capital planning, budgeting, and reporting practices to encourage adequate capital spending levels to properly maintain its capital assets. The Board allocated funds for a large-scale asset/operations management program to track, maintain, and depreciate infrastructure for planned replacement.

This policy serves as a guide for capital asset management practices that are supported by both finance and operational/engineering expertise. This policy requires the annual development of a Capital Improvement Plan (CIP), a complete inventory, and regular measurement of the physical condition and existence of all capital assets.

Section 2215.02 Capital Improvement Plan

Each year, the District shall review its Five-Year CIP, a budgeting and planning tool which supports actual appropriations that are made through the adoption of the operating budget. The CIP will define and prioritize the capital projects that the District plans to take on in the next five years. All projects in the CIP, with minor and few exceptions, shall be based on needs assessments performed to determine the benefit of the asset compared to its cost.

A. Identification of Potential Capital Projects

Each year, the District staff shall suggest potential Capital Projects for the CIP. Capital Project refers to a project in a CIP with a three- to five-year cycle. At a minimum, this process will provide for the following:

1. **Long-term Operating and Maintenance Costs.** A plan will identify the cost to operate and maintain the Capital Asset over its life cycle. Capital Assets refers to assets used in operations that have initial useful lives extending beyond a single reporting period. Capital assets include major government facilities, infrastructure, equipment, and networks that enable the delivery of public sector services.

2. **Funding Source.** A plan will describe where the funding is expected to come from to acquire, operate, and maintain the Capital Asset.

3. **Project Timing.** A plan will identify the proposed schedule for planning, bidding, construction, and other milestones in the creation of the Capital Asset.

B. Selection of Capital Projects

The District will create a process to assess Capital Projects.

1. **Project Assessment Form**. Staff shall initiate the Capital Project process using the project assessment form, included with this policy as Appendix A. The selection process should include:
   a) **Long-term Forecasts.** Long-term forecasts should be prepared to make clear the resources available for capital spending and to assess the impact of operation and replacement costs.

   b) **Project Impact.** A Capital Project should not be considered on its own. The impact a Capital Project has on other projects should be recognized and costs shared between them where appropriate.

   c) **Funding of Preliminary Activities.** For some Capital Projects, it may be wise to fund only preliminary engineering/planning before promising to fund the whole project. These expenses can be large, so they should be assessed and prioritized. A thorough assessment of grant opportunities to fund preliminary activities shall be pursued.

   d) **Operating and Maintenance Costs.** Resources should be identified to operate and maintain a Capital Asset before assigning resources to build it.

   e) **Life Cycle Costing.** The cost study of a proposed Capital Project should include the life of the Capital Asset – from planning and acquisition to disposal.

   f) **Project Timing and Scope.** Schedule and scope estimates should be achievable within the requested financial and human resources.

2. **Board Review of Potential CIP Projects**

   Potential Capital projects shall be presented to the Board of Directors and the public during a regular Board meeting for review prior to the initiation of the CIP Budget planning process.

C. Balanced Capital Improvement Plan

The CIP is a fiscally balanced, long-term plan. For the entire period of the CIP, revenues will be equal to the projected costs. It is possible that the plan will have more costs than revenues in any single year of the plan (with the exception of the first year, which is intended to become an appropriation plan for the District). However, over the life of the five-year plan, all expenses will be covered with CIP reserves. Staff may record, in a separate document, projects that are deemed important but cannot fit into a balanced CIP. The Board of Directors may choose to look at unfunded projects and/or defund an existing project in favor of another.

D. CIP Funding Strategy

1. The District may elect to use long-term debt financing, cash-at-hand financing, or revolving loans to fund a project and acquire a Capital Asset. This determination shall be

made upon a case-by-case review of available options.

2. Each Capital Project should attempt to obtain grant financing whenever possible.
3. All funding should come out of the Capital Reserves.

E. Capital Budget

Each year, the District shall develop a capital budget that will be the spending plan for Capital Projects. The first year of the CIP will be an important input into the capital budget for the fiscal year.

