



TUSCAN WATER DISTRICT

STATEMENT OF INVESTMENT POLICY

Adopted: February 18, 2026

PURPOSE:

The purpose of this statement of investment policy (**Policy**) is to set forth the investment policy of the Tuscan Water District (**District**) with respect to the investment of District funds, as authorized by law. This Policy will help maximize the efficiency of the District's cash management system. The District's cash management system is designed to accurately monitor and forecast expenditures and revenues, thus insuring the investment of monies to the fullest extent possible.

AUTHORITY AND RESPONSIBILITY OF THE TREASURER:

The authority of the Board of Directors (**Board**) to manage District funds has been delegated to the District's Treasurer in accordance with Government Code section 53607. The Treasurer is a fiduciary subject to the Prudent Investor Standard (Gov. Code, § 53600.3), attached hereto. When managing District funds, the Treasurer shall act in accordance with such standard, this Policy, and all other applicable State and Federal laws.

OBJECTIVES:

The first objective of this Policy is to safeguard the principal of the District's funds. (Gov. Code, § 53600.5.) The second objective of this Policy is to meet the District's liquidity needs. (*Ibid.*) The third objective of this Policy is to achieve a return on the funds. (*Ibid.*)

LEGAL INVESTMENTS:

The Treasurer shall invest District funds in a manner consistent with Government Code sections 53600 through 53686 and 16429.1 through 16429.4, and in compliance with all other applicable State and Federal laws.

Permitted Investments

Permitted investments are identified in Government Code sections 16429.1, 16340, 53601, 53601.8, 53635, 53635.2, 53635.8, 53684 and 57603.

Criteria for Selecting Investments

The criteria for selecting investments and the absolute order of priority are:

1. Safety
2. Liquidity
3. Yield

REPORTING:

In accordance with Government Code section 53607, the Treasurer will submit a monthly investment report to the Board. This report must include a list of the investment transactions for the preceding month.

In accordance with Government Code section 53646, subdivision (b), the Treasurer may also submit a quarterly report to the Board to provide a clear picture of the status of the current investment portfolio. This report must include a list of the types of investment held, the issuer, the date of maturity, the par and dollar amount invested on all securities, investments and moneys held by the District, and a description of any of the District's funds, investments, or programs, that are under the management of contracted parties, including lending programs. Additionally, the report must state the compliance status of the current investment portfolio with this Policy or identify the manner in which the portfolio is not in compliance. Finally, the report must include a statement denoting the ability of the District to meet its pool's expenditure requirements for the subsequent six months or provide an explanation as to why sufficient money may not be available.

REVIEW:

To assure continued fulfillment of objectives and compliance with State, Federal, and all other legal requirements, including this Policy, the Board may review this statement annually in light of the District's needs and changing economic and capital market factors, in accordance with Government Code section 53646, subdivision (a)(2).

CONFLICTS OF INTEREST:

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

PRUDENT INVESTOR STANDARD

Except as provided in subdivision (a) of Section 27000.3, all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, 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. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.

(Gov. Code, § 53600.3.)