
Castro Valley Sanitary District

POLICIES AND PROCEDURES MANUAL

POLICY TITLE: Investment of CVSan Funds
POLICY NUMBER: 3035

3035.1 Policy Statement. It shall be the policy of Castro Valley Sanitary District (CVSan) to invest funds not required for the immediate needs of CVSan in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of CVSan and conforming to all statutes governing the investment of such funds.

3035.2 Purpose. In accordance with Section 53646 of the Government Code of the State of California, the treasurer or chief fiscal officer of each local agency shall annually prepare and submit a statement of investment policy for consideration by the local agency at a public meeting of that legislative body. For CVSan, it shall be the responsibility of the General Manager/Treasurer to prepare and submit such policy for adoption by resolution of the CVSan Board of Directors (Board). The adopted Investment Policy shall be reviewed on an annual basis and any modifications to such policy shall be approved by the Board by resolution. The investment policy as adopted by the Board shall be used to guide CVSan staff in investment decisions and transactions.

3035.3 Scope.

3035.3.1 This Investment Policy shall apply to the investment of all funds of CVSan except debt service funds held by the Treasurer of the County of Alameda for payment of bond redemption and interest.

3035.3.2 Except for cash in certain restricted and special funds, CVSan will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

3035.4 Prudence. Investments shall be made with 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. The standard of prudence to be used by CVSan staff shall be the "prudent person" standard as found in Section 53600.3 of the Government Code of the State of California, and shall be applied in the context of managing an overall portfolio. The General Manager/Treasurer, acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided significant deviations from expectations are reported within seventy-two (72) hours of discovery and appropriate action is taken to control adverse developments.

3035.5 Objective. When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, legality and safety of principal shall be the primary objectives. In addition, CVSan shall retain sufficient liquidity to meet projected and unexpected cash needs. CVSan shall seek to attain market average rates of return on all investments within the constraints imposed by State law, by the avoidance of capital losses and by cash flow considerations. CVSan's investment portfolio shall be diversified to eliminate the risk of loss resulting from over-concentration of assets in a specific issuer or class of securities and shall contain investments of varying lengths of maturity of five years or less. Investments will be allocated in concentrations in accordance with California Government Code Sections 53601 and 53635.

3035.6 Responsibility. The General Manager/Treasurer shall have responsibility for investing CVSan funds and shall develop written procedures and a system of internal controls to implement this Investment Policy. The General Manager/Treasurer shall render a monthly report to the Board specifying the type of investment, institution, date of maturity, amount of deposit, and current market value for all securities with a maturity of more than twelve (12) months and a rate of interest. The report shall state its relationship to this Investment Policy.

3035.7 Procedure.

3035.7.1 Authorization. The General Manager/Treasurer is hereby authorized to invest funds of CVSan in the pooled investment funds specified in Section 3035.7.2 herein below. No person may engage in an investment transaction except as provided under the terms of this Investment Policy and the procedures herein established. The General Manager/Treasurer is a trustee and a fiduciary subject to the prudent investor standard.

3035.7.2 Instruments. Assets of CVSan shall be invested only in:

3035.7.2.1 The Cash Pool of the Alameda County Treasurer's Office.

3035.7.2.2 The Local Agency Investment Fund of the State of California.

3035.7.2.3 The Investment Trust of California (CalTRUST).

3035.7.2.4 Assets collected by and/or in transition from the Alameda County Treasurer's Office or from other sources of revenue such as capacity and other fees, may be held in an interest-bearing account at an authorized servicing bank for up to sixty (60) days pending transfer to the Local Agency Investment Fund, CalTRUST or for use for satisfying the Accounts Payable on behalf of CVSan.

3035.7.2.5 U. S. Treasury Obligations, which carry the full faith and credit guarantee of the United States Government and are considered to be the most secure instruments available.

3035.7.2.6 Certificates of deposit and other evidences of deposit at financial institutions within Federal Deposit Insurance Corporation (FDIC) guidelines.

3035.7.3 Reporting. The General Manager/Treasurer shall submit to each member of the Board a monthly investment report, which shall consist of a summary report of CVSan's investments. The report shall include a certification that (1) all investment actions executed since the last report have been made in full compliance with this Investment Policy, and (2) CVSan will meet its cash flow requirements for the next twelve (12) months.

3035.8 Ethics and Conflicts of Interest. CVSan 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.

***** END OF POLICY *****