

**YUBA COUNTY WATER AGENCY  
STATEMENT OF INVESTMENT POLICY**

**1. Background & Purpose.**

- a. Government Code section 53646 recommends that the Agency annually prepare and adopt a written statement of investment policy.
- b. Government Code sections 53600 et seq. and 53630 et seq. and other laws authorize the Agency to deposit and invest its money and funds in various institutions and types of investments, subject to limitations.
- c. The purpose of this policy is to provide guidelines to Agency officers and employees with regard to the deposit and investment of Agency monies and funds in accordance with, and subject to the limitations of, applicable laws.

**2. Scope.** This investment policy applies to all monies, funds, and financial assets of the Agency, including its general fund, all enterprise funds, all trust funds, and any and all capital project funds.

**3. Standard of Care & Objectives.**

- a. Deposits and investments shall be made with the 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 their capital as well as the probable income to be derived. Agency officers and employees handling deposits and investments of Agency funds shall act pursuant to a "prudent investor" standard applied in the context of managing the entire portfolio. (See Govt. Code, § 53600.3.)
- b. When depositing, investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing Agency funds, the Agency's primary goals and objectives, in priority order, shall be:
  - i. Safety. To safeguard the principal of the Agency funds. Deposits and investments of Agency funds, monies, and financial assets shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
  - ii. Liquidity. To meet the liquidity needs of the Agency. The Agency's investment portfolio must remain sufficiently liquid to enable the Agency to meet all operating expenses and requirements which might be reasonably anticipated.

- iii. Return on Investment. To achieve a return on the investment of Agency funds. As a final priority, the Agency's investment portfolio shall be designed with the objective of obtaining a fair market rate of return throughout budgetary and economic cycles and consistent with the first two priorities.
4. **Delegation of Authority.** - The Agency delegates to the Agency General Manager principal management responsibility for the deposit and investment of Agency monies, funds, and financial assets pursuant to this statement of investment policy. The Agency authorizes the Agency General Manager to make deposit and investment decisions on behalf of the Agency pursuant and subject to this investment policy, applicable laws, and the prudent investor standard.
5. **Authorized Investments.** All Agency funds and monies may be deposited and invested in only one or a combination of the following institutions and investment types:
  - a. Yuba County Treasury:
    1. Investment pool, aggregated.
    2. Investment pool, given specific direction with respect to type/duration.
    3. U.S. Treasury obligations
    4. Commercial Paper of prime quality that meets the criteria of the Government Code.
  - b. Federal Deposit Insurance Corporation (FDIC) insured accounts in a bank or savings and loan association.
  - c. Loans to local government agencies in Yuba County with a fair rate of return, which are specifically authorized and evidenced by an Agency Board of Directors approved resolution or loan agreement.
6. **Safekeeping & Custody.** All Agency deposits and investments shall have the Yuba County Water Agency named as depositor and registered owner. Any securities purchased or acquired shall be delivered to the Agency by book entry, physical delivery, or by third party custodial agreement as required by Government Code section 53601.
7. **Annual Review & Quarterly Reporting.** The Agency General Manager on a quarterly basis shall make available to the Agency Board of Directors copies of the most recent account statements received by the Agency from the Yuba County Treasurer and other institutions holding Agency funds and financial assets which demonstrate the cash on hand with the respective institution. The Agency General Manager on an annual basis shall make available to the Agency Board of Directors copies of the annual report from the Yuba County Treasurer demonstrating disbursement of interest earned and the fair market value adjustment of investments held. (Govt. Code: ' 53646(e).) The Agency General Manager shall annually review this statement of investment policy and request the Agency Board of Directors to either make appropriate changes or reaffirm the current policy. (Govt. Code, ' 53646(a).)

8. **Amendments.** This statement of investment policy shall take effect only upon adoption by the Agency Board of Directors. Any subsequent amendments or modifications shall not take effect unless expressly approved by the Agency Board of Directors.