

**SAN BERNARDINO VALLEY WATER CONSERVATION
DISTRICT
STATEMENT OF INVESTMENT POLICY
2014-2015**

1. PURPOSE

The investment policy of the San Bernardino Valley Water Conservation District provides delegation and guidelines for the investment of the District's surplus cash and reserves that are not required for near term operational needs of the District in accordance with Government Code §53601 or 53635.

2. SCOPE

The investment policy applies to all activities of the District with regard to investing surplus cash or reserves for future use.

3. POLICY

Investments shall comply with the requirements of § 53600-53683 of the Government Code. No investment shall be made unless authorized by Government Code § 16429.1, 53601 or 53635. The District shall utilize conservative investment vehicles consistent with its objectives and investment strategies identified and listed in this document.

4. OBJECTIVES

The primary objectives, in order of priority, of the District's investment activities and criteria for selection of investment shall be as follows:

1.1.SAFETY

The objective refers to potential loss of principal or interest associated with any investment vehicle. The District's investment policy is to protect principal at all times, and to invest only in those investments in which safety of principal is guaranteed by the federal government, or in those investments which demonstrate a past performance history where principal investments have not been lost or diminished.

1.2.LIQUIDITY

The District's investment vehicles shall be balanced between restricted and unrestricted investments, such that the District may convert its investment monies to liquid funds on short notice, in order to respond to demands or opportunities calling for immediate availability of investment or operating capital.

1.3.YIELD

The District's investment portfolio shall be managed to obtain the highest possible market rates of interest while preserving and protecting the investment monies in the overall portfolio.

5. STRATEGIES and AUTHORIZED INVESTMENTS

The District shall pursue an investment strategy where investments are limited to the following strategies:

1. Local Agency Investment Fund (LAIF) under §16429.1
2. CalTrust Investment Trust of California (CalTrust)
3. Investments guaranteed by the Federal Deposit Insurance Corporation (FDIC)
4. Government securities backed by the full faith of the federal government §53601
 - US Treasury bills, notes and bonds, certificates of indebtedness (T-Bills, etc)
 - Government National Mortgage Association (SBA)
 - Farmers Home Administration (FHA)
5. Federal Instrumentalities which do not carry the Federal guarantees but are guaranteed by the US Treasury (fixed interest rate only)
 - Federal National Mortgage Association (FNMA)
 - Federal Home Loan Bank (FHLB)
 - Federal Home Loan Mortgage Corporation (FHLMC)
6. Any Investment which complies with the requirements of § 53600-53683 of the Government Code, if specifically authorized by action of the Board of Directors.
7. Money Market Mutual Funds who invest in securities and obligations under §53601 registered with the Securities and Exchange Commission and shall meet one of the following
 - Attained the highest rating or ranking by two or more rating services
 - Retained an investment advisor registered with the SEC with more than five years' experience investing under §53601 and with assets in excess of \$500 million.

In the event investment opportunities arise to divert investment funds into investments other than LAIF or CalTrust, the General Manager will consult with the Board of Directors to secure approval of the investment or investments.

6. INVESTMENT AUTHORITY

In accordance with Government Code §53607 and 53608 the District's General Manager is authorized and delegated by the Board to make investments on behalf of the District. Such investments shall be limited to investments listed in this policy or otherwise authorized by the District's Board of Directors. Any Government Securities dealers utilized by the District will be provided a copy of this policy and will acknowledge receipt and agree to abide by the policy. Officers and employees who are involved in the investment process shall avoid any conflicts of interest with District investments. Investments will not normally have maturities beyond five years.

7. REPORTING REQUIREMENTS

The District's Board of Directors will be provided, on no less than a quarterly basis, a report on the performance of all investments.