



PO Box 261
Forestville, CA 95436-0261
Phone (707) 887-1551 Fax (707) 887-1552
www.forestvillewd.com info@forestvillewd.com

FORESTVILLE WATER DISTRICT INVESTMENT OF DISTRICT FUNDS

*This Investment Policy Supersedes and Replaces in its Entirety
the Investment Policy Adopted June 13, 2023*

I. PREMISE

- a) The State Legislature has declared the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern (Government Code (GC) § 53600.6 and § 53630.1); and,
- b) Government Code Sections 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,
- c) 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 (GC § 53646(a)). The statement shall also be annually presented to any oversight agency of the local agency.
- d) For these reasons, and to ensure prudent and responsible management of the public's funds, it is the policy of the 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 District funds as defined in GC §53600 et seq.

II. POLICY

III. SCOPE

This investment policy applies to all financial assets of the District including its operating, capital, expansion, and new enterprise funds, except for monies held in reserve funds in connection with debt issues where permitted investments for reserve funds are set forth in the trust agreement or loan contract of the debt issue. These funds are accounted for in the annual audited financial statements of the District

IV. PRUDENCE

The Board and persons authorized to make investment decisions subject to these policies are fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a fiduciary shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the District.

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 capital as well as the probable income to be derived.

Investment officers acting in accordance with written procedures and the 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 from policy or expectations are reported in the next issued quarterly

treasury report and appropriate actions are taken to control adverse developments. When a deviation poses a significant risk to the District's financial position, the fiscal officer shall notify the Board immediately

V. STANDARDS

1. Investment Transaction.

As specified in GC §53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling or 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 the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the whole 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 secondary objective shall be to meet the liquidity needs of the District.
- c. Yield: The third objective shall be to achieve a return on the funds under the District's control.

The Forestville Water District shall, in the Board's discretion, invest its moneys (other than monthly operating fund) in savings accounts, certificates of deposit and federally insured banks and savings and loan institutions, or through the Sonoma County pooled investment fund and any other lawfully permitted investment through that fund, with the following qualifications:

- a) Every investment transaction must be reviewed and authorized by the Board of Directors and documented by the Treasurer of the District.
- b) The maximum Term of any deposit account shall be two (2) years. The Maximum invested in any single bank or savings and loan shall be no more than the available insurance covering such deposits or \$250,000, whichever is greater. The amount so deposited shall not cause the total invested in any one (1) institution, including accrued interest, to exceed the available deposit insurance.
- c) There is no requirement that investments made through the Sonoma County pooled investment fund be insured.
- d) The District may invest funds in brokered certificates of deposit, so long as:
 - i. the investment is made through a Federally licensed securities brokerage firm;
 - ii. said brokerage firm maintains at least \$500,000 protection on all District funds while in the control of the brokerage through the Securities Investor Protection Corporation ("SIPC");
 - iii. the amount invested in each certificate of deposit be only in the name of the District: and;
 - iv. the amount invested in each certificate of deposit does not exceed the maximum federal insurance limit on such certificates through the FDIC.
- e) To provide security to District funds in those situations where the District accounts with a FDIC insured bank or savings and loan exceed the FDIC insurance limit (e.g. due to interest re-deposited), the District is authorized to enter into a

Waiver of Security or Collateralization or similar agreement with the lending institution, so long as:

- i. The financial institution has committed to provide and maintain approved collateral for all deposits in excess of \$250,000 in accordance with Government Code Section 53652; and
- ii. The financial institution remains fully insured under FDIC for up to \$250,000 of deposits by the District.

2. Reporting.

The District will comply with the reporting requirements as defined in GC §53646 et seq. and GC §53607. The Treasurer shall submit a monthly report to the Board of Directors in accordance with the requirements of Government Code Section 53646. All such reports shall include a comparison with the report last generated and include, in addition, the following elements:

- a) Type of investment;
- b) Institution;
- c) Date of Maturity;
- d) Amount of Deposit;
- e) Rate of Interest;
- f) Statement Relating to the Report of the Investment Policy.

