



INVESTMENT POLICY

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SECTION 1 - INVESTMENT POLICY

OVERVIEW

I. PURPOSE

This Investment Policy is set forth by the Santa Rosa Regional Resources Authority (hereinafter referred to as the “Authority”) for the following purposes:

- a. To establish a clear understanding for the governing Board, management, responsible employees, citizens, and third parties of the objectives, policies, and guidelines for the investment of the Authority’s idle and surplus funds; and
- b. To offer guidance to investment staff on the investment of Authority funds.

The Authority establishes investment policies that meet its current investment goals. The Authority shall review this policy annually and may change its policies as its investment objectives change.

II. SCOPE

This investment policy applies to all financial assets and investment activities of the Authority with the following exception:

- a. Proceeds of debt issuance shall be invested in accordance with the general investment philosophy of the Authority as set forth in this policy; however, such proceeds are invested in accordance with permitted investment provisions of their specific bond indentures.

III. DELEGATION OF AUTHORITY

Section 53600 *et seq.* of the Government Code provides legal authorization for the investment or deposit of funds of local agencies. All investments of the Authority shall conform to the restrictions of those laws. In addition, further requirements shall be established, taking into consideration prudent investment standards. Management of the investment program is hereby delegated to the Secretary-Treasurer of the Authority, with Board of Directors approval of any new investment vehicle prior to the purchase of the investment via the annual approval of the investment policy.

IV. PRUDENT INVESTOR STANDARD

The Prudent Investor Standard shall be used by investment officials, and shall be applied in the context of managing an overall portfolio. Investment staff, acting in accordance with written procedures and the investment policy and exercising due diligence, shall be relieved of personal

responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported within 30 days and appropriate action is taken to control adverse developments.

The **Prudent Investor Standard:** When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Authority. Within the limitations of this section and considering individual investments as part of an overall strategy, a trustee is authorized to acquire investments as authorized by law.

V. INTERNAL CONTROLS

The Secretary-Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the entity are protected from loss, theft, and misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of the control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As deemed appropriate by the Authority and/or the Board of Directors, an external auditor shall conduct a review of the internal controls, account activity, and compliance with policies and procedures.

VI. ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

VII. OBJECTIVES

The primary objectives, in priority order, of investment activities shall be safety, liquidity and return.

SAFETY

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.

LIQUIDITY

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

RETURN

The investment portfolio shall be designed with the objective of attaining a market rate of return through budgetary and economic cycles, taking into account the Authority’s investment risk constraints, the cash flow characteristics of the portfolio, and state law.

VIII. REVIEW OF INVESTMENT POLICY AND PORTFOLIO

On an annual basis, the Authority’s Secretary-Treasurer shall present the Investment Policy, together with any proposed amendments, to the Board of Directors for its consideration. Additionally the Authority’s Secretary-Treasurer will present monthly statements showing the balance of funds between the major investment classifications (Cash, Local Agency Investment Fund, etc.), and no less than annually present to the Board of Directors on the overall status, results, and strategy of the investment program.

IX. ALLOWABLE INVESTMENTS AND INVESTMENT LIMITATIONS

SUMMARY OF INVESTMENT LIMITATIONS				
Type of Security	% Limit Per Issuer	% Limit Per Type of Security	Minimum Quality	Maturity Limit
State of California, Local Agency Investment Fund (LAIF)	None	Legal Allowable Maximum by LAIF	None	None