RESOLUTION NO. 2026-01

OF THE BOARD OF DIRECTORS OF THE NEVADA IRRIGATION DISTRICT

UPDATE TO ADMINISTRATIVE POLICY
3035 – INVESTMENTS

WHEREAS, proposed revisions to the Investment Policy are consistent with the requirements of the California Government Code.

NOW, THEREFORE, BE IT RESOLVED, the Board of Directors of the Nevada Irrigation District hereby adopts the following policy updates as attached, and shall be incorporated herein:

#3035 - Investments

That the attached policy shall be incorporated into the District Policy Manual, and the Board Secretary is hereby authorized to assign and revise policy numbers, and format and reformat the attached, as needed for an organized, comprehensive, policy manual.

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PASSED AND ADOPTED by the Board of Directors of the Nevada Irrigation District at a regular meeting held on the 14th day of January, 2026 by the following vote:

AYES:	Directors:	Johansen, Stephens, Heck, Fowler, Bierwagen
NOES:	Directors:	None
ABSENT:	Directors:	None
ABSTAINS:	Directors:	None

Chris Bierwagen
President of the Board of Directors

Attest:

Kris Stephan
Secretary to the Board of Directors

Nevada Irrigation District

POLICY MANUAL

POLICY TITLE: **Investments**
POLICY NUMBER: **3035**

3035.1 It is the policy of the Nevada Irrigation District to invest public funds in a manner which will provide the highest investment return consistent with preserving the maximum security while meeting the daily cash flow demands of the District and conforming to state and local statutes governing investment of public funds.

3035.2 Scope

This investment policy applies to all moneys (surplus financial assets) of the District. These moneys are accounted in the monthly financial reports and the annual comprehensive financial report of District financial activities.

3035.2.1 Exceptions

Three exceptions exist regarding investment of: bond reserve funds, grant funds. Bond reserve and grant funds will be invested in accordance with the statutory provisions governing the issuance of the bond(s) or grant(s), or the actual bond or grant documents, as applicable. Investment of District pension trust funds is governed by California Government Code 53125 – 53224. Investment of post-employment health benefit trust funds are governed by California Government code 53620 – 53622.

3035.2.2 Pooling of Funds

With the exception of cash in restricted and special funds, the District will consolidate cash balances from all funds to the extent practicable in order to maximize investment earnings and minimize fees.

3035.3 Prudence

The standard of prudence to be used by the Board of Directors, Treasurer, and all those engaged in the management of District moneys shall be the Prudent Investor Standard (California Government Code 53600.3) which shall be applied in the context of managing all aspects of the overall portfolio. Investments shall be made with the care, skill, prudence and diligence, under circumstances then prevailing, including the general economic conditions and the anticipated needs of the District, which persons of prudence, discretion and intelligence acting in a like capacity and familiarity with those matters would use in the investment of moneys

of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the District.

It is the District's intent, at the time of purchase, to hold all investments until maturity. However, investments may be sold prior to maturity for cash flow purposes or to improve the quality, liquidity, or return potential of the portfolio.

3035.4 Objectives

The primary objectives, listed in order of priority, of the investment activities are:

3035.4.1 Safety

Safety of principal is the foremost objective of the District's investment program. Investments will be executed in a manner that seeks to ensure preservation of capital in the overall portfolio. In attaining this objective, the District will strive to mitigate credit risk and interest rate risk.

3035.4.1.1 Credit Risk

The District will minimize credit risk, the risk of loss due to the failure of the security issuer/backer, by: (a) limiting investments to those allowed by this policy; (b) pre-qualifying financial institutions, broker/dealers, intermediaries and advisors; and (c) diversifying the investment portfolio by a variety of securities offering independent returns and financial institutions.

3035.4.1.2 Interest Rate Risk

The District will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by: structuring the investment portfolio so that securities meet the cash flow requirements thereby avoiding, to the extent possible, the need to sell securities on the open market prior to maturity; and investing operating funds in shorter-term securities.

3035.4.2 Liquidity

The District's investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated.

3035.4.3 Return on Investment

The investment portfolio will be designed to attain an acceptable rate of return, taking into account the investment risk constraints and cash flow requirements.

3035.5 Delegation of Authority

Authority to manage the District's investment program is derived from the California Government Code, commencing with Section 53600. Management responsibility for the investment program is hereby delegated, pursuant to Section 53607 of the Government Code, to the District Treasurer, who shall establish written procedures for the operation of the investment program consistent with this investment policy. This responsibility includes authority to select Brokers, establish safekeeping accounts, enter into wire transfer agreements, banking service contracts, and collateral/depository agreements that are consistent with and subject to this Policy. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials. This delegation shall be subject to annual renewal in accordance with Section 53607.

