

# FORESTHILL PUBLIC UTILITY DISTRICT

## AGENDA

Special Business Meeting of the  
FORESTHILL PUBLIC UTILITY DISTRICT BOARD OF DIRECTORS  
Foresthill Fire Protection District Office, 24320 Main St., Foresthill, CA 95631  
[www.foresthillpud.com](http://www.foresthillpud.com)

Friday	March 21, 2025	5:00 P.M.
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### A. CALL TO ORDER 5:00 PM

### B. ROLL CALL

\_\_\_\_\_ President Chase Dowling  
\_\_\_\_\_ Vice President Mark Bell  
\_\_\_\_\_ Treasurer Roger Pruett  
\_\_\_\_\_ Director Ron Thompson  
\_\_\_\_\_ Director Dianne Foster

### C. PLEDGE OF ALLEGIANCE

### D. PUBLIC COMMENT:

- Members of the public may provide comments to the Board on items on the agenda. We welcome and encourage your comments as the Board takes them into consideration in our deliberations.
- Speakers are limited to a maximum of three minutes.
- The Board may not respond to, discuss, or engage in any type of dialog regarding any public comment; however, the President may direct questions to staff for a later response or future consideration by the Board.
- Appropriate and respectful language and behavior is vital to the functioning of a public meeting. We ask the Board, staff, and members of the public to speak courteously and respectfully. Therefore, the Board prohibits disruptive behavior.

### E. DISCUSSION/INFORMATION ITEMS:

1. Receive information on options for funds invested in Wells Fargo Advisors account.  
Recommended action: Discuss the item.  
Public Comment:

### F. ADJOURNMENT

In accordance with Government Code Section 54954.2(a) this notice and agenda were posted in the district's front window at the Foresthill Public Utility District office, 24540 Main Street, Foresthill, CA 95631 on or before 5:00 PM., March 20, 2025.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the General Manager at (530)367-2511. Notification 48 hours prior to the meeting will enable the district to make reasonable arrangements to ensure accessibility to this meeting.

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Henry N. White, General Manager

**To:** Board of Directors  
**From:** Henry N. White  
**Date:** March 3, 2025  
**Subject:** Review and receive information for funds invested in Wells Fargo Advisors Account.

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**Recommendation:** Review and receive information for options for funds invested in the Wells Fargo Advisors account.

**Situation Summary:**

- Background: In 2014, Foresthill established an investment account with Wells Fargo Advisors to manage reserve operating revenue. The funds were invested in safe, higher-return investments.
- March 11, 2025: Foresthill was informed that Wells Fargo would no longer service the account, and it would be closed.
- March 19, 2025: Wells Fargo confirmed that the account would be closed on April 1, 2025, and no reinvestment options were available with them.
- March 19, 2025: Foresthill staff informed the Board President and Finance committee, and the Board President called for a special meeting with the entire board on March 21, 2025.

**Available Options for Investment:**

1. Short-Term Option:
  - Local Agency Investment Fund (LAIF):
    - LAIF is a state-managed program for local governments and special districts in California.
    - It prioritizes safety, liquidity, and yield for investments, making it a secure and relatively easy option for short-term placement.
    - The district can transfer the funds into LAIF to preserve liquidity and earn interest while considering long-term investment strategies.
2. **Long-Term Option:**

- Researching Investment Vendors:
  - Foresthill can explore other vendors offering investment accounts for public agencies.
  - This could involve comparing different vendors in terms of the services they provide, their investment strategies, and potential returns.
  - It will require more time and due diligence to identify the most suitable vendor for long-term growth and security.

**Next Steps:**

- Immediate Action: Transfer the funds to LAIF before the Wells Fargo account closure on April 1, 2025, to ensure the funds remain secure and liquid.
- Ongoing Process: Begin researching potential long-term investment options and vendors. Staff will provide information to the Board on different types of investment accounts tailored for public agencies to ensure higher returns while maintaining safety and liquidity.

**Financial Implications:** Foresthill currently has \$5,429,872 invested in the Wells Fargo Advisors account at a current interest rate of 4.4%. These funds will be moved to LAIF with a current interest rate of 4.37%. The financial implication will be negligible.

