



Board Meeting Agenda

September 24, 2026 | 9:00 AM – 11:00 AM

Meeting Location: 1221 Farmers Lane, Suite F, Santa Rosa, CA 95405

The public should attend Board meetings in-person to ensure the ability to observe and participate. Remote teleconference access is provided for the public's convenience and in the event that a Director requests remote participation due to just cause pursuant to Government Code section 54953.8.3 or the Board of Directors conducts a teleconference meeting pursuant to Government Code Sections 54953.8 and 54953.8.2 during an emergency. Please be advised that if a Director is not participating in the meeting remotely for just cause or the Board of Directors is not conducting a teleconference meeting during an emergency, remote participation for members of the public is provided for convenience only, and in the event that the Zoom teleconference connection malfunctions for any reason, the Board of Directors reserves the right to conduct the meeting without remote access and take action on any agenda item. The public may participate telephonically or electronically via the methods below:

Remote Access: Members of the staff and public can participate remotely using the following options:

<https://us02web.zoom.us/j/87042160724>

Meeting ID: 870 4216 0724
+16699009128,89546736157# US (San Jose)

Requests for disability related modifications or accommodations, aids, or services must be made to Jen Franco, Board Secretary, at 707-569-1448 or jfranco@sonomarc.org during regular business hours at least 48 hours prior to the time of the meeting.

- 1. Call to Order, Determination of a Quorum, Introductions**
- 2. Additions/Changes to the Agenda** (Gov. Code 54954.2 (B))
- 3. Consent Calendar: Approval of September Board Meeting Agenda, August Board Meeting Minutes**
- 4. Public Comment:** Limited to three (3) minutes per person. The Board will hear public comments during this time on agenda or non-agenda items where the Board has jurisdiction. Comments are limited to three minutes per person, not to exceed a total of 15 minutes for all participants. If participants want their comments to be entered into the minutes for the meeting, they must submit a written copy of their comments, not to exceed four pages. At this time the public may indicate agenda items they wish to address prior to Board action on that item.
- 5. Information Items**
 - A. NRCS Report**
 - B. Mark West PBR Planning & Implementation Project with Sonoma County Regional Parks Presentation** (Steven Fry, Fatima Burhan)

6. Action Items

- A. **Approval of Investment Policy** (Regional Government Services)
- B. **Acceptance of FY25-26 Q4 Investment Report** (Regional Government Services)
- C. **Recommendation to Board of Supervisors for appointments to 4 RCD Director positions**
(currently held by Bruce Abelli-Amen, Isaac Jenkins, Frederick Euphrat, and John Nagle, with terms expiring on December 7, 2026) (Anya Nejedlo)

7. Update Items

- A. **Executive Committee** – *See meeting minutes from September 18, 2026*
- B. **Groundwater Sustainability Agency Reports** (GSA Directors, Alternates & Staff)
- C. **Director's Reports**
- D. **Executive Director Report**

8. Future Agenda Items

9. Adjournment

Materials related to items on this agenda, included in the agenda packet or distributed to the Board after distribution of the agenda packet, are available for public inspection at 1221 Farmers Lane, Suite F, Santa Rosa, CA, 95405, by appointment. To request board packet information, please contact Christine Kuehn at (707) 569-1448 or ckuehn@sonomarcd.org.

Public Notice: In compliance with the Americans with Disabilities Act and Government Code Section 54954.2, if special assistance is needed to participate in a Board meeting, please contact Christine Kuehn at (707) 569-1448 or ckuehn@sonomarcd.org. Notification of at least 48 hours prior to meeting time will assist staff in assuring that reasonable arrangements can be made to provide accessibility at the meeting.

RCD Board

Bruce Abelli-Amen, Chair	Dennis Murphy, Associate Director
Steve Worrell, Vice Chair	Chris Peterson, Associate Director
Ariana Reguzzoni, Director	Allyson Souza, Associate Director
Isaac Jenkins, Director	Brynn O'Donnell, Associate Director
John Nagle, Director	Rob Lawson, Associate Director
Fred Euphrat, Director	Delmar Friedrichsen, Emeritus Director
John Gorman, Director	Earle Cummings, Emeritus Director
	Walt Ryan, Emeritus Director
	Vickie Mulas, Emeritus Director
	Ron Rolleri, Emeritus Director in Memoriam

RCD Staff

Christine Kuehn, Executive Director	Jason Wells, Forestry Program Director
Anya Nejedlo, Deputy Director	Keith Abeles, Soil and Water Specialist

Jessica Pollitz , <i>Engineering Director</i>	Genevieve Tarino , <i>Forester</i>
Ari DeMarco , <i>Project Manager</i>	Karen Saler , <i>Community Engagement Assistant</i>
Fatima Burhan , <i>Project Manager</i>	Maria Wnorowski , <i>Community Engagement Program Manager</i>
Patti Aaron , <i>Community Engagement Specialist</i>	Jen Franco , <i>Operations & Human Resources Manager</i>
Colin Nicol , <i>Water Resources Project Manager</i>	Brett LeDuc , <i>Agricultural Project Manager</i>
Amy Tang , <i>Program Assistant</i>	Steven Fry , <i>Watershed Restoration Program Manager</i>
Bo Young , <i>Finance Manager</i>	Alek Wheeler-Quintanilla , <i>Forestry Technician</i>



Board Meeting Minutes

August 27, 2026 - 9:00 am

1221 Farmers Lane, Suite F

Santa Rosa, CA 95405

<https://us02web.zoom.us/j/87042160724>

(669) 900-9128

Meeting ID: 870 4216 0724

1. **Call to Order, Determination of a Quorum, Introductions:** Chair Bruce Abelli-Amen called the meeting to order at 9:01 am. A quorum was determined.
Directors Present: Bruce Abelli-Amen, Steve Worrell, Isaac Jenkins, Ariana Reguzzoni, John Gorman, Fred Euphrat (arrived at 9:11 am).
Directors Absent: John Nagle
Associate Directors Present: Dennis Murphy, Chris Peterson, Allyson Souza, Rob Lawson
Associate Directors Absent: Brynn O'Donnell
Staff Present: Christine Kuehn, Bo Young, Jen Franco, Anya Nejedlo, Kirti Bavdekar, Steven Fry
Others Present: Jenna Houts, Katherine Korsak, Michael Miller.
2. **Additions/Changes to the Agenda (Gov. Code 54954.2 (B)):** None
3. **Consent Calendar:** Approval of August Board Meeting Agenda, July Board Meeting Minutes.
Motion to approve: Steve Worrell, **2nd:** Isaac Jenkins. Motion passed, 5 ayes.
Ayes: Abelli-Amen, Worrell, Jenkins, Reguzzoni, Gorman.
Nays: None.
4. **Public Comment:** None.
5. **Information Items:**
 - A. **Natural Resources Conservation Service (NRCS) Report:** Jenna Houts, Soil Conservationist, gave an update on NRCS's obligations. She also highlighted that NRCS and Sonoma RCD, Marin RCD, and Gold Ridge RCD hosted a local working group to connect with producers and get a better understanding of their needs.
6. **Action Items:**
 - A. **Acceptance of FY25-26 Q4 Financial Report** Katherine Korsak from Regional Government Services presented this item. She provided highlights from the Fund and Government Wide financial statements and noted that the Q4 25-26 General Fund Aging Metrics slide had been updated from the Board packet. The Q4 Investment Report will be on the September 24, 2026, Board meeting agenda. The Board asked questions and discussed.
Motion to approve: Steve Worrell, **2nd:** Ariana Reguzzoni. Motion passed, 6 ayes.
Ayes: Abelli-Amen, Worrell, Jenkins, Reguzzoni, Gorman, Euphrat.

Nayes: None.

- B. Acceptance of the FY25-26 Q4 Staff Report:** Christine Kuehn presented this item and noted that the quarterly staff reports are presented alongside the corresponding financial report. She highlighted financial sustainability, capacity building, community engagement, and technical assistance services provided in Q3 and Q4.

Motion to approve: John Gorman, **2nd:** Steve Worrell. Motion passed, 6 ayes.

Ayes: Abelli-Amen, Worrell, Jenkins, Reguzzoni, Gorman, Euphrat.

Nayes: None.

- C. Approval of Resolution 2627-002 to Adopt the Updated Conflict of Interest Code:** Christine Kuehn presented this item. Language was reviewed by legal counsel and both a red-lined and clean version were included in the packet for the Board's consideration. The Board asked questions and discussed.

Motion to approve: Fred Euphrat, **2nd:** Ariana Reguzzoni. Motion passed, 6 ayes.

Ayes: Abelli-Amen, Worrell, Jenkins, Reguzzoni, Gorman, Euphrat.

Nayes: None.

- D. Consider the Establishment, Dissolution, and Revision of Board Committees:** Christine Kuehn presented this item. To ensure compliance, legal counsel made recommendations about restructuring board committees. The Executive Committee will be the District's only standing board committee and will now assume the responsibilities previously outlined in the Board Development Committee and the new Strategic Plan Impact Committee. Ad Hoc Committees will be established as needed within a term of no more than six months. The Board asked questions and discussed.