The District may engage the services of one or more external investment managers to assist in the management of the District's investment portfolio in a manner consistent with the District's objectives. Such external managers may be granted discretion to purchase and sell investment securities in accordance with this Investment Policy. Such managers must be registered under the Investment Advisors Act of 1940.

3035.6 Investment Procedures

The Treasurer will establish written investment procedures for the operation of the investment program consistent with this policy. The procedures should include reference to: safekeeping, wire transfer agreements, banking service contracts and collateral/depository agreements. No person may engage in an investment transaction except as provided under the terms of this policy and the established procedures.

3035.7 Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that conflicts with proper execution of the investment program or impairs their ability to make impartial investment decisions. The Treasurer and Deputy Treasurer(s) must file applicable annual financial disclosures as required by the Fair Political Practices Commission (FPPC) and/or the District's Conflict of Interest Code.

3035.8 Authorized Financial Dealers and Institutions

The District shall transact business only with banks, associations, and with broker/dealers licensed by the State of California. The broker/dealers should be primary government dealers regularly reporting to the New York Federal Reserve Bank. Exceptions will be made only upon written authorization by the Treasurer. Investment staff shall investigate dealers who wish to do business with the District to determine if they are adequately capitalized, have pending legal action against the firm or the individual broker and make markets in the securities appropriate to the District's needs. The District's Treasurer, in his/her discretion, may require that any broker/dealer complete and file an annual financial disclosure form consistent with the District's conflict of interest policy.

The District Treasurer shall annually send a copy of the current investment policy to all broker/dealers approved to do business with the District. Confirmation of receipt of this policy shall be considered evidence that the dealer understands the District's investment policies and intends to sell the District only appropriate investments authorized by this investment policy.

If the District has contracted with an investment advisor to provide investment services, the investment advisor may use their own list of approved issuers, brokers/dealers and financial institutions to conduct transactions on the District's behalf.

3035.9 Authorized and Suitable Investments

Investment of District funds is governed by the California Government Code Sections commencing with 53600 in which the following investments are authorized. A security purchased in accordance with this Policy shall not have a forward settlement date exceeding 45 days from the time of investment.

Investment Type	Percentage or Amount	Maximum Maturity
U.S. Treasury Bonds/Notes/Bills	0 to 100%	5 Years
U.S. Government Agency Securities and Instrumentality's of Government-Sponsored Corporations including mortgage passthrough securities, collateralized mortgage obligations, and mortgage-backed securities	0 to 100%	5 Years
Supranational Securities must be rated "AA" or equivalent or higher	0 to 30%	5 years
Bankers' Acceptances	0 to 40%	180 Days
Commercial Paper must be rated P-1 (Moody's), A-1 (S&P Global)	0 to 25%	397 Days
Negotiable Certificates of Deposit	0 to 30%	5 Years
Local Agency Investment Fund (LAIF)	$0 to $75,000,000	Upon Demand
Public Funds Checking or Savings Account	0 to 100%	Upon Demand
State of California Bonds/Notes	0 to 30%	5 Years
California Local Agency Bonds/Notes	0 to 30%	5 Years
Outside California State Bonds/Notes	0 to 30%	5 Years
Medium Term Corporate Notes must be rated "A" or equivalent or higher	0 to 30%	5 Years
Mutual Funds/Money Market Funds	0 to 15%	Upon Demand
Mortgage/Pass-Through and Asset-Backed Security must be rated "AA" or equivalent or higher	0 to 20%	5 Years

Shares of beneficial interest issued by a joint powers authority	0% to 100%	Upon Demand

3035.10 Prohibited Investments

In accordance with the provisions of California Government Code Sections 53601.6 and 53631.5, the District shall not invest in inverse floaters, range notes, or mortgage-derived interest-only strips. The District is also prohibited from investing in any security that could result in zero- or negative-interest accrual if held to maturity with the exception of a security issued by, or backed by, the United States government during periods of negative market interest rates.

Any State of California legislative action that further restricts allowable maturities, investment types or percentage allocations will be effective upon enactment and deemed incorporated into the District's Investment Policy and supersedes any and all previous applicable language. If the District is holding an investment that is subsequently prohibited by a legislative change, and provided such action is allowable under the applicable legislation, the District may hold that investment if it is deemed prudent by the Treasurer until the maturity date to avoid an unnecessary loss.