F. Report of Capital Improvement Projects

District staff shall provide a monthly report of capital improvement projects during the regular Board meeting that shall include the following information:

1. Priority Level
2. Percentage of Project Completed
3. Projected Completion Date
4. Funding Sources
5. Photos of Project
6. Summary of Work Completed During the Previous Month

Section 2215.03 Asset Management

The District's assets range from a 21,000-acre-foot reservoir and dam, two (2) three-million-gallon treatment plants, 12 storage tanks, 70 miles of conveyance canals and distribution system, 200 miles of transmission pipelines to approximately 3,900 service connections, and all of the equipment and supplies utilized to keep the system operating. For purposes of this Asset Management policy, District facilities, equipment, and/or supplies are considered "assets" when their value is reasonably estimated at or above $5,000.

A. Asset Inventory

The District shall develop a full asset inventory that projects equipment replacement and maintenance needs for a multiyear period and will update this projection each year as follows:

1. Describe the current condition of the District's assets and compare this condition to a standard for asset condition.
2. Account for the full cost to maintain assets up to standard condition over their life cycle and account for risks associated with assets that are below standard condition.
3. Inventory and assess the assets by responsible departments and ensure that their records are consistent with the Department of Finance's capital asset records.
4. This inventory should contain essential information, including the following:
   a. Capital asset description
   b. Location
   c. Physical dimensions (if needed)
   d. "as-built" documents, or a link to where these are stored

e. Warranties, or a link to where these are stored
f. Condition rating
g. Maintenance history
h. Replacement costs (if available)
i. Operating cost information (if needed)
j. Usage statistics
k. Date placed in service
l. Original value
m. Original useful life
n. Impairments

B. **Assessment Process**

1. **Established Methods of Condition Assessment** shall document the established methods of condition assessment for all types of capital assets, including but not limited to the following:

   a. The physical condition inventory and measures used should be kept current, with facility condition ratings updated every one to three years.
   b. The frequency of physical condition rating and asset inventory updates may vary depending on several factors, including the capital asset age and type, likelihood of degradation, and ease at which assessments can be conducted.
   c. A qualified engineer shall assist with the preparation of the plan as it relates to infrastructure or any other capital asset type that the governmental entity does not have qualified staff to assist.

2. **Condition/functional Performance Standards** shall be established for each type of capital assets, including, but not limited to, the following:

   a. Shall be understandable and reliable.
   b. May be dictated by mandated safety requirements; federal, state, or provincial funding requirements, or applicable engineering and other professional standards. These standards include state government-established standards, bridge sufficiency ratings, Pavement Quality Index (PQI) or Pavement Condition Index (PCI), Facility Condition Index (FCI), etc. Indirect measurements such as water main breaks, sewage overflows, etc., are also available for certain capital asset types.
   c. Should be used as a basis for multi-year capital planning and annual budget funding allocations for capital asset maintenance and replacement.

3. **Evaluating Existing Capital Assets** to determine if they still provide the most appropriate method to deliver services. Understanding how critical the capital asset is to the government, the likelihood and consequence of failure of that asset, and similar factors can help the government identify the true value of the asset to effective service delivery and ensure appropriate resource allocation for maintenance.

Section 2215.04 Priority of Asset Maintenance and Replacement

It is the policy of the District to maintain its assets at a level that protect capital investments and reduce future maintenance and replacement costs. Each year, District staff shall develop and recommend to the Board of Directors a prioritized asset maintenance spending plan that will be included in the fiscal year Operating Budget. The District shall implement the following priority system:

- **Priority 1a** projects are mandatory from a health and safety standpoint.
- **Priority 1b** is required by law, regulations, or contract.
- **Priority 1c** projects are those that are already under construction.
- **Priority 2a** projects are necessary to maintain the reliability of the District's systems and facilities by replacing existing assets that have exceeded their useful life. Failure to replace the asset would lead to eventual failure of the water or wastewater facilities and cause interruptions in service.
- **Priority 2b** projects provide for increased revenues.
- **Priority 2c** projects meet demands of increasing growth.
- **Priority 3a** projects increase service levels.
- **Priority 3b** projects improve efficiency.
- **Priority 3c** projects provide a community benefit.

Section 2215.05 Funding of Asset Maintenance

A. Sufficient Funding

It is the District's policy to allocate sufficient funds in the multi-year capital plan and annual operations budget for the condition assessment determination and reporting, preventative maintenance, repair, renewal, and replacement of capital assets in order to continue the provision of services that contribute to public health, safety, and quality of life of the public.

B. Preservation of Existing Assets

It is the District's policy to ensure the District's existing assets are preserved to the best of its ability before assigning resources to build or acquire new assets that also have operating and maintenance needs. This policy protects our historical investment in capital assets. It also helps us build or acquire new assets to replace assets we can't afford to maintain.

