

# THE NATOMAS BASIN CONSERVANCY CORPORATE FUNDS INVESTMENT POLICY

This document constitutes the policy applicable to investment of corporate funds generated by The Natomas Basin Conservancy ("Conservancy") under its corporate cash management system. The policy specifies the scope and nature of the investment portfolios necessary to achieve the objectives as defined by the Conservancy's Board of Directors.

## I. INVESTMENT OBJECTIVES

Investments must be selected to achieve the following objectives in priority order:

- A. Safety of principal
- B. Diversification of risk
- C. Maintenance of liquidity at least adequate to meet projected cash needs
- D. Competitive returns

## II. INVESTMENT RESPONSIBILITY

The Executive Director, in consultation with the elected Chief Financial Officer (or in his or her absence the Board Chair) or the Finance Committee, has the responsibility for overseeing the management of the investment portfolio, including: (1) monitoring the existing portfolio for suitability; (2) proposing alterations to the investment policy; (3) maintaining a check and balance system to ensure compliance with this policy; (4) assuring that the investment policy is carried out; and (5) designating individuals who may execute the investment policy on behalf of the Conservancy.

## III. INVESTMENT POLICY

### A. Fixed Income Restriction

All investments must be purchased from Approved Issuers or portfolios comprised of securities from Approved Issuers. An Approved Issuer is the United States Government or its agencies, an individual financial institution (e.g., a bank), or a corporation that meets the credit quality criteria outlined in Part (D) below.

### B. Allowable Securities from Approved Issuers

1. Commercial Paper
2. Master Notes
3. Funding Agreements
4. Certificates of Deposit
5. Repurchase Agreements
6. Bankers Acceptances
7. Obligations issued or guaranteed by United States Government agencies
8. U.S. Treasury Obligations
9. Money Market and Fixed Income Mutual Funds
10. Exchange Traded Funds
11. Federal Agency Securities
12. Corporate Notes and Bonds
13. Mortgage Backed Securities

C. Diversification

Investments are to be selected and managed so as to assure industry diversification and an appropriate balance of quality, maturity and yield consistent with the current money market and economic conditions.

D. Restrictions on Approved Issuers

An acceptable outstanding debt obligations from an Approved Issuer is one rated at least A-, A3, or A- or better by Standard & Poors, Moody's, or Fitch, respectively, or short term securities rated A-1, P-1 or F1 or better by Standard & Poors, Moody's, or Fitch, respectively, at the time of purchase.

No more than 20% of the total investments made by the Conservancy should be invested in securities of any one Approved Issuer.

No limit will be applied to securities issued or guaranteed by the United States Government or any of its agencies.

No portion of Conservancy funds will be invested in or managed by any entity or manager that is considered a related party for reporting purposes as defined by GAAP.

E. Allowable Investments for Investment Manager

Investment Manager is permitted to invest in any of the securities listed in Part (B) of the Policy: *Allowable Securities from Approved Issuers*. In addition to those securities, the Investment Manager may invest in a Money Market Mutual Fund that invests solely in the securities listed in Part (B).

G. Foreign Investments

No portion of Conservancy funds will be invested in instruments issued outside of the United States, except in the case of international bonds in U.S. dollar denominations at a credit rating as outlined in Part (D) of the Policy.

H. Maturity of Investments

Maturity of investments may range from one (1) day to sixty (60) months.

#### IV. PERFORMANCE BENCHMARK

The portfolios will be monitored on a quarterly basis for performance against 90-day U.S. Treasury bills.

#### V. COMPLIANCE

Compliance with the policy herein is based on the time of purchase of any security. If any security or instrument within the portfolio of the Conservancy is downgraded below the above standards, the Investment Manager will notify the Conservancy to discuss options.

## **VI. FUNDS WITH CITY OF SACRAMENTO**

The City of Sacramento Treasurer's Investment Policy approved by the City Council governs Conservancy funds invested at the City of Sacramento Treasurer's Office.