3035.11 Diversification and Maximum Maturities

The District will diversify its investments by security type and institution. With the exception of U. S. Treasury securities, U. S. Agency Obligations and authorized pools (e.g. LAIF), no more than 5% of the District's total investment portfolio will be invested in a single security type or with a single financial institution. The diversification of the portfolio will be dependent upon current and future cash flow requirements.

To the extent possible, the District will strive to match its investment maturities with anticipated cash flow requirements. The District will not directly invest in securities with a maturity greater than 5 years unless pursuant to 3077.2.1 Exceptions. For purposes of compliance with this section, an investment's term or remaining maturity shall be measured from the settlement date to final maturity.

3035.12 Investment Pools/Mutual Funds

The Treasurer shall have a thorough understanding of the operational areas listed below for each pool and/or fund prior to investing and on a regular basis:

- Authorized investments
- Interest calculations/distribution
- Fee schedule, when/how assessed
- Frequency of statements
- Safeguarding of investments
- Deposit/withdrawal limitations
- Investment Policy and objectives
- Investment limitations
- Eligibility for holding bond proceeds
- Treatment of gains and losses
- Settlement process
- Utilization of reserves by fund

3035.13 Collateralization

Collateral is required for investments in certificates of deposit, repurchase agreements and

reverse repurchase agreements. In order to reduce market risk, the collateral level will be at least 110% of market value of principal and accrued interest.

The only securities acceptable as collateral shall be direct obligations which are fully guaranteed as to principal and interest by the United States Government or any agency or government sponsored enterprise of the United States.

3035.14 Safekeeping and Custody

To protect against fraud or embezzlement or losses caused by collapse of an individual securities dealer, all securities owned by the District shall be held in safekeeping by a third-party custodian, acting as agent for the District under the terms of a trust or custody agreement executed by the Treasurer. All security transactions will settle delivery vs. payment (DVP) through the District's safekeeping agent. Securities purchased from brokers/dealers shall be held in third party safekeeping by the trust department of the District's main bank, or by another third-party trustee designated by the Treasurer. Securities held in custody for the District shall be independently audited annually to verify investment holdings.

3035.15 Investment Earnings Allocation and Marking to Market

Investment earnings that are collected from investments authorized in this policy will be allocated monthly to the various program areas based upon their respective participation and in accordance with generally accepted accounting principles.

The market value of the portfolio will be calculated at least quarterly, with a statement of market value issued. This will ensure that review of the investment portfolio, in terms of value and price volatility, has been performed consistent with the GFOA Recommended Practice on "Mark-To-Market Practices for State and Local Government Investment Portfolios and Investment Pools."

3035.16 Reporting and Internal Control

In accordance with California Government Code Section 53646(b), the Treasurer may issue a quarterly report within 45 days following the end of the quarter to the General Manager and Board of Directors showing the type of investment, issuer and/or institution, date of maturity, amount of investment, current market value for all securities, rate of interest, and other relevant data that may be required. The quarterly report shall list any contract authorized by the Treasurer under the authority delegated under Section 3035.5 of the Investment Policy. The quarterly report shall certify compliance of the investment portfolio with the Investment Policy and shall include a statement denoting the ability of the District to meet its pool expenditure requirements for the next six months. The quarterly report shall further report any instance where the Treasurer determined any investment of the investment portfolio might have deviated from the District's Investment Policy and the actions taken by the Treasurer as a result of such determination.

The Treasurer shall also, in accordance with Government Code 53607, issue a monthly report of transactions to invest or to reinvest funds of the District, and to sell or exchange securities so purchased.

The annual audit will include an independent review by the external auditor to confirm proper

internal controls exist. The District's ACFR will report, on an annual basis, those components that demonstrate compliance with the Investment Policy.

3035.17 Performance Standards

Investment performance is monitored and evaluated by the Treasurer. The investment portfolio shall be designed to attain a market average rate of return through budgetary and economic cycles, taking into account the investment risk constraints and cash flow needs. The specific investment performance objective for the portfolio shall be to earn a total rate of return over a market cycle which is approximately equal to a market benchmark index.

3035.18 Investment Policy Adoption, Revision and Legislative Changes

The Investment Policy will be adopted by resolution of the District's Board of Directors. The policy will be reviewed and updated as needed for BOD approval when economic conditions warrant or legislative changes necessitate.

3035.19 Glossary of Cash Management Terms

Accrued Interest: Interest earned but not yet received.

Agencies: Federal agency securities and/or Government-sponsored enterprises.

Annual Comprehensive Financial Report (ACFR): The official annual report for the District which includes statements prepared in conformity with Generally Accepted Accounting Principles (GAAP). It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.
Asked: The price at which securities are offered.