**Attachments:**

- Letter from Wells Fargo announcing the closure of the Advisors account.
- Policy #3035 Investment of District Funds

February 27, 2025

H 3/11/2025

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FORESTHILL PUBLIC UTILITY DIST  
PO BOX 266  
FORESTHILL CA 95631



Subject: Transition Plan Needed for Your Account(s) - Action Required

Dear FORESTHILL PUBLIC UTILITY DIST,

Thank you for your business with Wells Fargo Advisors. To oversee and manage risks in our brokerage operations, ongoing reviews are conducted of our client account relationships. After careful review, Wells Fargo Advisors made the decision to discontinue servicing the account(s) listed on the last page of this notice (the “Account(s)”). We apologize for any inconvenience this may cause.

#### What you need to know

If you have not already done so, please transfer your assets to another financial services provider **by April 1, 2025** to avoid any restrictions or termination of your account(s), and be aware of the following:

- Establishing a new account with another financial services firm is a process that may take time. If you will be opening a new account for the transition of your assets, it is important that you begin this process as soon as possible.
- Different financial services firms have varying policy requirements and restrictions which may affect your ability to establish an account with those firms.
- If your assets are not transferred to a new institution by April 1, 2025, your account(s) will be restricted to closing transactions only. Your account(s) may eventually be terminated if the assets are not transferred.

Over, please

#### Investment and Insurance Products are:

- **Not Insured by the FDIC or Any Federal Government Agency**
- **Not a Deposit or Other Obligation of, or Guaranteed by, the Bank or Any Bank Affiliate**
- **Subject to Investment Risks, Including Possible Loss of the Principal Amount Invested**

Wells Fargo Advisors is a trade name used by Wells Fargo Clearing Services, LLC (WFCS) and Wells Fargo Advisors Financial Network, LLC, separate registered broker-dealers and non-bank affiliates of Wells Fargo & Company. Wells Trade brokerage accounts are offered through WFCS under the trade name Wells Fargo Advisors.

### **Important account restriction information**

Account(s) that are not transferred by the deadline are subject to the following restrictions on or after April 1:

- Wells Fargo Advisors may not provide investment advice or recommendations, and you will be responsible for all decisions and market fluctuations regarding the investment positions you hold in the account(s).
- Wells Fargo Advisors can only accept liquidating/closing orders and transfer-out instructions, may not accept orders to establish new positions, and any open orders or standing instructions will be cancelled.
- If your account(s) are enrolled in a fee-based investment advisory program, the enrollment of your account(s) in the program and any corresponding advisory services will be terminated. Except as communicated below, upon the termination of your advisory program/services, the investment positions in your account(s) will be retained and will remain until transferred to a new institution. Additionally, a separate letter with additional information concerning the termination of your advisory program/services will be sent to you.
  - If you are enrolled in an advisory program that includes investments in proprietary fund positions that are only available via specific investment managers' strategies, *then those proprietary funds will be liquidated upon the termination of your advisory program/services.*
- Wells Fargo Advisors may not accept deposits or other transfers into the account(s) and must cancel/cease any standing transfer instructions, or Automated Clearing House (ACH) authorizations. Additionally, any other auto-debit features on your account(s) must also be cancelled/terminated.
- All Brokerage Cash Services in the account(s) must be terminated including (but not limited to) any debit card, checking, ACH and other bill-pay features associated with the account(s), and any checks drawn against the account(s) will be rejected and returned unpaid; and
- Wells Fargo Advisors may not accept or process third-party wires or other third-party payment instructions.

Finally, Wells Fargo Advisors reserves the right to, at its discretion and without prior notice to you, liquidate/sell such securities positions and utilize the proceeds of such sales: (i) in order to meet any margin or maintenance calls on your account(s); (ii) in order to fully satisfy and close any margin or other debit balance on your account(s); or (iii) in order to satisfy account-related fees that will continue to be assessed by Wells Fargo Advisors on your account(s); or (iv) for any other reason set forth within your Wells Fargo Advisors account agreement.