Motion to approve: Isaac Jenkins, **2nd:** Steve Worrell. Motion passed, 6 ayes.

Ayes: Abelli-Amen, Worrell, Jenkins, Reguzzoni, Gorman, Euphrat.

Nayes: None.

- E. Consider cancelling the regular November 2026 Board meeting and rescheduling the regular December 2026 Board meeting:** Christine Kuehn proposed to cancel the November 2026 Board meeting due to a conflict with a holiday. The December meeting currently falls on a holiday and Christine proposed rescheduling it to December 17, 2026.

Motion to approve: Isaac Jenkins, **2nd:** Ariana Reguzzoni. Motion passed, 6 ayes.

Ayes: Abelli-Amen, Worrell, Jenkins, Reguzzoni, Gorman, Euphrat.

Nayes: None.

7. Update Items:

- A. Executive Committee:** No meeting was held.
- B. Strategic Plan Impact Committee:** No meeting was held.
- C. Board Development Committee:** No meeting was held.

D. Groundwater Sustainability Agency Reports: None.

E. Director's Reports:

- Directors John Gorman and Isaac Jenkins provided VESCO updates.
- Associate Director Dennis Murphy gave an update on the Alexander Valley Water District.

F. Executive Director Report: Christine Kuehn provided staffing and SRCD 80th Anniversary planning updates.

G. Other Staff Reports: None.

8. Future Agenda Items:

- Brown Act Training

9. Adjournment: The meeting was adjourned at 10:36 am.

To: Sonoma RCD Board of Directors
From: Christine Kuehn, Executive Director
Re: Investment Policy Annual Update Memo

Background

Annually, the RCD must update its Investment Policy. This year, Regional Governmental Services (RGS) assisted the District with this update for policy compliance.

Annual Policy Updates Suggested

The key updates not substantive in nature include:

- Updated Director of Finance & Administration to Finance Manager throughout.
- Updated the allowable investment instruments table and related footnotes using the most current CDIAC Local Agency Investment Guidelines table as of January 1, 2026.
- Expanded the prohibited investments section to more clearly identify investments that are not authorized for local agency surplus funds, including ETFs, REITs, equities, annuities, and certain structured products, except as otherwise expressly permitted by law.
- Added a new section addressing ethics, fiscal, and financial training requirements, including SB 827 and related Government Code sections. This includes training related to cash management, investments, the prudent investor standard, financial reporting, budgeting, debt, pensions/OPEB, auditing, and safeguarding public resources.
- Added language regarding maintenance and public availability of training records, including website instructions for requesting such records, as required by law.
- Added conflict-of-interest reporting language related to Form 700 electronic filing requirements for officials and employees who manage or participate in the management of District investments.
- Updated the quarterly reporting section to include the required statement regarding the District's ability to meet expenditure requirements for the next six months, or an explanation if sufficient funds may not be available.
- Updated the broker/dealer regulatory references to reflect current agencies and terminology, including the California Department of Financial Protection and Innovation and FINRA.
- Updated collateralization language for certificates of deposit, repurchase agreements, and reverse repurchase agreements to reference the appropriate Government Code section.

There were also several minor cleanup edits made to improve consistency, correct outdated references, and align terminology throughout the policy.

Staff Recommendation

Staff recommends that the Board approve the updated policy.



INVESTMENT POLICY

I. Purpose

The Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern (California Government Code (CGC) §53600.6 and §53630.1); and, Government Code Sections 5921 and 53601, et seq., allow the governing body of a local agency to invest surplus monies not required for the immediate necessities of the local agency; and,

For these reasons, and to ensure prudent and responsible management of the investment funds, it is the policy of the of Sonoma Resource Conservation District (District) to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all pertinent existing laws of the State of California including CGC Sections 53600, et seq.

II. Scope

This investment policy applies to all funds and investment activities of the District except for (1) funds invested in retirement or deferred compensation plans, and (2) restricted grant or contract advance funds. All funds covered by this policy are defined and accounted for in the annual audited basic financial statements and include:

- General Fund – Operating Reserves
- Fiduciary Fund – Funds held in trust for Laguna Valley Mitigation Bank
- Endowment Trust Fund- Agricultural Education

Any new funds created shall be covered by this policy unless specifically excluded by District management and the Board of Directors.

III. Prudent Investor Standard

The District operates its investment portfolio(s) under the Prudent Investor Standard (CGC §53600.3) which states that “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 District, that a prudent person in a like capacity and familiar 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 District.”

This standard shall be applied in the context of managing the overall portfolio(s). Investment officers, acting in accordance with written procedures and this investment policy and exercising the above standard of diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

IV. Objectives

A. Overall Objectives

As specified in CGC §53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing the District's funds, the primary objectives of the investment activities, in order of priority, shall be:

- Safeguard the principal of the funds.
- Maintain sufficient liquidity to meet cash flow needs.
- Attain a reasonable market rate of return consistent with the first two objectives.

B. Safety of Principal

Safety of principal is the foremost objective of the District. Each investment transaction shall seek to first ensure that capital losses are avoided, whether they arise from securities defaults, institution default, broker-dealer default, or erosion of market value of securities. The District shall mitigate the risk to the principal of invested funds by limiting credit and interest rate risks. Credit risk is the risk of loss due to the failure of a security's issuer or backer. Interest rate risk is the risk that the market value of the District's portfolio will fall due to an increase in general interest rates.

1. Credit risk will be mitigated by:

- a. Limiting investments to only the most creditworthy types of securities;
- b. Prequalifying the financial institutions with which the District will do business, as per Section VII(A) below; and
- c. Diversifying the investment portfolio(s) so that the potential failure of any one issue or issuer will not place undue financial burden on the District.

2. Interest rate risk will be mitigated by:

- a. Structuring the District's portfolio(s) so that securities mature to meet the District's cash requirements for ongoing operations, thereby reducing the possible need to sell securities on the open market at a loss prior to their maturity to meet those requirements; and
- b. Aside from exceptions noted below, adhering to investment duration as outlined in CGC §56301.

C. Liquidity

Availability of sufficient cash to pay for current expenditures shall be maintained in money market funds, local government investment pools that offer daily liquidity, repurchase agreements, or short-term securities that can easily be converted into cash because they have secondary markets.

D. Rate of Return

Yield on investments shall be considered only after the basic requirements of safety and liquidity have been met. The investment portfolio(s) shall be designed to attain a market average rate of return throughout economic cycles, taking into account the District's risk constraints, the composition and cash flow characteristics of the portfolio(s), and applicable laws.

E. Fund-Specific Restrictions

1. Laguna Valley Mitigation Bank Fiduciary Fund

The District serves as the fiduciary agent for the Laguna Valley Mitigation Bank (LVMB). All assets in the Fiduciary Fund are held in trust for the benefit of the LVMB and cannot be used to support the District's operations. The funds are maintained in the Sonoma County investment pool managed by the County Treasurer, which is compliant with CGC Sections 53600, et seq.

2. Agricultural Education Endowment Trust Fund

The Agricultural Education Endowment (AEE) was established with donor restrictions. Per the intent of the donor, the original principal (\$1,001,260) is to be retained in perpetuity and the accrued interest and any future income generated by the investment is to provide funding for the District's agricultural education program targeting K-12 students in Sonoma County. Agricultural education program costs are budgeted annually based on reasonable earnings expectations, with total anticipated annual distributions not to exceed 85% of the Custodians' annual estimated earnings projection.

V. Investment Parameters

A. Authorized Investments

CGC §56301, et seq., defines the instruments that the District is empowered to invest in. A summary table of allowable instruments and footnotes from the CA Debt and Advisory Commission's Local Agency Investment Guidelines is attached hereto and incorporated herein.

B. Prohibited Investments

Prohibited investments include securities not listed in the attached summary table, [including but not limited to exchange-traded funds, real estate investment trusts, equities, annuities, as well as](#) inverse floaters, range notes, interest-only strips derived from mortgage pools, [and or](#) any investment that may result in a zero interest accrual if held to maturity, [except as otherwise expressly permitted by law](#).

C. AEE Fund Maturity Limit Exception

The AEE donation consisted of a portfolio of municipal bonds, many of which have maturities beyond the five years allowable by CGC §56301. CGC §56301 states that the governing body of the local agency may grant express authority to make investments that exceed the five-year remaining maturity limit, provided that such approval is issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit. The District's Board of

Directors hereby expressly authorizes, deeming it prudent and consistent with donor intent, continued investment in the originally gifted municipal bonds in the AEE portfolio with maturities exceeding the five-year limit.

D. Diversification

It is the policy of the District to diversify its investment portfolio(s). Assets shall be diversified to eliminate the risk of loss resulting from overconcentration of assets in a specific maturity, a specific issuer or a specific class of securities. Diversification strategies shall be determined and revised periodically. In establishing specific diversification strategies, the following general policies and constraints shall apply:

- Portfolio maturities shall be matched versus liabilities to avoid undue concentration in a specific maturity sector.
- Maturities selected shall provide stability of income and liquidity.