In addition, at the time of the next Board meeting following the creation of any new account, and at the time of the next Board meeting following the adoption of the annual resolution authorizing signatories, the Treasurer shall provide an acknowledgement or acknowledgements of receipt by Savings Institutions of the Board Resolutions authorizing signatories.

3. Withdrawals and Transfers from Investment Accounts. Any withdrawal, or transfer of funds held in an investment account (i.e., savings accounts, time certificates and other forms of deposit accounts designated to earn interest) shall require approval of the Board of Directors and, except with respect to a roll-over or renewal, the signature of two persons authorized by the Board of Directors.
4. Withdrawals and Transfers from Operating Accounts. Any withdrawal, checks drawn, or transfer of funds held in a financial institution for purposes of day-to-day operations (i.e., checking accounts) shall require the signatures of any two persons authorized by the Board.
5. Temporary, Non-Insured Investments. The District shall be allowed to deposit funds in excess of the \$250,000 insurance limit set forth in this Investment Policy into the District's operating, checking account for periods up to four (4) months each, pending the utilization of the proceeds received from the County of Sonoma on the annual Sewer Charge collected from the County Tax Rolls. Due to the amount of these annual payments, the need for prompt expenditure of all or large parts of such payments, it is impractical to place such funds in insured savings accounts for short term periods.

6. Signature Card Authorization. Each year following adoption of the annual budget, the Board shall, by resolution, authorize specific persons among the Board and staff to be the signatories on all financial accounts for the District.
Within thirty (30) days following its adoption, or within thirty (30) days following the creation of any new investment, a copy of the resolution shall be delivered to each savings institution in which the District has any investment, with a request that the institution acknowledge such receipt. The Resolution shall provide that, until a further resolution is adopted, only the named signatories shall be permitted to authorize deposits, withdrawals and transfers of District monies.
To carry out the provisions of this Section 6, the District Administration shall prepare a cover letter to the financial institution, to be signed by the Chairman of the Board, enclosing a copy of the current Board Resolution authorizing only certain signatories on the account or investment. The letter shall be in substantially the same form as that attached to this Policy, and shall request that the financial institution respond in writing and provide the following information directly to the Board Chairman at his or her home mailing address:
 - a) Written verification of the financial institution's receipt of a copy of the current Board Resolution authorizing only certain signatories on the type of account held with the financial institution; and
 - b) A photocopy of the record of the financial institution which shows the actual signatures of the persons authorized to make withdrawals and transfers on the accounts or investments of the District with that institution. Upon receipt of the financial institution's written reply, the Chairman shall present such reply at the next Board meeting to verify all signatures on the accounts or investments.
Records of the communications with the financial institutions made pursuant to this policy shall be maintained in a separate file with the District.
7. Other Investments. The District may, from time to time, make such other investments as are authorized by the California Government Code (as amended or superseded); provided, however, prior to making investments not previously authorized and set forth in this AMENDED AND RESTATED INVESTMENT POLICY, the Board shall review the type of investment and adopt a resolution approving the investment.
8. Bonding. All employees of the District who have been authorized to co-sign payments, transfers, deposits or withdrawals of District funds shall be bonded to an amount determined by the Board of Directors by an insurance company rated A or better in Best's Guide.
9. Internal Controls. The District shall adopt in writing, from time-to-time, such internal controls as are reasonably required to prevent losses of public funds arising from fraud, employee error, or misrepresentation of third parties, or imprudent actions by employees and officers of the District.

MOTION was made by Director _____, seconded by Director _____ and passed ____ to allow FWD Certificates of Deposits with Financial Institutions to be as high as the maximum existing FDIC Insurance coverage when needed.

DATE ADOPTED: August 13, 2024

Chair of the Board

ATTEST: _____
District Board Clerk