

Sunnyslope County Water District

RESOLUTION NO. 396

**A RESOLUTION APPROVING AND ESTABLISHING
INVESTMENT POLICY AND GUIDELINES**

RESOLVED, by the Board of Directors of the Sunnyslope County Water District, San Benito County, California, that

WHEREAS, the State Legislature has adopted a requirement for the establishment of Investment Policy and Guidelines and the presentation and filing of monthly Investment Reports;

WHEREAS, the District's fiscal officer, its Secretary-Auditor, has prepared a form of Investment Policy and Guidelines and a Report of Investments for the month of May, 1986, and

WHEREAS, the public interest will be served thereby;

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED and ORDERED, as follows:

1. District monies not required for immediate expenditure shall be invested in accordance with the Investment Policy and Guidelines of the District, which Policy and Guidelines shall be, and they are hereby, established in accordance with the Statement of Policy and Guidelines, a copy of which is hereto attached and by reference incorporated herein.

2. That the Secretary-Auditor of the District shall, each month, furnish the Board of Directors with a detailed listing of the previous month's Investments, date of purchase, date of maturity, the name of the institution or institutions where the investments were placed and the interest rate on such investments, a copy of which report is hereto attached and by reference incorporated herein.

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I hereby certify that the foregoing resolution is a full, true and correct copy of a resolution duly adopted by the Board of Directors of the Sunnyslope County Water District, San Benito County, California, at a meeting thereof duly held on the 8th day of May, 1986, by the following vote:

AYES, and in favor thereof, Directors: Churchill, Hailstone, Renz, Williams

NOES, Directors: None

ABSENT, Directors: Blaettler

s/ J. W. Jackson

Secretary

(SEAL)

APPROVED:

s/ Larry Williams

President

To: Board of Directors
Water District

From: Secretary-Auditor

Re: Annual Statement of Investment Policy

BACKGROUND AND PURPOSE

State legislation requires that the District's Financial Officer submit to the Board an annual statement of investment policy and monthly reports regarding investments and deposits of District funds.

It is intended that this document constitute the first Annual Statement of Investment Policy, and attached hereto are the first Monthly Investment Reports. Hereafter, the annual statements will be submitted in January of each year, and monthly reports will be submitted at the Board meeting of the month following the report month.

DISTRICT REGULATIONS

A major part of the District's established investment policy is based on provisions contained in its designations of depository and in accordance with Government Code Section 53600 through 53609 governing the investment of public monies and Section 53630 through 53683 governing the deposit of public monies.

INVESTMENT POLICY AND GUIDELINES

I. INTRODUCTION

District monies not required for immediate expenditure will be invested in compliance with governing provisions of law (see Government Code Sections 53600 et seq.) and this policy.

The District will maintain adequate cash availability and maximum yield on invested idle funds while insuring that principal invested is protected from loss.

Investments will be made in a range of instruments to insure diversification of District's portfolio and liquidity of assets in an emergency situation.

II. DEFINITION AND PROVISIONS OF THE GOVERNMENT CODE

Pursuant to the provisions of law and this policy and guideline statement the president of the Board and its Secretary-Auditor are hereby delegated investment authority by the Board. In accordance with the provisions of the Government Code of the State of California, collateral established as security for public funds will be those securities specified by law as eligible for collateral for deposits of local public agencies.

Investments of District monies not required for immediate expenditure will be made in securities or other certificates of indebtedness as provided by law for the investment of public funds. Investments shall be made in accordance with this policy.

III. CASH FLOW AND AVAILABILITY

An average amount of monthly warrants and one monthly payroll shall be maintained in immediately available investments, such as the State Treasurer's Local Agency Investment Fund or a similar liquid instrument.

Periodic analysis of cash flow shall serve as the basis for determining the maturity date of investments.

IV. ACCEPTABLE INVESTMENT INSTRUMENTS

The District investment portfolio may include the following instruments or other deposits or investments in accordance with Section VI hereof:

Certificates of Deposit purchased from banks or savings and loan institutions.

Bankers Acceptances.

Treasury Bills and Notes.

Government Agency Securities (e.g. Federal National Mortgage Association, Government National Mortgage Association, Federal Farm Credits.)

State Local Agency Investment Fund

Passbook Savings Account

V. AMOUNTS TO BE INVESTED

The District shall invest all idle funds except for those amounts required by the District's banks to pay for bank services furnished to the District.

VI. GUIDELINES BY TYPE OF INVESTMENT

A. CERTIFICATES OF DEPOSIT: Cash shall be invested only in FDIC or FSLIC insured or fully collateralized certificates of deposit. Collateral for a given investment must be 110% of principal for government securities collateral.

For investments greater than \$100,000, the institution must maintain \$100 million in assets. For investments greater than \$300,000, the institution must maintain at least \$300 million in assets.

The District shall not invest in any institution less than five years old.

The institution must maintain a net worth to asset ratio of at least 3%, and a positive earnings record.

The institution must have on file with the District a current FDIC call report (banks) or FHLB report.

The bank or institution must be located in California.

- B. TREASURY BILLS AND NOTES:** The District shall require safekeeping documentation of the treasury instrument in an acceptable safekeeping account in the District's name. The maximum maturity on a treasury instrument shall be three years.
- C. GOVERNMENT AGENCY SECURITIES:** The District shall require physical delivery of these securities to an acceptable safekeeping account in the District's name. Examples of these securities include Government National Mortgage Association, Federal National Mortgage Association, Federal Land Bank, and Federal Farm Credit Banks.
- D. STATE LOCAL AGENCY INVESTMENT FUND:** No investment with the Local Agency Investment Fund may, by State regulation, exceed Five Million Dollars (\$5,000,000).
- E. PASSBOOK SAVINGS ACCOUNT:** Savings account shall be maintained for amounts under One Hundred Thousand Dollars (\$100,000) that are received too late in the day to invest in other instruments.

VII. MATURITY OF INVESTMENTS

With the exception of Treasury notes, the maturity of a given investment shall not exceed one year. Treasury notes may be purchased for a period not to exceed three years. Approximately 50% of the idle funds shall be placed in investments that can be sold for face value in the open market in the event of an emergency.

VIII. USE OF SECURITIES DEALERS AND BROKERS

The District may utilize the services of brokers and securities dealers only if the firm to be used is recognized as a primary dealer by the Federal government.

The District shall work directly with banks and savings and loan institutions when purchasing Certificates of Deposit and not utilize the services of brokers for the purpose of such investment.

IX. INVESTMENT COMMITTEE AUTHORITY AND REPORTS TO BOARD OF DIRECTORS

A staff Investment Committee consisting of the District Manager, Board President and Secretary-Auditor shall meet to review the District investment portfolio, cash reports and anticipated cash requirements in selecting investment instruments for idle District funds.

A Board Investment Subcommittee shall meet quarterly to insure that District investments are consistent with the adopted policy and to consider changes in the policy. The subcommittee may be the Board of Directors of the District and may meet in conjunction with a regular District meeting.

Pursuant to state law (Section 53646 of the Government Code), the board shall receive a detailed monthly listing of all investments in the District portfolio which shall be prepared by the District' Secretary-Auditor.