E. Collateralization

All certificates of deposits must be collateralized by U.S. Treasury obligations. Collateral must be held by a third-party trustee and valued on a monthly basis. The percentage of collateralization on repurchase and reverse repurchase agreements will adhere to the amount required under CGC §53601(i)(2).

VI. Delegation of Authority and Responsibilities

A. Responsibilities of the ~~Director of Finance & Administration~~ Finance Manager

The ~~Director of Finance & Administration~~ Finance Manager serves as an authorized agent charged with the deposit, investment, withdrawal, and transfer of all District funds and securities in accordance with this policy and applicable laws and ordinances. The ~~Director of Finance & Administration~~ Finance Manager also performs the monthly review and reconciliation of investments.

The ~~Director of Finance & Administration~~ Finance Manager is responsible for drafting updates to the Investment Policy for Board of Directors' review and establishing written procedures for the operation of the investment program consistent with this policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the ~~Director of Finance & Administration~~ Finance Manager. The ~~Director of Finance & Administration~~ Finance Manager shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate staff.

B. Responsibilities of the Executive Director

The Executive Director is responsible for directing and supervising the ~~Director of Finance & Administration~~ Finance Manager, keeping the Board of Directors fully advised as to the financial

condition of the District, and, in conjunction with the Executive Committee, retaining one or more authorized financial institutions/custodians.

C. Responsibilities of the Executive Committee (*currently serving as the Investment Advisory Committee*)

The Executive Committee's responsibilities include:

- Reviewing updates to the Investment Policy drafted by the ~~Director of Finance & Administration~~[Finance Manager](#) and recommendation of the Investment Policy to the Board of Directors.
- The selection, retention, and termination of authorized financial institutions/custodians in conjunction with the Executive Director and ~~Director of Finance & Administration~~[Finance Manager](#).
- Reviewing and monitoring the performance of authorized financial institutions/custodians.
- Meeting as needed to discuss the quarterly investment reports, investment strategy, investment and banking procedures, as well as the anticipated cash flow projection and any other significant investment-related activities being undertaken. The Committee's meetings will be summarized in minutes, which are distributed to the Board of Directors.
- Ensuring that investment costs are appropriate and reasonable in relation to the assets.

The Executive Director and ~~Director Finance & Administration~~[Finance Manager](#) serve as staff liaisons to the Executive Committee.

D. Responsibilities of the Board of Directors

The Board of Directors shall annually review and approve the Investment Policy. As provided in the policy, the Directors shall receive, review, and accept quarterly investment reports.

E. Responsibilities of the District's Auditing Firm

The District's auditing firm's responsibilities include but are not limited to the examination and analysis of fiscal procedures, as well as the examination and verification of accounts and expenditures. A review of the District's investment program is a part of the responsibility described above.

F. Responsibilities Related to Ethics, Fiscal, and Financial Training

In accordance with applicable law, including but not limited to Government Code Sections 53234, 53235, 53235.1, 53235.2, and 53238 through 53238.4, as amended by SB 827 and as may be amended from time to time, covered District officials, Board members, and designated staff subject to ethics, fiscal, and financial training requirements shall complete required training within the timeframes established by law.

Such training may include, but is not limited to, ethics, cash management and investments, the prudent investor standard, financial reporting, budgeting, debt management, pensions and other postemployment benefits, auditing, and the ethical safeguarding of public resources. The Finance Manager Operations & Human Resource Manager shall coordinate compliance with these requirements by identifying covered officials and staff, providing information regarding available training at least annually, and maintaining records of completed training for at least five years. Such records shall be treated as public records subject to disclosure, and the District shall post clear instructions and contact information on its website to request such records, as required by law.

VII. Safekeeping and Custody

A. Authorized Financial Institutions and Custodians

The ~~Director of Finance & Administration~~ Finance Manager will maintain a list of financial institutions, selected by the Executive Committee on the basis of credit worthiness, financial strength, experience, and minimal capitalization authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by the Executive Committee based on credit worthiness that are authorized to provide investment and financial advisory services in the State of California. No public deposit shall be made except in a qualified public depository as established by state laws.

For brokers/dealers of government securities and other investments, the Executive Committee shall select only broker/dealers who are licensed and in good standing with the California Department of Financial Protection and Innovation, Securities, the Securities and Exchange Commission, the ~~National Association of Securities Dealers~~ Financial Industry Regulatory Authority, or other applicable regulatory or self-regulatory organizations.

Before engaging in investment transactions with a selected broker/dealer, the ~~Director of Finance & Administration~~ Finance Manager shall have received from said firm a signed Certification Form. This form shall attest that the individual responsible for the District's account with the firm has reviewed the District's Investment Policy and that the firm understands the policy and intends to present investment recommendations and transactions to the District that are appropriate under the terms and conditions of the Investment Policy.

B. Responsibilities of Authorized Financial Institutions and Custodians

Authorized Financial Institutions and Custodians are responsible for:

- The safekeeping of portfolio assets.
- Valuation of the holdings.
- Collection of income and dividends owed to the portfolio.
- Settlement of all transactions.
- Distribution of monthly statements to the District that include a complete description of the portfolio, the type of investments, the issuers, maturity dates, par values and the current market values of each component of the portfolio.

C. Annual Notice of Policies

The District shall send a copy of the current edition of this Investment Policy annually to all institutions which are approved to manage District investments. Receipt of this policy, including confirmation that it has been reviewed by persons handling the District's account, shall be acknowledged in writing within thirty (30) days.

VIII. Ethics and Conflicts of Interest

Directors and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

[Officials and employees who manage or participate in the management of District investments shall comply with applicable conflict-of-interest reporting requirements, including the filing of Statements of Economic Interests, Form 700, through the Fair Political Practices Commission's electronic filing system when required by law.](#)

IX. Reporting

The ~~Director of Finance & Administration~~[Finance Manager](#) shall submit to the Board of Directors a quarterly investment report, including a succinct management summary that provides a clear picture of the status of the current investment portfolio that will allow the Executive Director and Board of Directors to ascertain whether investment activities during the reporting period have deviated from the District's Investment Policy.

In accordance with CGC §53646(b)(1), the report shall include a complete description of the portfolio, the type of investments, the issuers, maturity dates, par values and the current market values of each component of the portfolio. The report will also include the source of the portfolio valuation.

As specified in CGC §53646 (e), if all funds are placed in LAIF, FDIC-insured accounts and/or in a county investment pool, the foregoing report elements may be replaced by copies of the latest statements from such institutions. The report must also include a certification that all investment actions executed since the last report have been made in full compliance with the Investment Policy.

[The quarterly investment report shall also include a statement of the District's ability to meet its expenditure requirements for the next six months, or an explanation as to why sufficient funds may not be available. The report shall include a certification that all investment actions executed since the last report have been made in full compliance with this Investment Policy.](#)

X. Annual Review

This investment policy shall be reviewed annually by the Board of Directors in accordance with state law. As documented in Section VI above, proposed amendments to the policy shall be drafted by the

~~Director of Finance & Administration~~Finance Manager and reviewed by the Executive Committee prior to submission to the Board of Directors for approval.

FIGURE 1

ALLOWABLE INVESTMENT INSTRUMENTS PER STATE GOVERNMENT
CODE (AS OF JANUARY 1, 2026)^a APPLICABLE TO ALL LOCAL AGENCIES^b

See "Table of Notes for Figure 1" on the next page for footnotes related to this figure.

INVESTMENT TYPE	MAXIMUM MATURITY ^c	MAXIMUM SPECIFIED % OF PORTFOLIO ^d	MINIMUM QUALITY REQUIREMENTS	GOV'T CODE SECTIONS
Local Agency Bonds	5 years	None	None	53601(a)
U.S. Treasury Obligations	5 years	None	None	53601(b)
State Obligations— CA And Others	5 years	None	None	53601(c) 53601(d)
CA Local Agency Obligations	5 years	None	None	53601(e)
U.S. Agency Obligations	5 years	None	None	53601(f)
Bankers' Acceptances	180 days	40% ^e	None	53601(g)
Commercial Paper—Non-Pooled Funds ^f (under \$100,000,000 of investments)	397 days or less	25% ^g	Highest letter and number rating by an NRSRO ^h	53601(h)
Commercial Paper—Non-Pooled Funds ^f (min. \$100,000,000 of investments)	397 days or less	40% ^g	Highest letter and number rating by an NRSRO ^h	53601(h)
Commercial Paper— Pooled Funds ⁱ	397 days or less	40% ^j	Highest letter and number rating by an NRSRO ^h	53635(a)
Negotiable Certificates of Deposit	5 years	30% ^k	None	53601(i)
Non-negotiable Certificates of Deposit	5 years	None	None	53630 et seq.
Placement Service Deposits	5 years	50% ^l	None	53601.8 and 53635.8
Placement Service Certificates of Deposit	5 years	50% ^l	None	53601.8 and 53635.8
Repurchase Agreements	1 year	None	None	53601(j)
Reverse Repurchase Agreements and Securities Lending Agreements	92 days ^m	20% of the base value of the portfolio	None ⁿ	53601(j)
Medium-Term Notes ^o	5 years or less	30%	"A" rating category or its equivalent or better	53601(k)
Mutual Funds And Money Market Mutual Funds	N/A	20% ^p	Multiple ^{q, r}	53601(l) and 53601.6(b)
Collateralized Bank Deposits ^s	5 years	None	None	53630 et seq. and 53601(n)
Mortgage Pass-Through and Asset-Backed Securities ^t	5 years or less ^t	20%	"AA" rating category or its equivalent or better ^t	53601(o)
County Pooled Investment Funds	N/A	None	None	27133
Joint Powers Authority Pool	N/A	None	Multiple ^u	53601(p)
Local Agency Investment Fund (LAIF)	N/A	None	None	16429.1
Voluntary Investment Program Fund ^v	N/A	None	None	16340
Supranational Obligations ^w	5 years or less	30%	"AA" rating category or its equivalent or better	53601(q)
Public Bank Obligations	5 years	None	None	53601(r), 53635(c) and 57603

