

Diablo Water District Regulation No. 111 Investment Policy



Section 1. Investments and Deposits

- a. Surplus money in the treasury of the District not required for the immediate necessities of the District may be invested only in accordance with the provisions of Government Code, section 53601.
- b. As far as possible, all money belonging to or in the custody of the District not otherwise invested will be deposited for safekeeping in state or national banks in accounts insured by the Federal Deposit Insurance Corporation or in savings or other financial institutions as authorized by Government Code, section 53635.
- c. District funds may be invested in public agency bonds where the issuing agency has a rating of:

Moody's	S&P	Fitch
Aaa	AAA	AAA
Aa1	AA+	AA+
Aa2	AA	AA
Aa3	AA-	AA-

Section 2. Investment Objectives

- a. When investing, reinvesting, and managing the funds of the District, the primary objective will be to safeguard the principal of the funds under the District's control. The secondary objective will be to meet the liquidity needs of the District. The third objective will be to invest in funds that align with the District's Environments, Social, and Governance philosophy. The fourth objective will be to achieve a return on the funds under its control.

Section 3. Control

- a. All funds of the District, and the deposit and investment thereof, will be under the continuous control of the Board of Directors. The General Manager has the authority to make investment decisions on behalf of the District. As trustee of said funds, the Board and the General

Diablo Water District Regulation No. 111 Investment Policy



Manager are subject to the prudent investor standard as defined by Government Code, section 53600.3.

Section 4. Financial Reporting

- a. The District's staff auditor will render annually to the Board for its consideration at a public meeting a statement of investment policy as required by Government Code, Section 53646(a)(2).
- b. The District's staff auditor will submit not less than quarterly to the Board and the General Manager a financial report as required by Government Code, section 53646 (b).
 1. The report will be submitted within 45 days following the end of the quarter covered by the report. The report will also include a current market value for all securities held as of the date of the report and the source of this same valuation.
 2. The report will state compliance of the portfolio to the statement of investment policy, or the manner in which the portfolio is not in compliance.
 3. The report will include a statement denoting the ability to meet its pool's expenditure requirements for the next six months or provide an explanation as to why sufficient money will, or may, not be available.
 4. The report will also include any additional information or data that may be required by the Board or General Manager.

Section 5. Interfund Loans

- a. The District will require an Interfund Loan Agreement between the lending fund and the borrowing fund for organizational, capital, operational, and maintenance purposes. The Loan Agreement will be approved by the District's Board of Directors.
- b. The District's General Fund or Facilities Reserve Fund may loan monies to other funds within the District as circumstances may arise to meet current obligations. The Finance and Accounting Manager will affect such transfers by journal entry upon the request of the General Manager.

**Diablo Water District
Regulation No. 111
Investment Policy**



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- c. The borrowing fund will pay the lending fund interest on the monies loaned at the current average monthly effective yield rate per LAIF (Local Agency Investment Fund).

Section 6. Environmental, Social and Governance Investment

- a. Philosophy: to invest in funds that contribute to a sustainable future for the environment and enrich the human experience, while minimizing risks and maximizing transparency of the company.
- b. Investment Criteria (if available):
1. Sustainalytics ESG Score: Require a low to negligible risk score.
 2. Statista: Bank will not be listed in top 25 carbon dioxide-emitting banks.
 3. Banking on Climate Chaos: Bank will not be listed in the top 30 banks investing in fossil fuels.
 4. Agency bonds that support community investment, infrastructure improvements, and/or environmental projects.
 5. Additional data sources may be considered.