



INVESTMENT POLICY

JULY 19, 2023

Scope of Policy

This Investment Policy for the Ventura River Water District (“District”) establishes procedures that are in compliance with the governing provisions of the law for the prudent investment of the District’s reserves (California Government Code Sections 53636 et seq.). The District’s General Manager or their designee shall serve as the Chief Fiscal Officer. The General Manager shall annually prepare or cause to be prepared a statement of investment policy and such policy, and any changes thereto, shall be considered by the Board at a public meeting (CGC 53646(a)).

The goal is to invest funds not required for the immediate need of the District in a manner which will provide the highest investment return, with the maximum security, while meeting daily cash flow demands. This policy also organizes and formalizes the District’s investment related activities, while complying with all applicable statutes governing the investment of public funds (CGC Sections 16429.1 and 53601).

Except for funds held in the District’s working bank accounts used for daily operations and retirement funds held in a trust, it is intended that the investment policy cover all investment activities and financial assets of the District. These funds are accounted for in the annual district audit.

Objectives

Pursuant to California Government Code Section 53600.5 and in order of importance the following criteria shall be followed in the investment program.

1. Safety: Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
2. Liquidity: The investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements that might be reasonably anticipated.
3. Return of Investment: The investment portfolio shall have the objective of attaining an acceptable rate of return throughout budgetary and economic cycles, taking into account investment risk constraints.

Prudent Investor Standard

Pursuant to California Government Code Section 53600.3, the “prudent investor” standard shall be used by all persons authorized to make investment decisions and be applied in managing the overall portfolio. The members of the District’s Board of Directors (“Board”), and all persons authorized to make investment decisions on behalf of the District, are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, prudence, and diligence under circumstances then prevailing, including but not limited to, the general economic conditions and the anticipated needs of the District, to safeguard the principal and maintain the liquidity needs of the District.

All persons authorized to make investment decisions on behalf of the District acting in accordance

with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual's security credit risk or market price changes, provided deviations from expectation are reported in a timely fashion and appropriate action is taken to control adverse developments.

Ethics and Conflict of Interest

All authorized persons involved in the investment process shall refrain from personal business activities that could conflict with the proper execution and management of the investment program, or which could impair their ability to make impartial investment decisions.

Internal Controls

The General Manager, and/or an identified designee(s) of the General Manager, shall establish a system of written internal controls to regulate the District's investment activities, including the activities of any subordinate officials acting on behalf of the District. Procedures should include references to individuals authorized to execute transactions or transfers, safekeeping agreements, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking services contracts, as appropriate. As part of the annual financial audit, the District's external auditor will perform a review of investment transactions to verify compliance with policies and procedures.

Responsibilities of the Board of Directors

- Policy Adoption and Review: Pursuant to California Government Code Section 53646, the Investment Policy and any amendments shall be approved at a public meeting by the Board. The Board shall review the investment Policy annually to determine whether stated investment objectives are still relevant and the continued feasibility of achieving the same.
- Delegation of Authority: Pursuant to California Government Code Section 53607, the Board shall delegate authority for investment of funds, investment management services, and emergency actions by the Board.
- Investment of Funds. The Board delegates the responsibility to invest or reinvest the District's funds or to sell or exchange securities purchased to the Chief Fiscal Officer, who shall act in accordance with established written procedures for the operation of the investment program consistent with the investment policy. Delegation of this authority shall be reviewed as desired by the Board.
- Investment Management Services: The District can authorize the use of investment management service for District funds. Any change in investment management services must be approved by the Board.
- Emergency Actions by the Board: An emergency meeting of the Board will be called whenever necessary to deal with important investment issues that cannot await a regularly scheduled Board meeting.

Responsibilities of the Chief Fiscal Officer

- Pursuant to California Government Code Section 53607, the Chief Fiscal Officer is

responsible for investing or reinvesting the District's funds or to sell or exchange securities purchased. They shall be responsible for coordinating and communicating with the investment management service provider.

- Annual review of the portfolio for compliance and shall report to the Board major incidences of noncompliance.
- In accordance with California Government Code Section 53646, they may render a quarterly investment report to the Board. The report shall include the type of investment, issuer, date of maturity, par values and dollar amount invested for all securities, investments and moneys held by the District, as well as the current market value as of the date of the report and the source of valuation.
- Annual review of the Investment Policy to determine whether stated investment objectives are still relevant and the continued feasibility of achieving the same.
- Maintain written procedures for the operation of the investment program.

Responsibility of Investment Management Services

- The investment management service provider must meet the requirements for authorized financial dealers in accordance with California Government Code Section 53601.5 and be reputable and trustworthy as well as knowledgeable and experienced with public agency investing.
- Work with the Chief Fiscal Officer in regard to investing or reinvesting the District's funds or to sell or exchange securities purchased while exercising full investment discretion and prudence in the selection and diversification of investments.
- Manage the day-to-day investment of Portfolio assets in accordance with the Investment Policy guidelines and objectives included herein. If at any time the guidelines become too restrictive or possibly injurious to investment returns, they should communicate that information immediately to the Board and Chief Fiscal Officer.
- Promptly bring to the attention of the District any investment that subsequently fails to meet the policy guidelines, along with a recommendation of retention or disposal.
- Provide timely investment reporting.

Authorized Investments

Pursuant to California Government Code Section 53601, the District is empowered to invest in the following:

- Bonds issued by the District
- United States Treasury Bills, Notes, and Bonds. There is no limit of the portfolio invested in this category.
- United States Agency Securities
- Certificates of Deposit. Investments are limited to maximum of 30% of the portfolio.
- Corporate Bonds. Investments is limited to maximum of 30% of the portfolio and must have minimum rating of A- / A3 or better (by one rating agency)
- Mutual Funds (that invest in the above securities, including Money Market Funds)
- Municipal Bonds

- Commercial Paper of “prime” quality of the highest ranking or of the highest letter and number rating
- Bankers Acceptances
- Repurchase Agreements
- Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 (CGC 53601(p)).
- Local Agency Investment Fund (LAIF) and Ventura County's pooled investment fund and shall not exceed 95% of the District's investable assets.

Not more than 10% of Districts funds, with the exception of United States Government Securities, shall be invested in commercial paper and medium-term notes of any single issuer, or shares of beneficial interest of any one mutual fund pursuant to CGC 53601(p).

No investments shall be made in financial futures or financial options contracts which are otherwise allowed pursuant to California Government Code Section 53601.1. No investment shall be made in any security that at the time of the investment has a term remaining to maturity more than five years.

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. However, it is realized that market prices of securities will vary depending on economic and interest rate conditions at any point in time.