TABLE OF NOTES FOR FIGURE 1

- ^A Sources: Sections 16340, 16429.1, 27133, 53601, 53601.6, 53601.8, 53630 et seq., 53635, 53635.8, and 57603.
- ^B Municipal Utilities Districts have the authority under the Public Utilities Code Section 12871 to invest in certain securities not addressed here.
- ^C Section 53601 provides that the maximum term of any investment authorized under this section, unless otherwise stated, is five years from the settlement date. However, the legislative body may grant express authority to make investments either specifically or as a part of an investment program approved by the legislative body that exceeds this five-year remaining maturity limit. Such approval must be issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit.
- ^D Percentages apply to all portfolio investments regardless of source of funds. For instance, cash from a reverse repurchase agreement would be subject to the restrictions.
- ^E No more than 30% of the agency's money may be in bankers' acceptances of any one commercial bank.
- ^F Applies to local agencies, other than counties or a city and county, that are a city, a district, or other local agency that do not pool money in deposits or investments with other local agencies other than local agencies that have the same governing body (non-pooled).
- ^G Local agencies, described in footnote F (non-pooled), may invest no more than 10% of their investment assets in the commercial paper and medium-term notes of any single issuer.
- ^H Issuing entity must be organized and operating within the U.S. as a general corporation, have assets in excess of \$500 million, and have debt other than commercial paper, if any, rated by a NRSRO in a rating category of "A" or its equivalent or higher; or the issuing entity must be organized within the U.S. as a special purpose corporation, trust, or LLC, have program wide credit enhancements, and have commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.
- ^I Includes the City of Los Angeles and agencies defined as a county, a city and county, or other local agency that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body (pooled).
- ^J Local agencies, described in footnote I (pooled), may invest no more than 10% of their investment assets in the commercial paper of any single issuer.
- ^K No more than 30% of the agency's money may be in negotiable certificates of deposit that are authorized under Section 53601(i).
- ^L Effective January 1, 2020, no more than 50% 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, 2031, the maximum percentage of the portfolio reverts back to 30%. Investments made pursuant to 53635.8 remain subject to a maximum of 30% of the portfolio.
- ^M Reverse repurchase agreements or securities lending agreements may exceed the 92-day term if the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity dates of the same security.
- ^N Reverse repurchase agreements must be made with primary dealers of the Federal Reserve Bank of New York or with a nationally or state-chartered bank that has a significant relationship with the local agency. The local agency must have held the securities used for the agreements for at least 30 days.
- ^O "Medium-term notes" are defined in Section 53601 as "all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States."
- ^P No more than 10% invested in any one mutual fund. This limitation does not apply to money market mutual funds.
- ^Q A mutual fund must receive the highest ranking by not less than two nationally recognized rating agencies or the fund must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years' experience investing in instruments authorized by Sections 53601 and 53635.
- ^R A money market mutual fund must receive the highest ranking by not less than two nationally recognized statistical rating organizations or retain an investment advisor registered with the SEC or exempt from registration and who has not less than five years' experience investing in money market instruments with assets under management in excess of \$500 million.
- ^S Investments in notes, bonds, or other obligations under Section 53601(n) require that collateral be placed into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, among other specific collateral requirements.
- ^T Security types authorized under Section 53601(o) that are issued or guaranteed by an issuer identified in subdivisions (b) or (f), are not subject to the limitations placed on privately issued securities authorized in Section 53601(o)(2)(A)(B).
- ^U A joint powers authority pool must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years' experience investing in instruments authorized by Section 53601, subdivisions (a) to (o).
- ^V Local entities can deposit between \$200 million and \$10 billion into the Voluntary Investment Program Fund, upon approval by their governing bodies. Deposits in the fund will be invested in the Pooled Money Investment Account.
- ^W Only those obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less.



INVESTMENT POLICY

I. Purpose

The Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern (California Government Code (CGC) §53600.6 and §53630.1); and, Government Code Sections 5921 and 53601, et seq., allow the governing body of a local agency to invest surplus monies not required for the immediate necessities of the local agency; and,

For these reasons, and to ensure prudent and responsible management of the investment funds, it is the policy of the of Sonoma Resource Conservation District (District) to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the District and conforming to all pertinent existing laws of the State of California including CGC Sections 53600, et seq.

II. Scope

This investment policy applies to all funds and investment activities of the District except for (1) funds invested in retirement or deferred compensation plans, and (2) restricted grant or contract advance funds. All funds covered by this policy are defined and accounted for in the annual audited basic financial statements and include:

- General Fund – Operating Reserves
- Fiduciary Fund – Funds held in trust for Laguna Valley Mitigation Bank
- Endowment Trust Fund- Agricultural Education

Any new funds created shall be covered by this policy unless specifically excluded by District management and the Board of Directors.

III. Prudent Investor Standard

The District operates its investment portfolio(s) under the Prudent Investor Standard (CGC §53600.3) which states that “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 District, that a prudent person in a like capacity and familiar 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 District.”

This standard shall be applied in the context of managing the overall portfolio(s). Investment officers, acting in accordance with written procedures and this investment policy and exercising the above standard of diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

IV. Objectives

A. Overall Objectives

As specified in CGC §53600.5, when investing, reinvesting, purchasing, acquiring, exchanging, selling and managing the District's funds, the primary objectives of the investment activities, in order of priority, shall be:

- Safeguard the principal of the funds.
- Maintain sufficient liquidity to meet cash flow needs.
- Attain a reasonable market rate of return consistent with the first two objectives.

B. Safety of Principal

Safety of principal is the foremost objective of the District. Each investment transaction shall seek to first ensure that capital losses are avoided, whether they arise from securities defaults, institution default, broker-dealer default, or erosion of market value of securities. The District shall mitigate the risk to the principal of invested funds by limiting credit and interest rate risks. Credit risk is the risk of loss due to the failure of a security's issuer or backer. Interest rate risk is the risk that the market value of the District's portfolio will fall due to an increase in general interest rates.

1. Credit risk will be mitigated by:

- a. Limiting investments to only the most creditworthy types of securities;
- b. Prequalifying the financial institutions with which the District will do business, as per Section VII(A) below; and
- c. Diversifying the investment portfolio(s) so that the potential failure of any one issue or issuer will not place undue financial burden on the District.

2. Interest rate risk will be mitigated by:

- a. Structuring the District's portfolio(s) so that securities mature to meet the District's cash requirements for ongoing operations, thereby reducing the possible need to sell securities on the open market at a loss prior to their maturity to meet those requirements; and
- b. Aside from exceptions noted below, adhering to investment duration as outlined in CGC §56301.

C. Liquidity

Availability of sufficient cash to pay for current expenditures shall be maintained in money market funds, local government investment pools that offer daily liquidity, repurchase agreements, or short-term securities that can easily be converted into cash because they have secondary markets.

D. Rate of Return

Yield on investments shall be considered only after the basic requirements of safety and liquidity have been met. The investment portfolio(s) shall be designed to attain a market average rate of return throughout economic cycles, taking into account the District's risk constraints, the composition and cash flow characteristics of the portfolio(s), and applicable laws.

E. Fund-Specific Restrictions

1. Laguna Valley Mitigation Bank Fiduciary Fund

The District serves as the fiduciary agent for the Laguna Valley Mitigation Bank (LVMB). All assets in the Fiduciary Fund are held in trust for the benefit of the LVMB and cannot be used to support the District's operations. The funds are maintained in the Sonoma County investment pool managed by the County Treasurer, which is compliant with CGC Sections 53600, et seq.

2. Agricultural Education Endowment Trust Fund

The Agricultural Education Endowment (AEE) was established with donor restrictions. Per the intent of the donor, the original principal (\$1,001,260) is to be retained in perpetuity and the accrued interest and any future income generated by the investment is to provide funding for the District's agricultural education program targeting K-12 students in Sonoma County. Agricultural education program costs are budgeted annually based on reasonable earnings expectations, with total anticipated annual distributions not to exceed 85% of the Custodians' annual estimated earnings projection.