C. Identifying and Dedicating Fees and Funding Sources

It is the District's financial policy to identify and dedicate fees or other revenue sources to help maintain the expected service levels of capital assets.

<u>Section 2215.06</u> Report of Capital Assets

A report on capital assets will be presented and reported once every three years beyond that. The District staff shall provide a report to the Board of Directors approximately during a fourth-quarter regular Board meeting that
describes the following:

- Condition rating~~s~~ jurisdiction-wide compared to established policy standards.
- Condition ratings by geographical area, capital asset class, and other relevant factors.
  Indirect condition data (e.g., water main breaks, sewer backup complaints).
  Renewal and Replacement life cycle(s) by infrastructure type.
  Funding sources for capital assets, including any restrictions that might be imposed on use and/or disposal.
  Year-to-year changes in the net value of assets.
- Actual expenditures and performance data on maintenance, renewal, and replacement.
  compared to budgeted expenditures performance data (e.g., budgeted street miles, reconstructed compared to
- Long-term trends extending over the prior four to six or more years. Year-to-year general inflation rates and the changing supply and cost of construction contractors and contract bids over time.
- Other more "global" measures such as replacement cycle, year-to-year comparisons of work completed (e.g., miles of sewers, water mains. repaired/replaced), book value, etc., may also be used.

Certification

I hereby certify that the foregoing is a full, true and correct copy of Policy 2215 amended by the Board of Directors of the Georgetown Divide Public Utility District on the eleventh day of July 8, 2026, by Resolution 2026- 23.

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Nicholas Schneider, Clerk and Ex-Officio
Secretary, Board of Directors
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT
Policy and Procedures Manual

POLICY TITLE: Inclement Weather

POLICY NUMBER: 2330 Adopted: March 7, 2024 Amended: July 8, 2026

REFERENCES: Administrative Leave Act of 2016 § 630

Section 2330.01 Purpose

It is the policy of the District to remain open during most periods of inclement weather; however, where extraordinary circumstances warrant, the District reserves the right to close its facilities. If citizens/residents or employees are highly likely to be endangered, or conditions/events impede an agency's regular work and responsibilities or prevent employees from safely traveling to or safely performing work at work locations (for example, agency-specific emergencies such as a building fire, power outage, or burst water pipes), the District may need to close or restrict its activities. These procedures reflect the principle that the District's vital services must continue without compromising the safety of our employees and the general public. In an emergency situation, timing is crucial. Thus, employees should refer to the District and call during periods of adverse weather to find out if the facility is open or closed.

Section 2330.02 Procedures

The District will make a decision by 6:30 a.m. whether the facilities will be open or closed for the day during periods of inclement weather and communicate this to the staff via email, phone, and text message.

Regardless of whether the District is open or closed, it is each employee's decision as to whether it is safe to report to work during such weather. Employees must advise their manager or supervisor as soon as possible if they are unable to report due to inclement weather. Wherever possible employees shall work remotely in these adverse conditions. This does not allow remote work outside of inclement or emergency situations.

Facility Closed

If the facility is announced to be closed on the given day, all exempt level staff will receive their regular pay for the day of closure. For hourly employees on a day of closure, an employee will receive an amount equivalent to eight hours of base pay for the day. All possible notice will be given to the public beforehand to ensure all customers and employees know about a possible closure.

Facility Open

If the facility remains open on an adverse weather day, employees who report to work will receive their normal pay for the day, i.e. exempt staff will receive their regular salary and hourly employees will be paid at their base rate (eight hours) plus incentives for all hours worked. If an employee elects not to report to work when the facilities are open, the employee will be required to paid time off or take leave without pay.

On -Call and Emergency Personnel
Essential employees are those who must work during inclement weather or other emergencies. They are deemed essential at the discretion of the General Manager.

Flexibilities
In addition, supervisors and employees understand options available to them during each type of operating status announcement. That includes telework, unscheduled leave, leave without pay, etc. It's important to note that written telework and other agreements must still comply with applicable statutory and regulatory requirements.

Certification

I hereby certify that the foregoing is a full, true, and correct copy of Policy 2330 adopted by the Board of Directors of the Georgetown Divide Public Utility District on July 8, 2026.

