

DIABLO WATER DISTRICT

REGULATION NO. 111

INVESTMENT POLICY

Section I. 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 shall 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:

<u>Moody's</u>	<u>S&P</u>	<u>Fitch</u>
<u>Aaa</u>	<u>AAA</u>	<u>AAA</u>
<u>Aa1</u>	<u>AA+</u>	<u>AA+</u>
<u>Aa2</u>	<u>AA</u>	<u>AA</u>
<u>Aa3</u>	<u>AA-</u>	<u>AA-</u>

Section II. Investment Objectives

- A. When investing, reinvesting, and managing the funds of the District, the

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

Section III. Control

- A. All funds of the District, and the deposit and investment thereof, shall be under the continuous control of the Board of Directors. The General Manager shall have the authority to make investment decisions on behalf of the District. As trustee of said funds the Board and the General Manager are subject to the prudent investor standard as defined by Government Code, section 53600.3.

Section IV. Financial Reporting

- A. The District's staff Auditor shall render annually to the Board for its consideration a statement of investment policy as required by Government Code, Section 53646(a).
- B. The District's staff Auditor shall submit not less than quarterly to the Board and the General Manager a financial report as required by Government Code, section 53646 (b).

Section V. 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 shall be as 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 shall affect such transfers by journal entry upon the request of the General Manager.
- C. The borrowing fund shall pay the lending fund interest on the monies loaned at the current average monthly effective yield rate per LAIF (Local Agency Investment Fund).

Section VI. Environmental, Social and Governance Investment

- A. Philosophy: to invest in funds that contribute to a sustainable future for the environment, 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 shall not be listed in top 25 carbon dioxide emitting banks.
 - 3. Banking on Climate Chaos: Bank shall not be listed in 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.