V. Investment Parameters

A. Authorized Investments

CGC §56301, et seq., defines the instruments that the District is empowered to invest in. A summary table of allowable instruments and footnotes from the CA Debt and Advisory Commission's Local Agency Investment Guidelines is attached hereto and incorporated herein.

B. Prohibited Investments

Prohibited investments include securities not listed in the attached summary table, including but not limited to exchange-traded funds, real estate investment trusts, equities, annuities, inverse floaters, range notes, interest-only strips derived from mortgage pools, and any investment that may result in a zero interest accrual if held to maturity, except as otherwise expressly permitted by law.

C. AEE Fund Maturity Limit Exception

The AEE donation consisted of a portfolio of municipal bonds, many of which have maturities beyond the five years allowable by CGC §56301. CGC §56301 states that the governing body of the local agency may grant express authority to make investments that exceed the five-year remaining maturity limit, provided that such approval is issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit. The District's Board of Directors hereby expressly authorizes, deeming it prudent and consistent with donor intent,

continued investment in the originally gifted municipal bonds in the AEE portfolio with maturities exceeding the five-year limit.

D. Diversification

It is the policy of the District to diversify its investment portfolio(s). Assets shall be diversified to eliminate the risk of loss resulting from overconcentration of assets in a specific maturity, a specific issuer or a specific class of securities. Diversification strategies shall be determined and revised periodically. In establishing specific diversification strategies, the following general policies and constraints shall apply:

- Portfolio maturities shall be matched versus liabilities to avoid undue concentration in a specific maturity sector.
- Maturities selected shall provide stability of income and liquidity.

E. Collateralization

All certificates of deposits must be collateralized by U.S. Treasury obligations. Collateral must be held by a third-party trustee and valued on a monthly basis. The percentage of collateralization on repurchase and reverse repurchase agreements will adhere to the amount required under CGC §53601(j).

VI. Delegation of Authority and Responsibilities

A. Responsibilities of the Finance Manager

The Finance Manager serves as an authorized agent charged with the deposit, investment, withdrawal, and transfer of all District funds and securities in accordance with this policy and applicable laws and ordinances. The Finance Manager also performs the monthly review and reconciliation of investments.

The Finance Manager is responsible for drafting updates to the Investment Policy for Board of Directors' review and establishing written procedures for the operation of the investment program consistent with this policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Finance Manager. The Finance Manager shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate staff.

B. Responsibilities of the Executive Director

The Executive Director is responsible for directing and supervising the Finance Manager, keeping the Board of Directors fully advised as to the financial condition of the District, and, in conjunction with the Executive Committee, retaining one or more authorized financial institutions/custodians.

C. Responsibilities of the Executive Committee (*currently serving as the Investment Advisory Committee*)

The Executive Committee's responsibilities include:

- Reviewing updates to the Investment Policy drafted by the Finance Manager and recommendation of the Investment Policy to the Board of Directors.
- The selection, retention, and termination of authorized financial institutions/custodians in conjunction with the Executive Director and Finance Manager.
- Reviewing and monitoring the performance of authorized financial institutions/custodians.
- Meeting as needed to discuss the quarterly investment reports, investment strategy, investment and banking procedures, as well as the anticipated cash flow projection and any other significant investment-related activities being undertaken. The Committee's meetings will be summarized in minutes, which are distributed to the Board of Directors.
- Ensuring that investment costs are appropriate and reasonable in relation to the assets.

The Executive Director and Finance Manager serve as staff liaisons to the Executive Committee.

D. Responsibilities of the Board of Directors

The Board of Directors shall annually review and approve the Investment Policy. As provided in the policy, the Directors shall receive, review, and accept quarterly investment reports.

E. Responsibilities of the District's Auditing Firm

The District's auditing firm's responsibilities include but are not limited to the examination and analysis of fiscal procedures, as well as the examination and verification of accounts and expenditures. A review of the District's investment program is a part of the responsibility described above.

F. Responsibilities Related to Ethics, Fiscal, and Financial Training

In accordance with applicable law, including but not limited to Government Code Sections 53234, 53235, 53235.1, 53235.2, and 53238 through 53238.4, as amended by SB 827 and as may be amended from time to time, covered District officials, Board members, and designated staff subject to ethics, fiscal, and financial training requirements shall complete required training within the timeframes established by law.

Such training may include, but is not limited to, ethics, cash management and investments, the prudent investor standard, financial reporting, budgeting, debt management, pensions and other postemployment benefits, auditing, and the ethical safeguarding of public resources.

The Operations & Human Resource Manager shall coordinate compliance with these requirements by identifying covered officials and staff, providing information regarding available

training at least annually, and maintaining records of completed training for at least five years. Such records shall be treated as public records subject to disclosure, and the District shall post clear instructions and contact information on its website to request such records, as required by law.

VII. Safekeeping and Custody

A. Authorized Financial Institutions and Custodians

The Finance Manager will maintain a list of financial institutions, selected by the Executive Committee on the basis of credit worthiness, financial strength, experience, and minimal capitalization authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by the Executive Committee based on credit worthiness that are authorized to provide investment and financial advisory services in the State of California. No public deposit shall be made except in a qualified public depository as established by state laws.

For brokers/dealers of government securities and other investments, the Executive Committee shall select only broker/dealers who are licensed and in good standing with the California Department of Financial Protection and Innovation, the Securities and Exchange Commission, the Financial Industry Regulatory Authority, or other applicable regulatory or self-regulatory organizations.

Before engaging in investment transactions with a selected broker/dealer, the Finance Manager shall have received from said firm a signed Certification Form. This form shall attest that the individual responsible for the District's account with the firm has reviewed the District's Investment Policy and that the firm understands the policy and intends to present investment recommendations and transactions to the District that are appropriate under the terms and conditions of the Investment Policy.

B. Responsibilities of Authorized Financial Institutions and Custodians

Authorized Financial Institutions and Custodians are responsible for:

- The safekeeping of portfolio assets.
- Valuation of the holdings.
- Collection of income and dividends owed to the portfolio.
- Settlement of all transactions.
- Distribution of monthly statements to the District that include a complete description of the portfolio, the type of investments, the issuers, maturity dates, par values and the current market values of each component of the portfolio.

C. Annual Notice of Policies

The District shall send a copy of the current edition of this Investment Policy annually to all institutions which are approved to manage District investments. Receipt of this policy,

including confirmation that it has been reviewed by persons handling the District's account, shall be acknowledged in writing within thirty (30) days.

VIII. Ethics and Conflicts of Interest

Directors and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Officials and employees who manage or participate in the management of District investments shall comply with applicable conflict-of-interest reporting requirements, including the filing of Statements of Economic Interests, Form 700, through the Fair Political Practices Commission's electronic filing system when required by law.

IX. Reporting

The Finance Manager shall submit to the Board of Directors a quarterly investment report, including a succinct management summary that provides a clear picture of the status of the current investment portfolio that will allow the Executive Director and Board of Directors to ascertain whether investment activities during the reporting period have deviated from the District's Investment Policy.

In accordance with CGC §53646(b)(1), the report shall include a complete description of the portfolio, the type of investments, the issuers, maturity dates, par values and the current market values of each component of the portfolio. The report will also include the source of the portfolio valuation.

As specified in CGC §53646 (e), if all funds are placed in LAIF, FDIC-insured accounts and/or in a county investment pool, the foregoing report elements may be replaced by copies of the latest statements from such institutions. The report must also include a certification that all investment actions executed since the last report have been made in full compliance with the Investment Policy.

The quarterly investment report shall also include a statement of the District's ability to meet its expenditure requirements for the next six months, or an explanation as to why sufficient funds may not be available. The report shall include a certification that all investment actions executed since the last report have been made in full compliance with this Investment Policy.

X. Annual Review

This investment policy shall be reviewed annually by the Board of Directors in accordance with state law. As documented in Section VI above, proposed amendments to the policy shall be drafted by the Finance Manager and reviewed by the Executive Committee prior to submission to the Board of Directors for approval.

FIGURE 1

ALLOWABLE INVESTMENT INSTRUMENTS PER STATE GOVERNMENT
CODE (AS OF JANUARY 1, 2026)^A APPLICABLE TO ALL LOCAL AGENCIES^B

See "Table of Notes for Figure 1" on the next page for footnotes related to this figure.