Nicholas Schneider, Clerk, and Ex-Officio
Secretary, Board of Directors
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT

DISTRIBUTION:

Georgetown Divide Public Utility District
INVESTMENT POLICY

Adopted June 6, 2024, Amended July 8, 2026

GDPUD

Georgetown Divide Public Utility District
INVESTMENT POLICY

Adopted June 6, 2024, Amended July 8, 2026

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1. Policy
The Georgetown Divide Public Utility District shall invest public funds in such a manner as to comply with state and local laws; ensure prudent money management; provide for daily cash flow requirements; and meet the objectives of the Policy, in priority order of Safety, Liquidity and Return on investment. In accordance with the Municipal Code of the Georgetown Divide Public Utility District and under authority granted by the District Board, the General Manager is responsible for investing the unexpended cash in the District Treasury.

2. Scope
The investment policy applies to all investment activities and financial assets of the Georgetown Divide Public Utility District as accounted for in the Annual Comprehensive Financial Report (ACFR). This policy is applicable, but not limited to, all funds listed below:

- General Fund
- Capital Funds
- Other Special Revenue Funds, Debt Service Funds, Internal Service Funds
- Any new fund created by the District Board unless specifically exempted.

3. Prudence
The standard of prudence to be used by the designated representative shall be the "prudent investor" standard and shall be applied in the context of managing the overall portfolio. Persons authorized to make investment decisions on behalf of local agencies investing public funds are trustees and therefore fiduciaries subject to the prudent investor standard which states, "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee 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 the agency, 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 the agency".

The General Manager and other individuals assigned to manage the investment portfolio, acting within the intent and scope of the investment policy and other written procedures and exercising due diligence, shall be relieved of personal responsibility and liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

4. Objectives

The District's primary investment objectives, in order of priority, shall be:

1. Safety: Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The District shall seek to preserve principal by mitigating the two types of risk: credit risk and market risk.

    a. Credit risk, defined as the risk of loss due to failure of the issuer of a security, shall be mitigated by investing in issuers that carry the direct or implied backing of the U.S. Government (including, but not limited to, the U.S. Treasury, U.S. Government Agencies, and federally insured banks). The portfolio will be diversified so that the failure of any one issuer does not unduly harm the District's capital base and cash flow.

    b. Market risk, (aka "interest rate risk") defined as market value fluctuations due to overall changes in the general level of interest rates shall be mitigated by limiting the maximum maturity of any one security to five years, structuring the portfolio based on historic and current cash flow analysis eliminating the need to sell securities prior to maturity and avoiding the purchase of long-term securities for the sole purpose of short-term speculation. Moreover, it is the District's full intent, at the time of purchase, to hold all investments until maturity to ensure the return of all invested principal dollars. Limited exceptions will be granted for security swaps that would improve the portfolio's yield and/or credit quality.

2. Liquidity: The District's investment portfolio will remain sufficiently liquid to enable the Georgetown Divide Public Utility District to meet all operating requirements which might be reasonably anticipated.

3. Return on Investments: The District's investment portfolio shall have the objective of attaining a comparative performance measurement or an acceptable rate of return throughout budgetary and economic cycles. These measurements should be commensurate with the District's investment risk constraints identified in this Investment Policy and the cash flow characteristics of the portfolio.

5. Delegation of Authority

The Municipal Code of the Georgetown Divide Public Utility District and the authority granted by the District Board assign the responsibility of investing unexpended cash to the District's Office Finance Manager. Daily management responsibility of the investment program may be delegated to the Accountant, who shall establish procedures for the operation consistent with this investment policy.

6. Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that conflicts with proper execution of the investment program or impairs their ability to make impartial investment decisions, including conflicts under Government Code section 1090. Additionally, the General Manager and the Accountant are required to annually file applicable financial disclosures as required by the Fair Political Practices Commission (FPPC). Furthermore, Investment officials must refrain from undertaking personal investment transactions with the same individual(s) employed by the financial institution with whom business is conducted on behalf of the District.

7. Authorized Dealers and Institutions

The General Manager will maintain a list of approved financial institutions authorized to provide investment services to the public agency in the State of California. These may include "primary" dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule). Best practices include the following: 1) A determination that all approved broker/dealer firms, and individuals covering the public agency, are reputable and trustworthy; 2) the broker/dealer firms should have the ability to meet all their financial obligations in dealing with the Public Agency; 3) the firms, and individuals covering the agency, should be knowledgeable and experienced in Public Agency investing and the investment products involved; 4) no public deposit shall be made except in a qualified public depository as established by the established state laws; 4) all financial institutions and broker/dealers who desire to conduct investment transactions with the public agency may supply the General Manager with audited financial statements, proof of FINRA certification, trading resolution, proof of State of California registration, a completed broker/dealer questionnaire, certification of having read the Public Agency's investment policy and depository contracts.

