



MARINA COAST WATER DISTRICT
2015/16 Investment Policy

ANNUAL STATEMENT OF INVESTMENT POLICY

BACKGROUND AND PURPOSE

All investments and deposits of District funds for FY 2015/16 shall be made only as set forth in this Annual Statement of Investment Policy in accordance with the Government Code.

I. APPLICABLE LAW

The District's Investment Policy is based on provisions of the Government Code set forth in Title 5, Division 2, Part 1, Chapter 4, Articles 1 and 2 (commencing at Section 53600) of the California Government Code governing the investment of local agency funds and deposits of public monies. All references to code sections in this Statement, unless otherwise specified, are from the California Government Code. The District adopted this Policy at the December 7, 2015, meeting of the Board of Directors.

Investments shall be made as if by a prudent person using the same discretion and intelligence a person would use in managing personal affairs and certainly not for speculation. The District intends to invest prudently in order to safeguard the invested principal and accrued interest and to produce an acceptable rate of return after first considering safety and liquidity. As far as possible, all money belonging to or in the custody of the District, including money paid to the treasurer or other official to pay the principal, interest, or penalties of bonds, shall be deposited for safekeeping in an institution as described in Section 53635.2, observing the limitations specified in Sections 53601 and 53635.

II. INVESTMENT PROCEDURES

- A. The Director of Administrative Services may invest monies not required for expenditure during the terms of the investment without first securing further Board approval if the investment is one of the following types:
- (1) Local Agency Investment Fund of the State of California.
 - (2) Time certificates of deposits issued by a nationally or state chartered bank or a state or federal association located within the State of California if fully secured by federal insurance or approved collateral at the required percentage of market value.



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- (3) United States Treasury notes, bonds, bills or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.
- B. The Director of Administrative Services may invest monies not required for expenditure during the term of the investment only after securing further Board approval if the investment is one of the following types:
- (1) Bonds issued by the local agency, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency, or authority of the local agency.
 - (2) Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.
 - (3) Bonds, notes, warrants, or other evidences of indebtedness of a local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.
 - (4) Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
 - (5) Investments in repurchase agreements may be made, on an investment authorized in this section, when the term of the agreement does not exceed one year. The market value of securities that underlie a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.
 - (6) Time certificates of deposit issued by a nationally or state chartered bank or a state or federal association located outside of the State of California if secured by federal insurance.



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- C. No investment shall be purchased:
 - (1) On margin.
 - (2) "Forward" or "in the future."
 - (3) Based on foreign currency.
 - (4) Which are specified in Government Code Section 53601.6.
- D. No investment shall be made with a maturity date greater than five years from the date of purchase unless specifically authorized by the Board or as a part of a program no less than three months prior to the date of purchase.

III. USE OF SECURITIES DEALERS AND BROKERS

When not purchasing an investment directly from the issuer, the District shall purchase it from an institution licensed by the State as a broker-dealer, as defined in Section 25004 of the Corporation Code, or from a member of a federally regulated securities exchange, from a national or state-chartered bank, from savings association or a federal association, or from a brokerage firm designated as a primary government dealer by the Federal Reserve Bank, as required by Section 53601.5.

IV. INVESTMENT AUTHORITY AND REPORTING REQUIREMENTS

- A. Director of Administrative Services: To the extent consistent with law, the Director of Administrative Services ("DAS") shall perform the duties of "treasurer" under Sections 53630 through Sections 53686. District funds deposited in any account are deemed to be in the treasury of the District, pursuant to Section 53636. The DAS is responsible for the safekeeping of money in his or her custody and shall enter into any contract with a depository relating to any deposit, which in his or her judgment is to the public advantage, as provided by Section 53649. The DAS is responsible for compliance with all state laws governing the day-to-day management of deposits as set forth in Sections 53630 through 53686.
- B. Borrowing Funds: In making any decision that involves borrowing in the amount of one hundred thousand (\$100,000) or more, the Board shall discuss, consider, and deliberate each decision as a separate item of business on the agenda of its meeting as prescribed in the Government Code, commencing at Section 54950.



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- C. Director of Administrative Services' Quarterly Report: The DAS shall present quarterly reports on investments to the General Manager and Board. The report shall show: the type of investment, how title is held, institution, date of maturity, amount of deposit, current market value for all securities with a maturity of more than 12 months, rate of interest, the relationship of each investment to this investment policy, information showing that expenditure requirements can be met in the following quarter and specify investments made pursuant to Government Code Section 53601(i), and 53601.1. The quarterly reports shall also show whatever additional information the Board may require.
- D. In Lieu Statements: For District investments placed in the Local Agency Investment Fund, created by Section 16429.1, in FDIC-Insured accounts in a bank or savings and loan association, in a county investment pool, or any combination of these, the DAS may supply the most recent statement or statements received by the District from these institutions in lieu of the information required by Paragraph C.
- E. Investment Committee: The Budget & Personnel Committee shall periodically review the investments held by the District, the cash flow requirements of the District and the compliance of its investments with this Statement. The Committee shall make an annual report and recommendation to the Board concerning implementation or changes in this policy. If there is no Budget & Personnel Committee, the Board shall perform the review.
- F. Annual Board Review: The Board shall meet annually to review the District Investment Policy portfolio, quarterly reports prepared pursuant to Section 53646 of the Government Code, and any other relevant information regarding anticipated cash requirements for the purpose of selecting investment instruments for District funds. This investment policy shall be reviewed annually or more often, as necessary.

The District may commingle unrestricted funds for the purpose of investing amounts on hand, so long as the investments meet the requirements of this Policy.