INVESTMENT TYPE	MAXIMUM MATURITY ^C	MAXIMUM SPECIFIED % OF PORTFOLIO ^D	MINIMUM QUALITY REQUIREMENTS	GOV'T CODE SECTIONS
Local Agency Bonds	5 years	None	None	53601(a)
U.S. Treasury Obligations	5 years	None	None	53601(b)
State Obligations— CA And Others	5 years	None	None	53601(c) 53601(d)
CA Local Agency Obligations	5 years	None	None	53601(e)
U.S. Agency Obligations	5 years	None	None	53601(f)
Bankers' Acceptances	180 days	40% ^E	None	53601(g)
Commercial Paper—Non-Pooled Funds ^F (under \$100,000,000 of investments)	397 days or less	25% ^G	Highest letter and number rating by an NRSRO ^H	53601(h)
Commercial Paper—Non-Pooled Funds ^F (min. \$100,000,000 of investments)	397 days or less	40% ^G	Highest letter and number rating by an NRSRO ^H	53601(h)
Commercial Paper— Pooled Funds ^I	397 days or less	40% ^J	Highest letter and number rating by an NRSRO ^H	53635(a)
Negotiable Certificates of Deposit	5 years	30% ^K	None	53601(i)
Non-negotiable Certificates of Deposit	5 years	None	None	53630 et seq.
Placement Service Deposits	5 years	50% ^L	None	53601.8 and 53635.8
Placement Service Certificates of Deposit	5 years	50% ^L	None	53601.8 and 53635.8
Repurchase Agreements	1 year	None	None	53601(j)
Reverse Repurchase Agreements and Securities Lending Agreements	92 days ^M	20% of the base value of the portfolio	None ^N	53601(j)
Medium-Term Notes ^O	5 years or less	30%	"A" rating category or its equivalent or better	53601(k)
Mutual Funds And Money Market Mutual Funds	N/A	20% ^P	Multiple ^{Q, R}	53601(l) and 53601.6(b)
Collateralized Bank Deposits ^S	5 years	None	None	53630 et seq. and 53601(n)
Mortgage Pass-Through and Asset-Backed Securities ^T	5 years or less ^T	20%	"AA" rating category or its equivalent or better ^T	53601(o)
County Pooled Investment Funds	N/A	None	None	27133
Joint Powers Authority Pool	N/A	None	Multiple ^U	53601(p)
Local Agency Investment Fund (LAIF)	N/A	None	None	16429.1
Voluntary Investment Program Fund ^V	N/A	None	None	16340
Supranational Obligations ^W	5 years or less	30%	"AA" rating category or its equivalent or better	53601(q)
Public Bank Obligations	5 years	None	None	53601(r), 53635(c) and 57603

TABLE OF NOTES FOR FIGURE 1

- ^A Sources: Sections 16340, 16429.1, 27133, 53601, 53601.6, 53601.8, 53630 et seq., 53635, 53635.8, and 57603.
- ^B Municipal Utilities Districts have the authority under the Public Utilities Code Section 12871 to invest in certain securities not addressed here.
- ^C Section 53601 provides that the maximum term of any investment authorized under this section, unless otherwise stated, is five years from the settlement date. However, the legislative body may grant express authority to make investments either specifically or as a part of an investment program approved by the legislative body that exceeds this five-year remaining maturity limit. Such approval must be issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit.
- ^D Percentages apply to all portfolio investments regardless of source of funds. For instance, cash from a reverse repurchase agreement would be subject to the restrictions.
- ^E No more than 30% of the agency's money may be in bankers' acceptances of any one commercial bank.
- ^F Applies to local agencies, other than counties or a city and county, that are a city, a district, or other local agency that do not pool money in deposits or investments with other local agencies other than local agencies that have the same governing body (non-pooled).
- ^G Local agencies, described in footnote F (non-pooled), may invest no more than 10% of their investment assets in the commercial paper and medium-term notes of any single issuer.
- ^H Issuing entity must be organized and operating within the U.S. as a general corporation, have assets in excess of \$500 million, and have debt other than commercial paper, if any, rated by a NRSRO in a rating category of "A" or its equivalent or higher; or the issuing entity must be organized within the U.S. as a special purpose corporation, trust, or LLC, have program wide credit enhancements, and have commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.
- ^I Includes the City of Los Angeles and agencies defined as a county, a city and county, or other local agency that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body (pooled).
- ^J Local agencies, described in footnote I (pooled), may invest no more than 10% of their investment assets in the commercial paper of any single issuer.
- ^K No more than 30% of the agency's money may be in negotiable certificates of deposit that are authorized under Section 53601(i).
- ^L Effective January 1, 2020, no more than 50% 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, 2031, the maximum percentage of the portfolio reverts back to 30%. Investments made pursuant to 53635.8 remain subject to a maximum of 30% of the portfolio.
- ^M Reverse repurchase agreements or securities lending agreements may exceed the 92-day term if the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity dates of the same security.
- ^N Reverse repurchase agreements must be made with primary dealers of the Federal Reserve Bank of New York or with a nationally or state-chartered bank that has a significant relationship with the local agency. The local agency must have held the securities used for the agreements for at least 30 days.
- ^O "Medium-term notes" are defined in Section 53601 as "all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States."
- ^P No more than 10% invested in any one mutual fund. This limitation does not apply to money market mutual funds.
- ^Q A mutual fund must receive the highest ranking by not less than two nationally recognized rating agencies or the fund must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years' experience investing in instruments authorized by Sections 53601 and 53635.
- ^R A money market mutual fund must receive the highest ranking by not less than two nationally recognized statistical rating organizations or retain an investment advisor registered with the SEC or exempt from registration and who has not less than five years' experience investing in money market instruments with assets under management in excess of \$500 million.
- ^S Investments in notes, bonds, or other obligations under Section 53601(n) require that collateral be placed into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, among other specific collateral requirements.
- ^T Security types authorized under Section 53601(o) that are issued or guaranteed by an issuer identified in subdivisions (b) or (f), are not subject to the limitations placed on privately issued securities authorized in Section 53601(o)(2)(A)(B).
- ^U A joint powers authority pool must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years' experience investing in instruments authorized by Section 53601, subdivisions (a) to (o).
- ^V Local entities can deposit between \$200 million and \$10 billion into the Voluntary Investment Program Fund, upon approval by their governing bodies. Deposits in the fund will be invested in the Pooled Money Investment Account.
- ^W Only those obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less.

Q4 2025-26 Investment Report

Sonoma Resource Conservation District
Meeting of the Board of Directors
September 24, 2026

*Presented by: Bo Young, Finance Manager
Katherine Korsak (RGS)*



Management Summary

As of June 30, 2026, the Endowment Fund investment portfolio with Stifel, the Sonoma County Pooled Investment Pool, and the California CLASS Prime Fund remain in full compliance with CGC Sections 53600, et seq.

For FY 2025-26, no distributions from the Endowment Fund to the General Fund Agricultural Education Program were budgeted. Accordingly, YTD distributions from Stifel for General Fund Agricultural Education Program expenditures total \$0.00.

I, Bo Young, certify that all investment actions during Q4 2025-26 have been made in full compliance of the amended SRCD Investment Policy adopted on May 22, 2025.