### **We're here to help**

To support you in having a smooth transition, please contact your Financial Advisor at the number listed on your statement.

Thank you.

Sincerely,

Wells Fargo Advisors

February 27, 2025

**Account transition notice for the accounts listed below\***

**Wells Fargo Advisors Account Number ending in:**

7636

*\*If you have other Wells Fargo Advisors accounts not listed above, please carefully review all correspondence you receive from Wells Fargo Advisors, as those other accounts and any actions that must be taken regarding those accounts may be addressed in separate notices.*

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# FORESTHILL PUBLIC UTILITY DISTRICT POLICY HANDBOOK

**POLICY TITLE:** Investment of District Funds  
**POLICY NUMBER:** 3035

## **3035.01 PREMISE**

The Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern (California Government Code (CGC) 53600.6 and 53630.1); and,

Government Code Sections 5921 and 53601, et seq., allow the legislative body of a local agency to invest surplus monies not required for the immediate necessities of the local agency; and,

The treasurer or fiscal officer of a local agency is required to annually prepare and submit a statement of investment policy and such policy, and any changes thereto, is to be considered by the local agency's legislative body at a public meeting (CGC 53646(a)).

For these reasons, and to ensure prudent and responsible management of the public's funds, it is the policy of the Foresthill Public Utility District to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all statutes governing the investment of Foresthill Public Utility District funds.

## **3035.02 SCOPE**

This investment policy applies to all financial assets of Foresthill Public Utility District. These funds are accounted for in the Independent Annual Financial Report. This policy is applicable, but not limited, to all funds listed below.

### Demand Account:

General Fund  
Assessment 715  
Assessment 708

### Investments:

Local Agency Investment Fund  
Placer County Treasurer's  
Investment Fund  
Any new funds created by the  
District Board unless specifically exempted



### **3035.03 PRUDENCE**

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. The standard of prudence to be used by investment officials shall be the prudent investor standard (CGC 53600.3) and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and this 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 for expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

### **3035.04 OBJECTIVES**

As specified in CGC 53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the primary objectives of the investment activities, in priority order, shall be:

- A. **Safety:** Safety of principal is the foremost objective of the investment program. Investments of Foresthill Public Utility District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
  
- B. **Liquidity:** The investment portfolio will remain sufficiently liquid to enable Foresthill Public Utility District to meet all operating requirements which might be reasonably anticipated.
  
- C. **Return on Investments:** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

### **3035.05 DELEGATION OF AUTHORITY**

Authority to manage the investment program is derived from California Government Code Sections 53600, et seq. Management responsibility for the investment program is hereby delegated to the Treasurer, who shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, PSA repurchase agreements, wire transfer agreements, collateral/depository agreements and banking services contracts, as appropriate. 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 Treasurer. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the

activities of subordinate officials. Under the provisions of California Government Code 53600.3, the Treasurer is a trustee and a fiduciary subject to the prudent investor standard.

### **3035.06 ETHICS AND CONFLICTS OF INTEREST**

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

### **3035.07 AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS**

The Treasurer will maintain a list of financial institutions, selected on the basis of credit worthiness, financial strength, experience and minimal capitalization authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment and financial advisory services in the State of California. No public deposit shall be made except in a qualified public depository as established by state laws.

For brokers/dealers of government securities and other investments, the Treasurer shall select only broker/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers or other applicable self-regulatory organizations.

Before engaging in investment transactions with a broker/dealer, the Treasurer shall have received from said firm a signed Certification Form. This form shall attest that the individual responsible for Foresthill Public Utility District's account with the firm has reviewed Foresthill Public Utility District's Investment Policy and that the firm understands the policy and intends to present investment recommendations and transactions to Foresthill Public Utility District that are appropriate under the terms and conditions of the Investment Policy.

### **3035.08 AUTHORIZED AND SUITABLE INVESTMENTS**

The Foresthill Public Utility District is empowered by California Government Code 53601, et seq., to invest in the following:

- A. Bonds issued by the Foresthill Public Utility District.
- B. United State Treasury Bills, Notes & Bonds.
- C. Registered state warrants or treasury notes or bonds issued by the State of California.
- D. Bonds, notes, warrants or other evidence of debt issued by a local agency within the various states of United States, including pooled investment accounts sponsored by the various states, County Treasurers, other local agencies or Joint Powers Agencies.
- E. Obligations issued by agencies or instrumentalities of the United States Government.

