

## INVESTMENTS

**Section 1. PURPOSE**

This policy is to document the investment strategy objectives of the Bedford Regional Water Authority (“Authority”) and define the allowable investments and restrictions that must be followed by the Authority.

**Section 2. POLICY**

- A. In recognition of its fiduciary role in the management of all Authority funds entrusted to its care, it shall be the policy of the Board of Directors that all funds be invested with the care, skill, prudence, and diligence to ensure that sound investments are made to protect the Authority’s financial position and provide for ample returns on the investments.
- B. It is the responsibility of the Executive Director and the Director of Finance to manage the investment program of the Authority such that the Authority meets or exceeds all statutes and guidelines governing the deposit and investment of public funds in Virginia, including the Investment Code of Virginia and the guidelines established by the State Treasury Board and the Governmental Accounting Standards Board (GASB). In addition, the Authority will comply with all provisions relating to investments and deposits included in any Bond Indenture, Financing Agreement, or similar document. The investment officials should not engage in or profit from personal or business activities that are directly related to and could affect their decisions and responsibilities as investors of government funds.
- C. Investment officials acting within the scope of statutory authority and the terms of the investment policy are indemnified for their actions.
- D. The Director of Finance will prepare reports, at least monthly, for the Board of Directors to show the balance of all investment accounts.

**Section 3. OBJECTIVES**

- A. The primary objectives of the investment strategy, listed in priority order, shall be as follows:
  1. **Safety** – safety of principal is the foremost objective of the investment program.
  2. **Liquidity** – the investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.
  3. **Yield (Return on Investment)** – the investment portfolio shall be designed with the objective of attaining a market rate of return throughout the budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs.

## INVESTMENTS

**Section 4. ALLOWABLE INVESTMENTS**

- A. The following investment types are approved for use by the Executive Director and the Director of Finance in the investment of public funds, provided that the provisions of any Bond Indenture, Financing Agreement, or similar document are also satisfied:
1. U.S. Treasury Bills, Notes, Bonds, and other direct obligations of the United States Government.
  2. U.S. Government agencies and instrumentality obligations that have a liquid market with a readily determinable market value.
  3. Certificates of deposit or other deposits of financial institutions located within the Commonwealth and state-chartered banks under Commonwealth supervision provided such deposits are insured by the Federal Deposit Insurance Corporation (FDIC) and collateralized as provided by the Virginia Security for Public Deposits Act.
  4. U.S. dollar denominated Banker's acceptances issued by a domestic bank, provided, however, that such financial institutions and state chartered banks are rated by Moody's Investor Services as P-1 or better and by Standard & Poor's as A-1 or better.
  5. Taxable obligations of the Commonwealth of Virginia and of its local governments and public bodies, provided such obligations have a debt rating of at least "AA" or equivalent by Moody's and/or Standard & Poor's.
  6. Repurchase agreements executed through Federal Reserve Member banks or Primary Dealers in U.S. Government Securities and collateralized by Treasury or Agency obligations, the market value of which is at least 102% of the purchase price of the repo.
  7. The Commonwealth of Virginia Treasury Department's Local Government Investment Pool ("LGIP") and the Virginia State Non-Arbitrage Program.
  8. The Virginia Investment Pool, administered by VML/VACo Finance

**Section 5. DEPOSITS**

All Authority deposits are required to be insured under the Federal Deposit Insurance Corporation (FDIC) and collateralized and structured under the Virginia Security for Public Deposits Act, Section 2.2-4400 et seq. of the Code of Virginia.

**Section 6. MATURITY RESTRICTIONS**

- A. It is recognized that, prior to maturity date, the market value of securities in the Authority's portfolio may fluctuate due to changes in market conditions. In accordance with the Authority's primary investment objectives of liquidity and preservation of principal, every effort should be made to manage investment maturities to precede or coincide with the expected need for funds.
- B. Accordingly, the requirements established by the Code of Virginia and State Treasury Board guidelines are further restricted as follows:
1. Funds shall be invested at all times in keeping with the seasonal pattern of the Director of Finance's cash balances, as well as any other special factors or needs, in order to assure the availability of funds on a timely and liquid basis. Cash flow projections will be monitored

## INVESTMENTS

- and updated on an ongoing basis by the Director of Finance and communicated at least once a month and on an as needed basis to the Board of Directors.
2. The portfolio must be invested in securities maturing within five (5) years. If an investment may be redeemed by the Authority, or by a Trustee on behalf of the Authority, for its intended purpose without penalty within five (5) years, such investment shall be deemed in compliance with this maturity restriction.
  3. Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding five (5) years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of funds.

### Section 7. PROHIBITED SECURITIES

Any security not specifically authorized in this Investments policy is expressly prohibited.

### Section 8. ADDITIONAL REQUIREMENTS

- A. All securities purchased for the Authority shall be held by the Authority's Director of Finance or by a custodian. If held by a custodian, the securities must be in the Authority's name or in the custodian's nominee name and identifiable on the custodian's books as belonging to the Authority. Further, if held by a custodian, the custodian must be a third party, not a counterparty (buyer, issuer or seller) to the transaction. This requirement does not apply to excess checking account funds invested overnight in a bank "sweep" repurchase agreement or similar vehicle authorized under this policy.
- B. It is the Authority's policy to require dual signatures for any cash transfers. The individuals authorized to transfer funds or otherwise conduct investment transactions shall be the Executive Director and the Director of Finance. Any change in these positions shall be explicitly approved by the Board of Directors of the Authority.
- C. The Board of Directors must approve any modifications to this Investment policy.

### Section 9. REVISIONS

- A. This policy was approved and adopted by the Authority's Board of Directors on March 26, 2013, effective July 1, 2013.
- B. This policy was modified as follows:
  1. Approved June 16, 2020, effective June 17, 2020
    - a. Section 4.A.8. was added as an additional investment option
    - b. This policy was updated throughout to reflect position title changes.