

**RESOLUTION NO. R.03-2004**

**RESOLUTION OF THE GOVERNING BOARD OF THE  
BIG BEAR AREA REGIONAL WASTEWATER AGENCY  
ADOPTING THE ANNUAL STATEMENT OF INVESTMENT POLICY**

**WHEREAS**, the Governing Board has heretofore established general funds from which monies may be expended for general operating purposes; and

**WHEREAS**, the Governing Board has, in addition, established reserve funds from which monies may be expended for specific purposes only; and

**WHEREAS**, the Big Bear Area Regional Wastewater Agency has on hand in the general and reserve funds, from time to time, monies that are not required for immediate expenditure; and

**WHEREAS**, it has been determined to be in the public interest to invest such monies in a manner that seeks to ensure the preservation of capital while meeting the liquidity needs of the Agency;

**NOW, THEREFORE, BE IT RESOLVED**, by the Governing Board of the Big Bear Area Regional Wastewater Agency that the Agency's Annual Statement of Investment Policy, attached hereto as Exhibit "A," is hereby approved and adopted.

**ADOPTED** this 24<sup>th</sup> day of March 2004.

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Chairman of the Governing  
Board of the Big Bear Area Regional  
Wastewater Agency

ATTEST:

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Secretary of the Governing  
Board of the Big Bear Area  
Regional Wastewater Agency

## EXHIBIT “A”

### BIG BEAR AREA REGIONAL WASTEWATER AGENCY INVESTMENT POLICY

#### I. Policy Statement

The Big Bear Area Regional Wastewater Agency (“Agency”) has been entrusted with a special privilege and a unique responsibility to manage and protect public dollars. When managing public funds, the Agency understands that investment success can not be measured in terms of achieving the highest possible return but must be measured in terms of prudent investing that utilizes uncommitted dollars in safe, short-term instruments to earn the Agency reasonable returns with the least amount of risk and to maintain adequate liquidity.

#### II. Scope

This investment policy applies to all financial assets of the Agency which include:

1. Idle short-term operating cash.
2. Deposits held by fiscal agents, in accordance with the provisions of the applicable debt agreements, not necessarily limited to the specific investment types authorized under Section IV, Authorized Investments, set forth in this policy.
3. Restricted reserve funds.

#### III. Objective

The primary objectives, in priority order, of the Agency’s investment activities shall be:

1. **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the Agency shall be undertaken in a manner that seeks to ensure the preservation of capital.

2. **Liquidity:** The Agency's investment portfolio will remain sufficiently liquid to meet all operating requirements.
3. **Yield:** The investment portfolio shall be designed with the objective of attaining a rate of return commensurate with the Agency's investment risk constraints and liquidity needs. Return on investment is of least importance compared to the safety and liquidity objectives described above.

#### **IV. Authorized Investments**

The following investments will be permitted by this policy and are authorized by the California Government Code:

1. The Local Agency Investment Fund (LAIF) managed by the Treasurer of the State of California.
2. Certificates of Deposit insured by the Federal Deposit Insurance Corporation. Maturities are not to exceed two years from the date of purchase. Purchases may not exceed 30 percent of the Agency's surplus money.
3. United States Treasury Bills, Notes and Bonds for which the full faith and credit of the United States are pledged for the payment of principal and interest. Maturities are not to exceed two years from the date of purchase.
4. Triple-A rated money market mutual funds regulated by the Securities and Exchange Commission and whose portfolios consist only of United States Treasury securities.

**V. Delegation of Authority**

Management responsibility for the investment program is hereby delegated to the General Manager and the Finance Manager of the Agency, who may invest the Agency's funds consistent with this investment policy and who shall establish procedures and a system of controls for the operation of the investment program consistent with this investment policy.

**VI. Reporting**

The Finance Manager shall render an investment report to the General Manager and the Governing Board of the Agency on a monthly basis.

1. The investment report shall include the type of investment, institution, date of maturity, par and dollar amount invested on all securities, interest rate, share of the liquid value, investments and monies held by the Agency, and shall additionally, include a description of any of the Agency's funds, investments or programs, that are under the management of contracted parties, including lending programs. With respect to all securities held by the Agency, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund, the report shall also include a current market value as of the date of the report.
2. The investment report shall state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance.
3. The investment report shall include a statement denoting the ability of the local agency to meet its expenditure requirements for the next six months or an explanation as to why sufficient money will not or may not be available.

## **VII. Standards of Care**

### 1. Prudence

The Governing Board, General Manager and Finance Manager of the Agency are trustees and therefore fiduciaries subject to 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 Agency.

### 2. Ethics and Conflicts of Interest

In the manner required by applicable law, Officers and Employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions.

## **VIII. Policy Adoption**

The Governing Board shall adopt the Agency's investment policy on an annual basis at a public meeting. Any modifications to the policy shall also be considered at a public meeting.