Banker's Acceptance (BA): A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

Bid: The price offered by a buyer of securities.

Bond: A financial obligation for which the issuer promises to pay the bondholder a specified stream of future cash flows, including periodic interest payments and a principal repayment.

Broker: A person assisting in the buying and selling of investments for a commission.

Corporate Notes- Medium Term Notes: Debt instrument issued by a private corporation, as distinct from one issued by a government agency or a municipality.

Certificate of Deposit (CD): A time deposit with a specific maturity evidenced by a certificate; large-denomination CD's are typically negotiable.

Commercial Paper: Short term obligations with maturities up to 397 days that are issued by banks, corporations and other borrowers to investors with temporarily idle cash.

Collateral: Securities, evidence of deposit or other property, which a borrower pledges to secure repayment of a loan. Also securities pledged by a bank to secure public money deposits.

Coupon: The annual rate of interest on a debt security that a bond issuer promises to pay the bondholder on the bond's face (or par) value.

Dealer: A person or firm acting as a principal in a securities transaction, buying and selling for his own account.

Discount: The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

Diversification: Dividing investment funds among a variety of securities offering independent returns.

Federal Agency Securities: Securities issued by agencies of the Federal Government such as Federal Farm Credit Bank (FFCB) and the Tennessee Valley Authority (TVA), Federal National Mortgage Association (FNMA) that are not general obligations of the U.S. treasury but are sponsored by the government and therefore have high safety ratings.

Liquidity: The ability to buy or sell an asset quickly and in large volume without substantially affecting the asset's price.

Local Agency Investment Fund (LAIF): The California pool of local agency assets, which is managed by the State Treasurer. Limits apply to each agency's deposit of general fund reserves; however ,no limits on amount of deposit apply to bond proceeds. Funds in this pool are considered very liquid.

Market Value: Current market price of a security- as indicated by the latest trade recorded.

Mark to the Market: The adjustment of the valuation of a security or portfolio to reflect current market values.

Maturity: The date upon which the principal or stated value of an investment becomes due and payable.

Money Market: The market in which short term debt instruments (bills, commercial paper, bankers' acceptances) are issued and traded.

Mortgage Pass-Through Obligations: a government guaranteed security that represents pooled debt obligations repackaged as shares, that passes income from homeowner's principal and interest payments through a government agency or bank to investors.

Negotiable Certificates of Deposit: A large denomination time deposit with a specific maturity evidenced by a certificate. These are traded like other fixed income securities.

Portfolio: A collection of securities held by an investor.

Premium: The amount by which a bond sells above its face (par) value.

Repurchase Agreements: Agreement between a seller and a buyer, usually of government securities, whereby the seller agrees to repurchase the securities at an agreed upon price and at a stated time. The security buyer in effect lends cash money to the security seller for the period of the agreement and the terms of the agreement are structured to compensate the security buyer for this transaction. Similarly, reverse repurchase agreements are an agreement where a dealer agrees to buy the securities and the investor agrees to buy them back on a specific date.

Safekeeping: A service rendered by banks for a fee whereby securities and valuables of all types and descriptions are held in the bank's vaults for protection.

Secondary Market: Exchanges and over-the-counter markets where securities are bought and sold subsequent to original issuance, which took place in the primary market. Proceeds of secondary market sales accrue to the selling dealers and investors, not to the companies that originally issued the securities.

Securities and Exchange Commission (SEC): The Federal Agency created by Congress to protect investors in security transactions by administering securities legislation.

Settlement Date: The date by which an executed order must be settled, either by a buyer paying for the securities with cash or by a seller delivering the securities and receiving the proceeds of the sale for them.

Treasury Bills: A non-interest-bearing discount security issued by the U.S. Treasury to finance national debt. Most bills are issued to mature in three (3), six (6), or twelve (12) months.

Treasury Bonds: Medium-term interest-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two (2) to ten (10) years.

Yield: The rate of return on an investment expressed as a percentage that takes into account the total of annual interest payments, the purchase price, the redemption value and the amount of time remaining until maturity.

Adopted: March 11, 2015 via Resolution No. 2015-06
Revised: November 13, 2019 via Resolution No. 2019-30
December 9, 2020 via Resolution No. 2020-29
March 23, 2022 via Resolution No. 2022-15
January 25, 2023 via Resolution No. 2023-05
January 24, 2024 via Resolution No. 2024-05
January 22, 2025 via Resolution No. 2025-04
January 14, 2026 via Resolution No. 2026-01