The General Manager shall conduct an annual review of the financial condition and registrations of qualified dealers & institutions.

8. Authorized and Suitable Investments

Investment of District funds is governed by the California Government Code Sections 53600 et seq. Within the context of the limitations, the following investments are authorized, as further limited herein:

1. United States Treasury Bills, Bonds, and Notes or those for which the full faith and credit of the United States are pledged for payment of principal and interest. There is no percentage limitation of the portfolio that can be invested in this category, although a five-year maturity limitation is applicable.

2. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed

as to principal and interest by federal agencies or United States government-sponsored enterprises.

3. Local Agency Investment Fund (LAIF), which is a State of California managed investment pool, and Los Angeles County Investment pool, may be used up to the maximum permitted by California State Law and deposits up to the maximum as permitted by LAIF. A review of the pool/fund is required when part of the list of authorized investments, with the knowledge that the pool/fund may include some investments allowed by statute but not explicitly identified in this investment policy. Additionally, shares of beneficial interest issued by a joint powers authority organized pursuant to CA Code (Section 6509.7) that invests in the securities and obligations in compliance with CA Code 53601 (subsection (a) to (r), inclusive) are also authorized. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

   - The adviser is registered or exempt from registration with the Securities and Exchange Commission.
   - The adviser has not less than five years of experience investing in the securities and obligations authorized in CA Code (subsection ca' to cr', inclusive).
   - The adviser has assets under management in excess of five hundred million dollars ($500,000,000).

4. Negotiable Certificates of Deposit issued by nationally or state-chartered banks (FDIC insured institutions) or state or federal savings institutions. Purchases of negotiable certificates of deposit may not exceed 30% of total portfolio. Principal and accrued interest on these investments must not exceed the $250,000 FDIC insurance limit. A maturity limitation of five years is applicable.

5. Time deposits or placement service deposits, non-negotiable and collateralized in accordance with California Government Code § 53601.8, may be purchased through banks, savings and loan associations, or federally insured credit unions. Deposits placed through a private-sector placement service shall not exceed fifty percent (50%) of the agency's total investment portfolio at the time of purchase, as permitted under Government Code § 53601.8. Principal and accrued interest shall be fully insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA), or collateralized in accordance with state law. Negotiable certificates of deposit authorized under Government Code § 53601(i) are excluded from this limitation. This authority remains in effect through January 1, 2031, unless extended by further legislative action.

6. Various daily money market funds administered for or by trustees, paying agents and custodian banks contracted by the Georgetown Divide Public Utility District may be purchased as allowed under the State of California Government Code. Only funds holding U.S. Treasury or Government agency obligations can be used.

7. Medium-term corporate notes as permitted under the California Government Code section 53601(k).

8. Municipal bonds permitted under the Government Code include registered treasury notes or bonds of the State of California (53601(c)); registered treasury notes or bonds of any other U.S. state (53601(d)); bonds, notes, warrants, or other evidences of indebtedness of California local agencies (53601(e)); bonds issued by the investing local agency itself (53601(a)).

The following summary of maximum percentage limits, by instrument, are established for the District's investment portfolio:

Authorized Investment Type	Government Code	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment in One Issuer
Treasury Obligations (bills, notes, & bonds)	53601(b)	5 Years	N/A	100%	N/A
US Government Agency and Federal Agency Securities	53601(f)	5 Years	N/A	100%	N/A
Local Agency Investment Fund (LAIF)	16429.1	Upon Demand	N/A	As permitted by LAIF	N/A
El Dorado County Investment Pool	53684	Upon Demand	N/A	As permitted by County Treasurer (currently no	N/A
Joint Powers Authority Pool	53601(p)	N/A	See § 8.3 (above)	None	N/A
Negotiable Certificates of Deposit	53601(i)	5 Years	N/A	30%	N/A
Placement Service Deposits	53601.8 and 53635.8	5 Years	N/A	50%	N/A
Medium-term corporate notes	53601(k)	5 Years	"A" or equivalent or better by an NRSRO	30%	10%
State and local municipal bonds	53601(a); 53601(c); 53601(d); 53601(e)	N/A	N/A	100%	N/A

9. Review of Investment Portfolio

The securities held by the Georgetown Divide Public Utility District must be in compliance with Section 8.0 "Authorized and Suitable Investments" at the time of purchase. The General Manager should review the portfolio (at least annually) to identify those securities that do not comply.