Endowment Fund Investment Portfolio

June 30, 2026

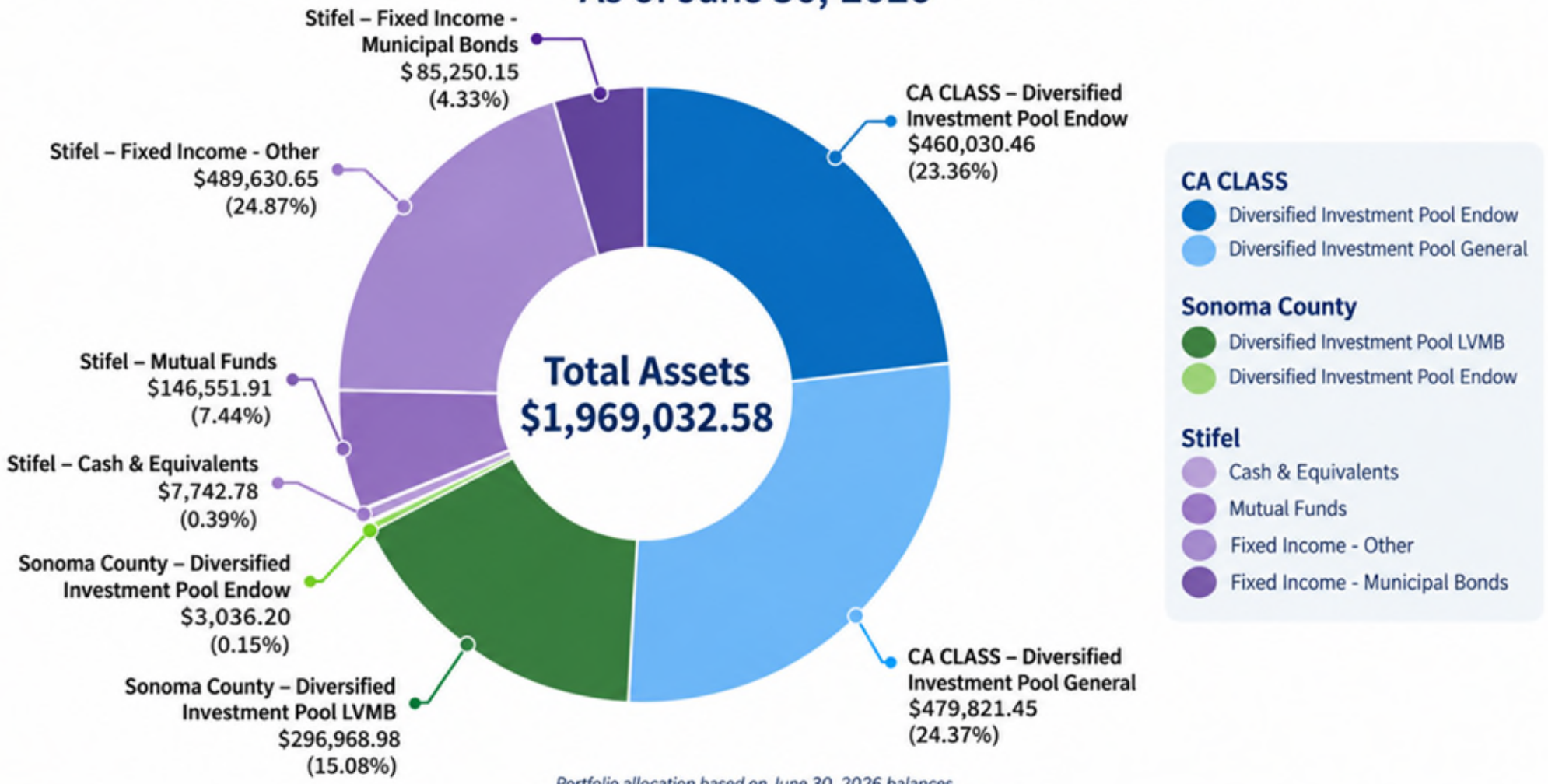
Consolidated Asset Summary

Custodian	Asset Class	Market Value 03/31/2026	Market Value 6/30/2026	Quarterly +/-	% Increase from Quarter to Quarter	% of Portfolio 6/30/2026
CA CLASS	Diversified Investment Pool Endow	\$455,817.04	\$460,030.46	\$4,213.42	0.924%	23.36%
CA CLASS	Diversified Investment Pool General	\$475,426.75	\$479,821.45	\$4,394.70	0.924%	24.37%
	Subtotal - CA CLASS	\$931,243.79	\$939,851.91	\$8,608.12		
Sonoma County	Diversified Investment Pool LVMB	\$296,968.98	\$296,968.98	-	0.000%	15.08%
Sonoma County	Diversified Investment Pool Endow	\$3,036.20	\$3,036.20	-	0.000%	0.15%
	Subtotal - Sonoma County	\$300,005.18	\$300,005.18	-		
Stifel	Cash & Equivalents	\$15,368.42	\$7,742.78	(\$7,625.64)	-49.619%	0.39%
Stifel	Mutual Funds	\$145,502.61	\$146,551.91	\$1,049.30	0.721%	7.44%
Stifel	Fixed Income - Other	\$483,392.00	\$489,630.65	\$6,238.65	1.291%	24.87%
Stifel	Fixed Income- Municipal Bonds	\$85,279.70	\$85,250.15	(\$29.55)	-0.035%	4.33%
	Subtotal - Stifel	\$729,542.73	\$729,175.49	(\$367.24)		
Total Assets		\$1,960,791.70	\$1,969,032.58	\$8,240.88		

Note: The County's Q4 report provides a June 30, 2026 ending balance of \$300,005.18 but does not separately identify the March 31, 2026 balance. As a result, no Q4 change can be calculated from the County balance sheet, and the portfolio summary reflects a \$0 quarterly change.

Endowment Fund Investment Portfolio Allocation

As of June 30, 2026



Portfolio allocation based on June 30, 2026 balances.

Endowment Fund – CA Class

June 30, 2026



Account Summary

Average Monthly Yield: 3.6996%

	Beginning Balance	Contributions	Withdrawals	Income Earned	Income Earned YTD	Average Daily Balance	Month End Balance
California CLASS	458,636.02	0.00	0.00	1,394.44	8,391.25	458,682.50	460,030.46

Attached please also find the CA CLASS Holdings List for June 2025.

General Fund Operating Reserves Investment Portfolio

June 30, 2026



Account Summary

Average Monthly Yield: 3.6996%

	Beginning Balance	Contributions	Withdrawals	Income Earned	Income Earned YTD	Average Daily Balance	Month End Balance
California CLASS	478,367.02	0.00	0.00	1,454.43	8,752.31	478,415.50	479,821.45

LVMB Fiduciary Fund Investment Portfolio

June 30, 2025



Balance Sheet.

Fund / Account	Description	Beginning Balance Jul 1st	Debits Jul - Jun	Credits Jul - Jun	Ending Balance Jun 30th + Adj + Close
72403	Sonoma RCD - LVMB				
00001	All Asset Accounts				
10000	Cash and Investments				
10100	Equity in Pooled Cash	286,303.27	159,013.06	(147,000.00)	298,316.33
10400	Unrealized Gains and Losses	262.54	0.00	(1,609.89)	(1,347.35)
Total 10000	Cash and Investments	286,565.81	159,013.06	(148,609.89)	296,968.98
Total 00001	All Asset Accounts	286,565.81	159,013.06	(148,609.89)	296,968.98 ✓
00002	All Liability Accounts				
20000	Current Payables				
20100	Vouchers Payable	0.00	147,000.00	(147,000.00)	0.00
Total 20000	Current Payables	0.00	147,000.00	(147,000.00)	0.00
Total 00002	All Liability Accounts	0.00	147,000.00	(147,000.00)	0.00
00003	Fund Balance and Net Position				
30000	Fund Balance				
30500	FB - Unassigned	(286,565.81)	0.00	(10,403.17)	(296,968.98)
Total 30000	Fund Balance	(286,565.81)	0.00	(10,403.17)	(296,968.98)
Total 00003	Fund Balance and Net Position	(286,565.81)	0.00	(10,403.17)	(296,968.98)
Total 00002	Net YTD (Revenue) Expense	0.00	113,622.95	(113,622.95)	0.00
Total 00003	Total Fund Balance and Net Position	(286,565.81)	113,622.95	(124,026.12)	(296,968.98)
Total 00004	Total Liabilities and Fund Balance/Net Position	(286,565.81)	260,622.95	(271,026.12)	(296,968.98) ✓
Total 00005	Total	0.00	419,636.01	(419,636.01)	0.00

Per CGC §53646(e), required quarterly reporting for funds invested in a county investment pool may be presented in the form of the most recent statement provided by the County. The County's quarterly report for the Investment Pool is available at <https://sonomacounty.ca.gov/ACTTC/Treasury/Publications/Quarterly-Reports-and-Certifications/>

Endowment Fund - Sonoma Cty Investment Pool

June 30, 2026



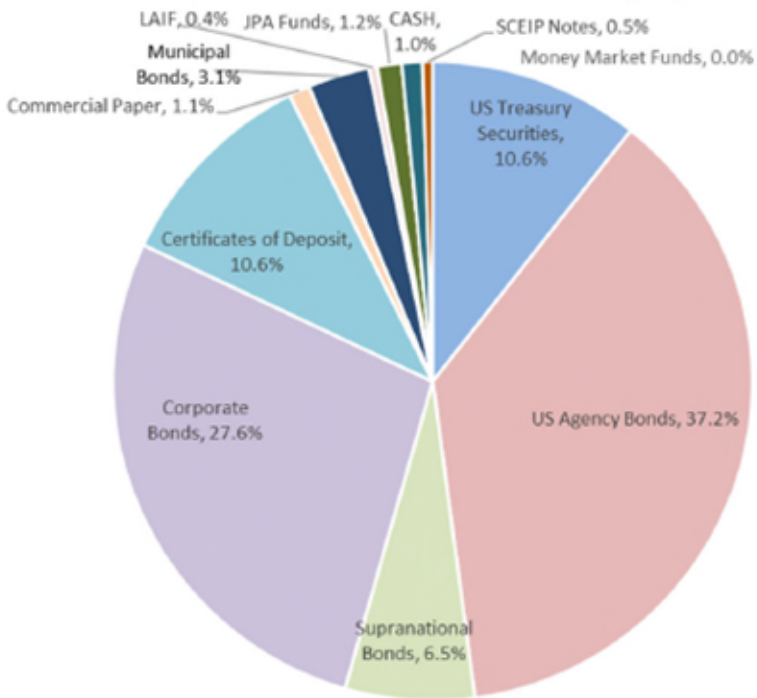
Balance Sheet.

