

RESOLUTION 02-03

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 Office Manager/Accountant 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 authority to invest and reinvest funds of Watermaster is hereby delegated to the Watermaster Office Manager/Accountant subject to the provisions of said Investment Policy and the ongoing review and control of Watermaster and the Watermaster Advisory Committee.
- Section 2. This resolution shall take effect from and after its date of adoption and Resolution 00-09 is rescinded in its entirety.

****Watermaster's Investment Policy originally adopted by the Advisory Committee on February 13, 1997 and the Watermaster Board on March 5, 1998.**

APPROVED by the Advisory Committee this 14th day of November 2002.

ADOPTED by the Watermaster Board on this 14th day of November 2002.

APPROVED:

Chairman, Advisory Committee

ATTEST:

Secretary
Chino Basin Watermaster

By:

Chairman, Watermaster Board

STATE OF CALIFORNIA)
) ss
COUNTY OF SAN BERNARDINO)

I, Dennis Yates, Secretary of the Chino Basin Watermaster, DO HEREBY CERTIFY that the foregoing Resolution being No. 02-03, was adopted at a regular meeting of the Chino Basin Watermaster Board by the following vote:

AYES: McGraw, Catlin, Yates, Arbelbide, DuBois, Hofer, O'Brien, Vanden Heuvel
NOES: None
ABSENT: Schroeder
ABSTAIN: None

CHINO BASIN WATERMASTER


Secretary

Date: November 14, 2002

CHINO BASIN WATERMASTER

INVESTMENT POLICY

Investments shall be made, not for speculation, but considering first the probable safety of capital, then the probable income to be derived and the liquidity of the investment in relationship to Watermaster's ability to meet its financial obligation in a timely manner. All such investments shall be authorized for public agencies for the State of California and shall be made prudently according to the "prudent investor standard", as stated in the Government Code Section 53600.3, recognizing the Watermaster's fiduciary responsibilities to administer the Judgment and the funds derived therefrom. Any party involved in the investment of Watermaster funds shall refrain from activities that could be interpreted as a conflict of interest and shall act in accordance with generally acceptable rules of ethics and conduct.

A. Watermaster Annual Review Procedures

1. Watermaster staff will annually review the existing Investment Policy Statement and, if necessary, amend it for any changes necessary. A "Draft Investment Policy Statement (Policy Statement)" will then be prepared.
2. 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 their review and comment. If necessary the Policy Statement will be further amended to reflect the comments of the Advisory Committee.
3. The final Policy Statement will then be presented to the Watermaster Board for their adoption at their next regularly scheduled meeting. Once adopted, staff will comply strictly by the policies contained therein.

B. Approved Financial Institutions

Funds shall only be invested as provided in "C" below, with:

1. Financial Institutions or Savings & Loan Associations (Bank(s)) with offices located within the geographical boundaries of the Chino Hydrologic Basin, having Equity/Asset Ratio of at least 5%; and
2. Local Agency Investment Fund (LAIF) in Sacramento, CA.

C. Limitations of Investments placed with Institutions

1. Funds to meet current expenses shall be available in checking, savings and/or money market accounts at all times.

Chino Basin Watermaster
Investment Policy (Continued)

2. Up to \$ 500,000 may be invested in Time Certificates of Deposit (TCD's) with any one Bank at any period of time.
3. Any other, or all funds, up to the dollar limit set by LAIF or the Watermaster Board, may be placed in an open "Floating" investment with LAIF.

D. Placement of Investments

The Watermaster Treasurer and alternates, and those individuals authorized with respect to authorization execution, verification and recording of investment transactions are delegated the responsibility for making investments.

Upon Watermaster's receipt of incoming monies available for investment, either from assessments or maturing investments, approved Banks and LAIF will be contacted to determine current interest rates in order to:

1. Achieve maximum security of funds invested; and
2. Achieve the maximum amount of interest available on the date the investment is to be placed; and
3. Verify available collateralization for TCD's. Collateral must be held by a third party trustee and valued regularly by the State Banking Department's Administrator of Local Agency Security.
 - a. For commercial banks, agreements allowing for the waiver of the collateral requirement for that amount of a deposit covered by the federal Deposit Insurance Corporation maximum (\$99,099) may be implemented provided the remainder of the deposit is secured by collateral with a market value of at least 10% greater than that remaining amount.
 - b. For savings and loan associations, the collateral requirement is increased to 150%.

E. Period of Investment

A Cash Flow Analysis will be prepared and maintained on a monthly basis by the Chief Executive Officer and the Accountant/Office Manager or Watermaster Controller to determine the amount(s) to be invested to mature at date(s) the funds will be required to meet Watermaster obligations, if funds are to be invested using investments other than LAIF.

F. Safekeeping of Investment Documents

TCD's, depository agreements and other documents shall be kept in Watermaster's Fire Safe.

G. Maturing Investments

Monies received from maturing investments will be immediately deposited in Watermaster's Regular Checking Account unless funds in this account exceed current cash need. Funds available from maturing investments, together with other surplus funds, will be invested or reinvested in accordance with this Investment Policy.

H. Quarterly Investment Reports

The Watermaster Accountant/Office Manager or Controller shall prepare Monthly Investment Reports which reflect investment transactions for review by the Pool Committees and the Advisory Committee prior to presentation to the Watermaster Board at their next regularly scheduled meeting.

Following formats used in prior years, said Investment Report will reflect the following information.

1. Funds held in each Bank at the beginning and ending of the reporting period; and
2. Investments deposited and/or redeemed by type and by Bank (including interest rates, days invested and maturity yield rates) during the reporting period; and
3. Investments outstanding at the close of the reporting period (including interest rates, days invested and maturity date); and
4. Elements effecting the change in Watermaster's cash position; and
5. A statement signed by the Watermaster Accounting/Office Manager or Controller as to the ability of the cash on hand to meet foreseen expenditures during the next six months.