Exhibit A
Reso 2024-01

SALINAS VALLEY BASIN GROUNDWATER SUSTAINABILITY AGENCY

INVESTMENT POLICY

1. General

The Salinas Valley Basin Groundwater Sustainability Agency ("Agency") will invest public funds in such a manner as to comply with state and local laws; ensure prudent money management; and provide for daily cash flow requirements. The policy will be reviewed periodically and revised as necessary.

2. Scope

The policy applies to all Agency's investment activities and financial assets as accounted for in the annual financial report. This policy is applicable to all funds unless specifically exempted.

3. Prudence

The "prudent investor" standard will be applied in the context of managing the overall portfolio. The individuals assigned to manage the investment portfolio, acting within the intent and scope of this policy and/or other applicable procedures and exercising due diligence, will be relieved of personal responsibility and liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

4. Objectives

Agency's primary investment objectives, in order of priority, are:

1) Safety. Investments will be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. Agency will seek to mitigate the two types of risk: credit risk and market risk.

   Credit risk, defined as the risk of loss due to failure of the issuer of a security, will be mitigated by investing in issuers that carry the direct or implied backing of the U.S. Government. The portfolio will be diversified so that the failure of any one issuer does not unduly harm Agency's capital base and cash flow.

Market risk, defined as market value fluctuations due to overall changes in the general level of interest rates, will be mitigated by limiting the maximum maturity of any one security to five years, structuring the portfolio based on historic and current cash flow analysis eliminating the need to sell securities prior to maturity and avoiding the purchase of long-term securities for the sole purpose of short-term speculation.

2) Liquidity. Agency will maintain a sufficiently liquid investment portfolio to meet all reasonably anticipated operating needs.

3) Yield. Agency will seek an investment portfolio with an acceptable rate of return throughout budgetary and economic cycles.

5. Delegation of Authority

In accordance with Agency's Joint Powers Agreement and under the authority granted by Agency's Board of Directors ("Board"), the Treasurer is assigned with the responsibility of investing Agency's unexpended cash. The Treasurer is required to annually file applicable financial disclosures as required by the Fair Political Practices Commission (FPPC). The management responsibility of the investment program may be delegated to other individuals who may establish appropriate procedures consistent with this policy.

6. Ethics and Conflicts of Interest

Individuals involved in the investment activities must refrain from personal business activity that conflicts with proper execution of this policy or impairs their ability to make impartial decisions.

7. Authorized Dealers and Institutions

The Treasurer will maintain a list of approved financial institutions authorized to provide investment services to the public agency in the State of California.

The Treasurer may conduct an annual review of the financial condition and registrations of qualified dealers & institutions.

8. Authorized and Suitable Investments

Investment of Agency funds is governed by the California Government Code Sections 53600 et seq. Within the context of the limitations, the following investments are authorized, as further limited herein:

1) United States Treasury Bills, Bonds, and Notes or those for which the full faith and credit of the United States are pledged for payment of principal and interest. There is no percentage limitation of the portfolio that can be invested in this category, although a five-year maturity limitation is applicable.

2) Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

3) Local Agency Investment Fund (LAIF), which is a State of California managed investment pool, and Los Angeles County Investment pool, may be used up to the maximum permitted by California State Law.

4) Negotiable Certificates of Deposit issued by nationally or state-chartered banks (FDIC insured institutions) or state or federal savings institutions. Purchases of negotiable certificates of deposit may not exceed 30% of total portfolio. Principal and accrued interest on these investments must not exceed the $250,000 FDIC insurance limit. A maturity limitation of five years is applicable.

5) Time deposits or placement service deposits, non-negotiable and collateralized in accordance with the California Government Code, may be purchased through banks or savings and loan associations. Since time deposits are not liquid, no more than 50% of the investment portfolio may be invested in this investment type. A maturity limitation of five years is applicable. Effective January 1, 2020, no more than 50 percent of the agency's

money may be invested in deposits, including certificates of deposit, through a placement service as authorized under 53601.8 (excludes negotiable certificates of deposit authorized under Section 53601(i)). On January 1, 2026, the maximum percentage of the portfolio reverts back to 30 percent. Investments made pursuant to 53635.8 remain subject to a maximum of 30 percent of the portfolio.

6) Money market funds administered for or by trustees, paying agents and custodian banks contracted by Agency may be purchased as allowed under the California Government Code. Only funds holding U.S. Treasury or Government agency obligations can be used.

The following table presents the limits, by instrument,

Authorized Investment Type	Government Code	Maximum Maturity	Maximum in Portfolio	Maximum Investment in One Issuer
Treasury Obligations (bills, notes, & bonds)	53601(b)	5 Years	100%	N/A
US Government Agency and Federal Agency Securities	53601(f)	5 Years	100%	N/A
Local Agency Investment Fund (LAIF)	16429.1	Upon Demand	As permitted by LAIF	N/A
Monterey County Investment Pool	53684	Upon Demand	As permitted by County Treasurer (currently no limit)	N/A
Negotiable Certificates of Deposit	53601(i)	5 Years	30%	N/A
Placement Service Deposits	53601.8 53635.8	5 Years	50%	N/A

9. Review of Investment Portfolio

The Treasurer will review Agency's investment portfolio at least annually to ensure that all securities comply with Section 8. The Treasurer will establish procedures to report any major and critical incidences of noncompliance identified through the review of the portfolio.

10. Collateralization

Collateralization will be required on two types of investments: non-negotiable certificates of deposit and repurchase (and reverse repurchase) agreements. To anticipate market changes and provide a level of security for all funds, the collateralization level will be 110% of market value for non-negotiable certificate of deposit and 102% for reverse repurchase agreements of principal and accrued interest.

Collateral will always be held by an independent third party with whom the entity has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the entity and retained.

Agency may waive the collateralization requirements for any portion of the deposit that is covered by Federal Deposit Insurance.

11. Safekeeping and Custody

All security transactions will be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third-party custodian designated by the Treasurer and evidenced by safekeeping receipts.

12. Diversification

Agency will diversify the investments within the portfolio to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions, or maturities. To support diversification, no more than 5% of the portfolio may be invested in the securities of any one issuer, regardless of security type, excluding U.S. Treasuries, federal agencies, and pooled investments such as LAIF, money market funds, or local government investment pools.

13. Maximum Maturities

To the extent possible, Agency will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, Agency will not directly invest in securities maturing more than 5 years from the date of purchase unless otherwise authorized by Board.

14. Internal Controls

The Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that Agency's assets are protected from loss, theft, fraud or misuse.

Separation of functions between the Treasurer and other designated staff is designed to provide an ongoing internal review to prevent the potential for converting assets or concealing transactions.