The General Manager should establish procedures to report any major and critical incidences of noncompliance identified through the review of the portfolio.

10. Investment Pools / Money Market Funds

A thorough investigation of the investment pool/money market fund is required prior to investing, and on a continual basis. Best efforts will be made to acquire the following information:

1. A description of eligible investment securities, and a written statement of investment policy and objectives.

2. A description of interest calculations and how it is distributed, and how gains and losses are treated.

3. A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
4. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.

5. A schedule for receiving statements and portfolio listings.

6. Are reserves, retained earnings, etc. utilized by the pool/fund?

7. A fee schedule, and when and how is it assessed.

8. Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

11. Collateralization

Collateralization will be required on two types of investments: non-negotiable certificates of deposit and repurchase (and reverse repurchase) agreements. To anticipate market changes and provide a level of security for all funds, the collateralization level will be 110% of market value for non-negotiable certificate of deposit and 102% for reverse repurchase agreements of principal and accrued interest.

Collateral will always be held by an independent third party with whom the entity has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the entity and retained.

The District may waive the collateralization requirements for any portion of the deposit that is covered by Federal Deposit Insurance.

12. Safekeeping and Custody

All security transactions shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third-party custodian designated by the Board of Directors and evidenced by safekeeping receipts.

13. Diversification

The District shall diversify the investments within the portfolio to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions, or maturities. To promote diversification, no more than 5% of the portfolio may be invested in the securities of any one issuer, regardless of security type, excluding U.S. Treasuries, federal agencies, and pooled investments such as LAIF, money market funds, or local government investment pools.

14. Maximum Maturities

To the extent possible, the Georgetown Divide Public Utility District will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the District will not directly invest in securities maturing more than 5 years from the date of purchase. Any investment longer than 5 years must be authorized in advance by the District Board of Directors.

15. Internal Controls

The General Manager is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Georgetown Divide Public Utility District are protected from loss, theft, fraud or misuse.

Separation of functions between the District's General Manager or Accountant is designed to provide an ongoing internal review to prevent the potential for converting assets or concealing transactions.

Investment decisions are made by the General Manager, executed by the General Manager or Assistant General Manager, and confirmed by the Senior Accountant. All wire transfers initiated by the Accountant must be reconfirmed by the appropriate financial institution to the General Manager. Proper documentation obtained from confirmation and cash disbursement wire transfers is required for each investment transaction. Timely bank reconciliation is conducted to ensure proper handling of all transactions.

The investment portfolio and all related transactions are reviewed and balanced to appropriate general ledger accounts by the Senior Accountant on a monthly basis. An independent analysis by an external auditor shall be conducted annually to review and perform procedure testing on the District's cash and investments that have a material impact on the financial statements. The General Manager shall review and assure compliance with investment process and procedures.

16. Performance Standards

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.

The District intends to spread its investments relatively evenly between 0 and 5 years and hold those investments to maturity. The District is limiting its authorized investments to the safest end of the investment spectrum—debt issued by the U.S. Treasury, U.S. Government Agencies, and debt that is federally insured (see section 8.0 Authorized and Suitable Investments, above, for a complete list of authorized investments).

Therefore, an appropriate performance benchmark will be a Constant Treasury Maturity Rate consistent with the weighted average maturity of the portfolio. The District recognizes that benchmarks may change over time based on changes in market conditions or cash flow requirements.

17. Reporting

The General Manager shall review and render monthly reports to the District Board that include the following information:

- Investment type (e.g. U.S. Treasury Note, U.S. Government Agency Bond)
- Name of the issuer (e.g. Federal Farm Credit Bank, Federal Home Loan Bank)
- Maturity date
- Yield to maturity
- Current market value and source of market value
- Par and dollar amount for each security the District has invested in
- Par and dollar amount on any money held by the District (e.g. LAIF balance, Cash Balance).

The report shall also include a description of any of the District's funds, investments, or programs that are under the management of contracted parties, including lending programs.

The quarterly report shall state compliance of the portfolio to the investment policy, or manner in which the portfolio is not in compliance.