F. Negotiable certificates of deposit issued by federally or state chartered banks or associations. Not more than 30% of surplus funds can be invested in certificates of deposit.

G. Medium term notes (not to exceed 5 years) of U.S. corporations rated AA or better by Moody's or S&P. Not more than 30% of surplus funds can be invested in medium term notes.

H. Shares of beneficial interest issued by diversified management companies (money market mutual funds) investing in the securities and obligations authorized by this Section. Such funds must carry the highest rating of at least two of the three largest national rating agencies. Not more than 15% of surplus funds can be invested in money market mutual funds.

I. Funds held under the terms of a trust indenture or other contract or agreement may be invested according to the provisions of those indentures or agreements.

J. Collateralized bank deposits with a perfected security interest in accordance with the Uniform Commercial Code (UCC) or applicable federal security regulations.

K. Any mortgage pass-through security, collateralized mortgage obligation, mortgaged backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate or consumer receivable backed bond of a maximum maturity of five years. Securities in this category must be rated AA or better by a nationally recognized rating service. Not more than 20% of surplus funds may be invested in this category of securities.

L. Any other investment security authorized under the provisions of CGC 5922, 6509.7 and 53601. (Also, see CGC 53601 for a detailed summary of the limitations and special conditions that apply to each of the above listed investment securities. CGC 53601 is included by reference in this investment policy.)

***Prohibited Investments.*** Under the provisions of CGC 53601.6 and 53631.5, Foresthill Public Utility District shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools or any investment that may result in a zero interest accrual if held to maturity.

### **3035.09 COLLATERALIZATION**

All certificates of deposits must be collateralized by U.S. Treasury Obligations. Collateral must be held by a third party trustee and valued on a monthly basis. The percentage of collateralization on repurchase and reverse repurchase agreements will adhere to the amount required under CGC 53601(i)(2).

### **3035.10 SAFEKEEPING AND CUSTODY**

All security transactions entered into by the Foresthill Public Utility District shall be conducted on delivery-versus-payment (DVP) basis. All securities purchased or acquired shall be delivered to Foresthill Public Utility District by book entry, physical delivery or by third party custodial agreement as required by CGC 53601.

### **3035.11 DIVERSIFICATION**

The Foresthill Public Utility District will diversify its investments by security type and institution. It is the policy of the Foresthill Public Utility District to diversify its investment portfolio. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. Diversification strategies shall be determined and revised periodically. In establishing specific diversification strategies, the following general policies and constraints shall apply:

- A. Portfolio maturities shall be matched versus liabilities to avoid undue concentration in a specific maturity sector.
- B. Maturities selected shall provide for stability of income and liquidity.
- C. Disbursement and payroll dates shall be covered through maturities investments, marketable U.S. Treasury bills or other cash equivalent instruments such as money market mutual funds.

### **3035.12 REPORTING**

In accordance with CGC 53646(b)(1), the Treasurer shall submit to each member of the Board of Directors a quarterly investment report. The report shall include a complete description of the portfolio, the type of investments, the issuers, maturity dates, par values and the current market values of each component of the portfolio, including funds managed for Foresthill Public Utility District by third party contracted managers. The report will also include the source of the portfolio valuation. As specified in CGC 53646 (e), if all funds are placed in LAIF, FDIC-insured accounts and/or in a county investment pool, the foregoing report elements may be replaced by copies of the latest statements from such institutions. The report must also include a certification that: (1) all investment actions executed since the last report have been made in full compliance with the Investment Policy; and, (2) Foresthill Public Utility District will meet its expenditure obligations for the next six months as required by CGC 53646(b)(2) and (3), respectively. The Treasurer shall maintain a complete and timely record of all investment transactions.

### **3035.13 INVESTMENT POLICY REVIEW**

This Investment Policy shall be reviewed on an annual basis, and modifications must be approved by the Board of Directors.