

RESOLUTIONS REGARDING INVESTMENT ACTIVITIES FOR THE TRIAL COURTS

Resolution Authorizing Development of an Investment Program for the Trial Courts

The Judicial Council, or its designee, the Administrative Director of the Courts (ADC), shall develop a comprehensive investment program for the investment of the funds held by or for the benefit of the trial courts. As part of such comprehensive investment program, the Judicial Council shall annually review and approve a Statement of Investment Policy (Policy) for the trial courts. Any change in the Policy shall be approved by the Judicial Council.

The Policy and any changes to it shall be reviewed and approved at a public business meeting of the Judicial Council. The Administrative Office of the Court's Director of Finance shall be considered the 'treasurer' with respect to all investment activities relating to trial court funds required by statute to be duties of the treasurer.

Resolution Authorizing Investments for the Trial Courts

The investments of the trial courts shall be approved by the Judicial Council, or its designee, the Administrative Director of the Courts (ADC), and shall be in eligible securities as defined by applicable statute.

The Judicial Council authorizes investments of the trial courts in:

- State of California Local Agency Investment Fund (LAIF)
- Bank of America, N.A.:
 - Nations Cash Reserves Fund – Adviser Class Shares
 - Nations Treasury Reserves Fund – Adviser Class Shares
- Other investments, as approved by the Judicial Council, or its designee the ADC, that comply with the Statement of Investment Policy.

Investments of the trial courts must be submitted for approval to the ADC if they are not in either of the first two authorized investments above.

Resolution Regarding Investment Reporting Requirements for the Trial Courts

A quarterly report of investments shall be submitted to the Judicial Council, the Administrative Director of the Courts, and the Administrative Office of the Court's (AOC) Manager of Internal Audit Services by the Director of the Finance Division of the AOC within 30 days following the end of the quarter covered by the report. The report shall comply with all applicable laws, rules, and regulations, and, at a minimum, it shall:

- State whether the portfolio is in compliance with the Statement of Investment Policy, or manner in which the portfolio is not in compliance;
- Provide details as to investments held;
- Describe any funds, investments, or programs that are under the management of contracted parties; and
- Provide any additional information or data that may be required by the Judicial Council.

STATEMENT OF INVESTMENT POLICY FOR THE TRIAL COURTS

It is the policy of the Judicial Council/Administrative Office of the Courts (AOC) to ensure that funds held by the trial courts, or for their benefit, are prudently invested in compliance with all applicable laws, rules, and regulations in order to preserve capital and provide necessary liquidity, while maximizing earnings. The investments shall also comply with the investment objectives identified below.

INVESTMENT OBJECTIVES

The primary objectives of the investment activities of the trial courts, or funds invested for their benefit, shall be:

Safety: Safety of principal is the foremost objective of the investment program. The trial court's investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The trial courts, or AOC for the benefit of the trial courts, shall seek to ensure that capital losses are avoided whether from institutional default, broker-dealer default, or erosion of market value. Diversification is required so that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. Only investments specified by statute are allowed.

Liquidity: The trial courts, or the AOC for their benefit, shall ensure that the investment portfolio will remain sufficiently liquid to enable the trial courts to meet all operating requirements that might be reasonable anticipated.

Yield: The trial courts, or the AOC for their benefit, shall manage the investments to maximize their return consistent with prudent financial management, the two objectives above, and with the goal of exceeding performance benchmarks over a market cycle (typically a three to five year period).