

CHINO BASIN WATERMASTER

2024 INVESTMENT POLICY

1.0 POLICY

WHEREAS; 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 (Government Code (GC) § 53600.6 and § 53630.1); and

WHEREAS; the legislative body of a local agency may invest monies not required for the immediate necessities of the local agency (though Chino Basin Watermaster is not a local agency, it handles its investments in a similar manner) in accordance with the provisions of California Government Code Sections 5922 and 53601 et seq.; and

WHEREAS; the General Manager ("GM") of the Chino Basin Watermaster ("Watermaster") shall annually prepare and submit a statement of investment policy and such policy, and any changes thereto, shall be considered by the Watermaster Board at a public meeting;

NOW THEREFORE, it shall be the policy of the Watermaster 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 Watermaster and conforming to all statutes and judgments governing the investment of Watermaster funds as defined in GC §53600 et seq.

2.0 SCOPE

This investment policy applies to all financial assets of the Watermaster. These funds are accounted for in the annual Watermaster audit.

3.0 PRUDENCE

Investments shall be made with judgment and care, under circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the Watermaster, 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 in the California Government Code (53600.3) and shall be applied in the context of managing an overall portfolio. Investment officers (the GM and his/her designees) 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 expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4.0 OBJECTIVES

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

1. Safety: Safety of principal is the foremost objective of the investment program. Investments of the Watermaster 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.

2. Liquidity: The investment portfolio will remain sufficiently liquid to enable the Watermaster to meet all operating requirements which might be reasonably anticipated.

3. 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.

5.0 DELEGATION OF AUTHORITY

Authority to manage the investment program is derived from the Restated Judgment Paragraph 23, and from California Government Code 53600, et seq. Management responsibility for the investment program is hereby delegated to the Advisory Committee, who, with the GM, shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures should include references to: safekeeping, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking service 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 pursuant to Watermaster rules and regulations 2.16, derived from the Restated Judgment, Paragraph 23. The Board 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 GM is a trustee and a fiduciary subject to the prudent investor standard.

6.0 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.

interest rates, days invested and maturity yield rates) during the reporting period; and

- c. Investments outstanding at the close of the reporting period (including interest rates, days invested and maturity date); and
- d. Elements effecting the change in Watermaster's cash position; and
- e. A statement signed by the Director of Administration as to the ability of the cash on hand to meet foreseen expenditures during the next six months.

11.0 INVESTMENT POLICY ADOPTION

The Investment Policy shall be adopted by resolution of the Watermaster on an annual basis. The Policy Statement will be reviewed by each Pool Committee. Should any Pool Committee recommend revisions to the Policy Statement, it shall be amended prior to presentation to the Advisory Committee for its review and comment. If necessary, the Policy Statement will be further amended to reflect the comments of the Advisory Committee. The final Policy Statement will then be presented to the Watermaster Board for adoption at the next regularly scheduled meeting.

RESOLUTION 2024-01

**RESOLUTION OF THE CHINO BASIN WATERMASTER,
SAN BERNARDINO COUNTY, CALIFORNIA,
ESTABLISHING
A WATERMASTER INVESTMENT POLICY**

WHEREAS, the normal and prudent operation of the Watermaster's daily business generates cash balances, operating and fund reserves; and

WHEREAS, the cash management system is designed to accurately monitor and forecast expenditures and revenues on behalf of Watermaster, thus enabling the Watermaster to invest funds to the fullest extent possible; and

WHEREAS, the cash funds are to be placed in investments authorized for public agencies of the State of California (Judgment Paragraph 23); and

WHEREAS, Watermaster deems it to be in the best interests of the parties to the Judgment to delegate the authority to invest and reinvest the funds of Watermaster to the Watermaster General Manager subject to the provisions of its Investment Policy and the ongoing review and control of Watermaster and the Watermaster Advisory Committee.

WHEREAS, it is the Watermaster's policy to annually review, update, and adopt an investment policy;

NOW, THEREFORE, BE IT RESOLVED, by the Chino Basin Watermaster that:

- Section 1. The Chino Basin Watermaster 2024 Investment Policy, as attached, is adopted.
- Section 2. The authority to invest and reinvest funds of Watermaster is hereby delegated to the Watermaster General Manager (and his/her designees) subject to the provisions of said Investment Policy and the ongoing review and control of Watermaster and the Watermaster Advisory Committee.
- Section 3. This resolution shall take effect from and after its date of adoption and Resolution 2023-01 is rescinded in its entirety.

ADOPTED by the Watermaster Board on this 25th day of January 2024.

APPROVED:

By:



Chair, Watermaster Board

ATTEST:

By:



Board Secretary/Treasurer
Chino Basin Watermaster

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN BERNARDINO)

I, Bob Bowcock, Secretary/Treasurer of the Chino Basin Watermaster, DO HEREBY CERTIFY that the foregoing Resolution being No. 2024-01, was adopted at a regular meeting of the Chino Basin Watermaster Board on January 25, 2024 by the following vote:

AYES: 9
NOES: 0
ABSENT: 0
ABSTAIN: 0

CHINO BASIN WATERMASTER



Watermaster Secretary/Treasurer

Date: January 25, 2024