Fund / Account	Description	Beginning Balance Jul 1st	Debits Jul - Jun	Credits Jul - Jun	Ending Balance Jun 30th + Adj + Close
72404	Sonoma RCD - Endowmnt Trst AgE				
00001	All Asset Accounts				
10000	Cash and Investments				
10100	Equity in Pooled Cash	2,928.39	121.59	0.00	3,049.98
10400	Unrealized Gains and Losses	2.69	0.00	(16.47)	(13.78)
Total 10000	Cash and Investments	2,931.08	121.59	(16.47)	3,036.20
Total 00001	All Asset Accounts	2,931.08	121.59	(16.47)	3,036.20 ✓
00003	Fund Balance and Net Position				
30000	Fund Balance				
30500	FB - Unassigned	(2,931.08)	0.00	(105.12)	(3,036.20)
Total 30000	Fund Balance	(2,931.08)	0.00	(105.12)	(3,036.20)
Total 00003	Fund Balance and Net Position	(2,931.08)	0.00	(105.12)	(3,036.20)
Total 00002	Net YTD (Revenue) Expense	0.00	138.06	(138.06)	0.00
Total 00003	Total Fund Balance and Net Position	(2,931.08)	138.06	(243.18)	(3,036.20)
Total 00004	Total Liabilities and Fund Balance/Net Position	(2,931.08)	138.06	(243.18)	(3,036.20) ✓
Total 00005	Total	0.00	259.65	(259.65)	0.00

Endowment Fund - Sonoma Cty Investment Pool

June 30, 2026

Sonoma County Pooled Investment Fund Holdings by Security Type



Endowment Fund - Stifel Investment Portfolio

June 30, 2026

Fixed Income – Municipal Bond Holdings Summary

Issuer/Type	Coupon %	Cost Value	Current Market Value		Maturity Date	Call Date
			6/30/2026			
Holtville CA Unified School District	6.750%	\$20,000.00	\$20,032.40		9/1/2028	9/1/2026
Vista CA Community Development Commission	8.368%	\$65,000.00	\$65,217.75		9/1/2030	7/31/2026
Total		\$85,000.00	\$85,250.15			

Source: Stifel statement period June 1–June 30, 2026. Cost Value reflects cost basis; Current Market Value reflects current value at 6/30/2026.

Endowment Fund - Stifel Investment Portfolio

June 30, 2026

Fixed Income – Other Holdings and Mutual Fund Summary

Issuer/Type	Maturity Date	Cost Value	Current Market Value 6/30/2026
JP Morgan Chase Bank NA/CD, 1.500% Coupon Value	1/29/2027	\$29,160.00	\$29,575.20
Morgan Stanley Bank NA/CD, 5.050% Coupon Value	11/8/2027	\$50,553.58	\$50,549.50
US Treasury Note, 4.375% Coupon Value	8/31/2028	\$95,547.06	\$95,426.55
Wells Fargo Bank NA/CD, 4.100% Coupon Value	2/6/2029	\$25,249.69	\$24,901.50
Morgan Stanley Bank NA/CD, 4.100% Coupon Value	4/2/2029	\$50,460.35	\$49,763.50
US Treasury Note, 3.875% Coupon Value	9/30/2029	\$49,501.95	\$49,572.50
JP Morgan Chase Bank NA/CD, 4.300% Coupon Value	8/29/2030	\$50,000.00	\$49,582.00
US Treasury Note, 4.625% Coupon Value	9/30/2030	\$31,154.98	\$30,510.90
US Treasury Note, 4.375% Coupon Value	11/30/2030	\$50,513.20	\$50,373.00
JP Morgan Chase Bank NA/CD, 4.300% Coupon Value	5/12/2031	\$59,640.00	\$59,376.00
Federated Hermes U.S. Treasury Cash Reserves, 3.57% estimated yield	N/A	\$14,656.84	\$14,656.84
Vanguard Total Bond Market Index Fund Admiral Shares, 3.98% estimated yield	N/A	\$147,448.93	\$131,895.07
Total		\$653,886.58	\$636,182.56

Portfolio Valuation Source is Stifel, Nicolaus & Company, Inc. June 30, 2026 statements



Board Executive Committee Meeting Minutes

September 18, 2026 - 9:00 am

1221 Farmers Lane, Suite F

Santa Rosa, CA 95405

<https://us02web.zoom.us/j/82039596063?pwd=zLad6REtkNMonGG9OFjCZ9UKMInNaB.1>

Meeting ID: 820 3959 6063

Passcode: 070556

1. **Call to Order, Determination of a Quorum, Introductions:** Chair Bruce Abelli-Amen called the meeting to order at 9:03 am. A quorum of the Executive Committee members was determined. Directors Present: Bruce Abelli-Amen, Steve Worrell, Isaac Jenkins. Directors Absent: None. Associate Directors Present: None. Associate Directors Absent: None. Staff Present: Christine Kuehn, Colin Nicol (virtual), Maria Wnorowski (virtual). Others Present: Katherine Korsak, RGS consultant.
2. **Additions/Changes to the Agenda (Gov. Code 54954.2 (B)):** None.
3. **Public Comment:** None.
4. **Action Items:**
 - A. **Approval of Executive Director to enter into contract with Image Tree Pros for Wildwood Debris Jam Removal for \$104,656.38.** Project Manager, Colin Nicol, presented this item. He provided an overview of the Wildwood Debris Jam Removal Project, including sharing a video documenting the scale of the jam. Colin shared that nine contractors attended the bid tour on site and four submitted proposals. Board asked questions and discussed.
Motion to approve: Steve Worrell, **2nd:** Isaac Jenkins. Motion passed, 3 ayes.
Ayes: Abelli-Amen, Worrell, Jenkins.
 - B. **Approval of Executive Director to enter into contract with the School Garden Network for Harvest of the Month student programming for \$75,420.00.** Community Engagement Program Manager, Maria Wnorowski, presented this item. She provided an overview of the Harvest of the Month Program funded by the Sonoma County Ag + Open Space District. She shared our previous collaboration with School Garden Network through a past contract to support middle school students. Board asked questions and discussed.
Motion to approve: Steve Worrell, **2nd:** Isaac Jenkins. Motion passed, 3 ayes.
Ayes: Abelli-Amen, Worrell, Jenkins.
 - C. **Review proposed updates to Investment Policy and Board recommendation.** Regional Government Services (RGS) consultant Katherine Korsak presented this item. She walked the Board through the statutory changes and discretionary changes to the policy. This policy is required to be updated annually. Christine requested that the Operations and Human Resources Manager be added to the list of Delegation of Authority and Responsibility, as this role

coordinates compliance for officials and staff associated with the policy. RGS will make this update for inclusion in the draft policy going to the full board for consideration of approval in September's regularly held meeting. Board asked questions and discussed.

Motion to recommend the proposed Investment Policy updates with the edits discussed to the full board on September 24, 2026, for consideration of approval: Bruce Abelli-Amen, 2nd:

Steve Worrell. Motion passed, 3 ayes.

Ayes: Abelli-Amen, Worrell, Jenkins.

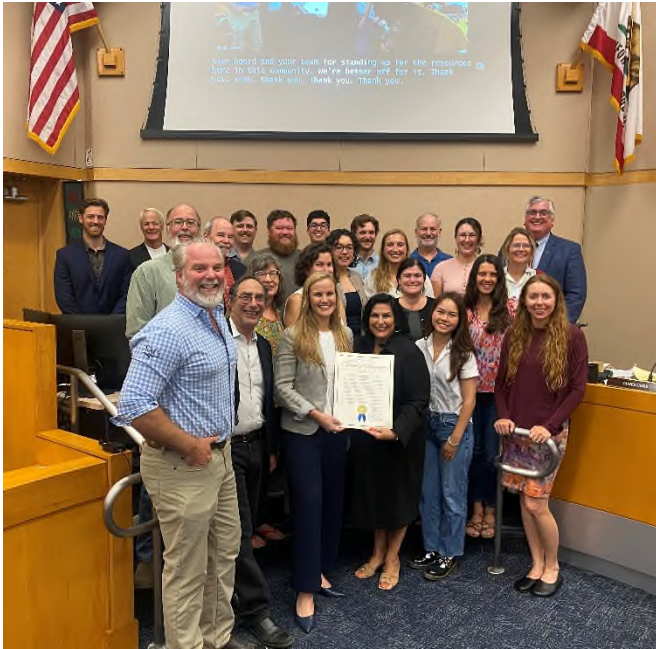
5. Discussion Items

- A. Potential office relocation in 2027 discussion.** The Executive Director led the discussion. The RCD is evaluating its current lease and the opportunity to relocate within a five-mile radius of its current office location. A draft relocation and in-office transition plan is underway and will incorporate staff feedback and multiple communication points with the full team. The Executive Director has been directed to continue pursuing the office search and gather information regarding relocation and new office space costs. The lease agreement will be presented in Closed Session, as permitted under the Brown Act. The Board asked questions and discussed the matter.

Next meeting: October 12, 2026

Adjournment: 10:17 am

To: Sonoma RCD Board of Directors
From: Christine Kuehn, Executive Director
Re: Executive Director Updates, September 2026



Gold Resolution

Thank you to the board and staff who joined us in receiving the Sonoma RCD's Gold Resolution from the Sonoma County Board of Supervisors on September 15, 2026. This recognition represents not only the incredible staff and board of the RCD today, but also the many people who stewarded this organization and served this community before us. It was an honor to accept this resolution on behalf of the RCD, past and present, and I am energized to carry this legacy forward as we continue the good work that will shape our future.

An invitation to RSVP for our 80th Anniversary gathering in late October will be coming to you shortly.

See you in October

I'm out of the office until Monday, October 5. Please contact Anya Nejedlo, Deputy Director, or Bo Young, Finance Manager, if you have any immediate questions or concerns. Otherwise, I'll address any other matters as soon as possible when I return.

Anniversaries

Staff

Jen Franco – September 24, 2024