The quarterly report shall include a statement denoting the ability of the District to meet its expenditure requirements for the next six months or provide an explanation as to why sufficient money shall (or may not) be available.

The quarterly reports shall be placed on the District Board meeting agenda for its review and approval no later than 30 days after the quarter ends. If there are no Board meetings within the 30-day period, the quarterly report shall be presented to the Board at the soonest possible meeting thereafter.

18. Investment Policy Adoption

The Georgetown Divide Public Utility District investment policy shall be adopted by resolution of the District Board. The policy shall be reviewed annually by the District Board and any modifications made thereto must be approved by the District Board.

The General Manager shall establish written investment policy procedures for the operation of the investment program consistent with this policy. The procedures should include reference to: safekeeping, master repurchase agreements, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Georgetown Divide Public Utility District.

19. Glossary of Terms in this Policy

Accrued Interest: Interest earned but not yet received.

Annual Comprehensive Financial Report (ACFR): The official annual financial report for the District. It includes five combined statements and basic financial statements for each individual fund and account group prepared in conformity with Generally Accepted Accounting Principles (GAAP).

Bond: A financial obligation for which the issuer promises to pay the bondholder a specified stream of future cash flows, including periodic interest payments and a principal repayment.

Bond Swap: Selling one bond issue and buying another at the same time in order to create an advantage for the investor. Some benefits of swapping may include tax-deductible losses, increased yields, and an improved quality portfolio.

Broker: In securities, the intermediary between a buyer and a seller of securities. The broker, who usually charges a commission, must be registered with the exchange in which he or she is trading, accounting for the name registered representative.

Certificate of Deposit: A deposit insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC) at a set rate for a specified period of time.

Collateral: Securities, evidence of deposit or pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposit of public moneys.

Constant Maturity Treasury (CMT): An average yield of a specific Treasury maturity sector for a specific time frame. This is a market index for reference of past direction of interest rates for the given Treasury maturity range.

Custody: A banking service that provides safekeeping for the individual securities in a customer's investment portfolio under a written agreement that also calls for the bank to collect and pay out income, to buy, sell, receive and deliver securities when ordered to do so by the principal.

Delivery vs. Payment (DVP): Delivery of securities with a simultaneous exchange of money for the securities.

Diversification: Dividing investment funds among a variety of securities offering independent returns and risk profiles.

Federal Deposit Insurance Corporation (FDIC): Insurance provided to customers of a subscribing bank that guarantees deposits to a set limit (currently $250,000) per account.

Interest Rate: The annual yield earned on an investment, expressed as a percentage.

Liquidity: Refers to the ability to rapidly convert an investment into cash.

Market Value: The price at which a security is trading and could presumably be purchased or sold.

Maturity: The date upon which the principal or stated value of an investment becomes due and payable.

Portfolio: Collection of securities held by an investor.

Primary Dealer: A group of government securities dealers that submit daily reports of market activity and security positions held to the Federal Reserve Bank of New York and are subject to its informal oversight.

Purchase Date: The date in which a security is purchased for settlement on that or a later date.

Rate of Return: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

Risk: Degree of uncertainty of return on an asset. Safekeeping: See Custody.

Settlement Date: The date on which a trade is cleared by delivery of securities against funds.

Time Deposit: A deposit in an interest-paying account that requires the money to remain on account for a specific length of time. While withdrawals can generally be made from a passbook account at any time, other time deposits, such as certificates of deposit, are penalized for early withdrawal.

Treasury Obligations: Debt obligations of the U.S. Government that are sold by the Treasury Department in the forms of bills, notes, and bonds. Bills are short-term obligations that mature in one year or less. Notes are obligations that mature between one year and ten years. Bonds are long-term obligations that generally mature in ten years or more.

U.S. Government Agencies: Instruments issued by various US Government Agencies most of which are secured only by the credit worthiness of the particular agency.

Yield: The rate of annual income return on an investment, expressed as a percentage. It is obtained by dividing the current dollar income by the current market price of the security.

Yield to Maturity: The rate of income return on an investment, minus any premium or plus any discount, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond, expressed as a percentage.

20. Glossary of General Investment Terms

Active Deposits: Funds that are immediately required for disbursement.
Amortization: An accounting practice of gradually decreasing (increasing) an asset's book value by spreading its depreciation (accretion) over a period of time.

