

# First 5 Commission San Diego

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**Subject: Investment Policy**

Policy Number: F5C-011

Effective Date: November 17, 2009

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## **Investment Framework:**

- Objective:* Investment in high quality securities; in order of importance: Safety, Liquidity and Return.
- Portfolios:* Operating Fund: Portfolio used to fund current cash flow needs of First 5 programs.  
Sustainability Fund / Reserve Fund: Portfolio used to fund longer term program needs.
- Constraints:*
- Risk Tolerance:** The portfolios will be invested in a manner consistent with the primary objective of principal safety. However, fluctuations in security values may result in unrealized losses, which would result in realized losses if the sale of these securities became necessary.
- Credit Quality:** *Target short term:* A-1 rating; *Long term:* AAA rating
- Liquidity:** The portfolios will be invested in a manner consistent with the liquidity needs as provided by First 5 staff members.
- Time Horizon:** Specific Board of Supervisors approval has been granted, extending permitted maturities up to 20 years in the Sustainability Fund. The Operating Fund is subject to a maximum final maturity of 5 years.
- Taxes:** Not applicable
- Other:** Not applicable

## **Profile:**

*Portfolio Structure:*  
Portfolios will invest primarily in the County Investment Pool (“County Pool”), Commercial Paper, Negotiable CD, Medium Term Notes, US Agencies and Treasuries. The portfolio maturity structure will be driven by the cash flow needs of First 5, as provided by staff members (see *Expectations* below), and accommodations for appropriate levels of liquidity.

### *Permissible Investment:*

Funds to be invested in the County Pool or any investment authorized pursuant to Sections 53601 and 53635 of the Government Code pursuant to *Constraints* listed above.