Asked Price: The price a broker dealer offers to sell securities. Basis Point: One basis point is one hundredth of one percent (.01). Bid Price: The price a broker / dealer offers to purchase securities.

Book Entry Securities: Securities, such stocks held in "street name," that are recorded in a customer's account, but are not accompanied by a certificate. The trend is toward a certificate-free society to cut down on paperwork and to diminish investors' concerns about the certificates themselves. All the large New York District banks, including those that handle the bulk of the transactions of the major government securities dealers, now clear most of their transactions with each other and with the Federal Reserve through the use of automated telecommunications and the "book-entry" custody system maintained by the Federal Reserve Bank of New York. These banks have deposited with the Federal Reserve Bank a major portion of their government and agency securities holdings, including securities held for the accounts of their customers or in a fiduciary capaDistrict for the District. Virtually all transfers for the account of the banks, as well as for the government securities dealers who are their clients, are now effected solely by bookkeeping entries. The system reduces the costs and risks of physical handling and speeds the completion of transactions.

Book Value: The value at which a debt security is shown on the holder's balance sheet. Book value is acquisition cost less amortization of premium or accretion of discount.

Bullet Bond: *See "Non-callable Bond."*

Callable Bond: A debit obligation where the bond issuer (i.e. borrower) has the option to *call the bond* or pay it off early (before the scheduled maturity date). For instance, a 5-year bond might be "callable quarterly"—meaning that, although the bond has a scheduled end date 5 years from now, it could end in 3 months (and every 3 months after that, until the scheduled maturity date).

Coupon: The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value.

Credit Analysis: A critical review and appraisal of the economic and financial conditions or of the ability to meet debt obligations.

Current Yield: The interest paid on an investment expressed as a percentage of the current price of the security.

Discount: The difference between the cost of a security and its value at maturity when quoted at lower than face value.

Duration: The weighted average maturity of a bond's cash flow stream, where the present value of the cash flows serve as the weights; the future point in time at which on average, an investor has received exactly half of the original investment, in present value terms; a bond's zero-coupon equivalent; the fulcrum of a bond's present value cash flow time line.

Fannie Mae: Trade name for the Federal National Mortgage Association (FNMA), a U.S. sponsored corporation.

Federal Reserve System: The central bank of the U.S. that consists of a seven member Board of Governors, 12 regional banks and approximately 8,000 commercial banks that are members.

Fed Wire: A wire transmission service established by the Federal Reserve Bank to facilitate the transfer of funds through debits and credits of funds between participants within the Fed system.

Freddie Mac: Trade name for the Federal Home Loan Mortgage Corporation (FHLMC), a U.S. sponsored corporation.

Investment Agreements: An agreement with a financial institution to borrow public funds subject to certain negotiated terms and conditions concerning collateral, liquidity and interest rates.

Nationally Recognized Statistical Rating Organizations (NRSRO): A U.S. Securities & Exchange Commission registered agency that assesses the creditworthiness of an entity or specific security. NRSRO typically refers to Standard and Poor's Ratings Services, Fitch Ratings, Inc. or Moody's Investors Services.

New Issue: Term used when a security is originally "brought" to market.

Non-callable Bond: Also known as, *"Bullet Bond."* A non-callable bond is a debt obligation where the bond issuer does not have the option to "call the bond" i.e.-end the bond before the scheduled maturity date.

Perfected Delivery: Refers to an investment where the actual security or collateral is held by an independent third party representing the purchasing entity.

Repurchase Agreement (REPO): A transaction where the seller (bank) agrees to buy back from the buyer (District) the securities at an agreed upon price after a stated period of time.

Reverse Repurchase Agreement (REVERSE REPO): A transaction where the seller (District) agrees to buy back from the buyer (bank) the securities at an agreed upon price after a stated period of time.

Secondary Market: A market made for the purchase and sale of outstanding issues following the initial distribution.

Yield Curve: The yield on bonds, notes or bills of the same type and credit risk at a specific date for maturities up to thirty years.

Certification

I hereby certify that the foregoing is a full, true, and correct copy of the Georgetown Divide Public Utility District's Investment Policy adopted by the Board of Directors of the Georgetown Divide Public Utility District on April 4, 2024 and amended on July 8, 2026.

Nicholas Schneider, Clerk, and Ex-Officio
Secretary, Board of Directors
GEORGETOWN DIVIDE PUBLIC UTILITY DISTRICT