AGENDA

ROSSMOOR COMMUNITY SERVICES DISTRICT

INVESTMENT COMMITTEE MEETING

RUSH PARK
West Room
3001 Blume Drive
Rossmoor, California 90720

Wednesday, October 22, 2025
6:00 p.m.

A. ORGANIZATION

1. CALL TO ORDER: 6:00 p.m.
2. ROLL CALL: Directors Shade, Maynard
3. PLEDGE OF ALLEGIANCE

B. PUBLIC FORUM

Any person may address the members of the Investment Committee at this time upon any subject within the jurisdiction of the Investment Committee of the Rossmoor Community Services District.

C. REGULAR CALENDAR

1. DISCUSSION REGARDING AN OPPORTUNITY TO DIVERSIFY INVESTMENTS FOR ROSSMOOR COMMUNITY SERVICES DISTRICT

D. ADJOURNMENT

CERTIFICATION OF POSTING

I hereby certify that the attached Agenda for the October 22, 2025, 6:00 p.m. Investment Committee of the Board of Directors of the Rossmoor Community Services District was posted at least 24 hours prior to the time of the meeting.

ATTEST:

Sharon Landers

Date: October 17, 2025

SHARON LANDERS
Interim General Manager

ROSSMOOR COMMUNITY SERVICES DISTRICT

AGENDA ITEM C-1

Date: October 22, 2025

To: Investment Committee
Jo Shade, Chair
Michael Maynard

From: Interim General Manager Sharon Landers

Subject: DISCUSSION REGARDING AN OPPORTUNITY TO DIVERSIFY INVESTMENTS FOR ROSSMOOR COMMUNITY SERVICES DISTRICT

RECOMMENDATION

It is recommended that the Investment Committee review and discuss options with California Cooperative Liquid Assets Securities System (CLASS) representative Crystal Lynn and California Asset Management Program (CAMP) representative Kyle Tanaka and make any recommendations to the Board regarding long term investments.

BACKGROUND

The Investment Committee last met in August 2024 and reviewed the options that CLASS had to offer at the time. Due to the conservative approach the Rossmoor Community Services District takes toward investing, the Board of Directors has been satisfied with utilizing Local Agency Investment Fund (LAIF) as the District's investment vehicle. However, due to the District's healthy reserve balance, the Investment Committee may consider a long-term investment option to generate a higher yield. California CLASS is very flexible and offers public agencies a convenient method for investing in highly liquid, investment-grade securities carefully selected with the goal of optimizing yields while prioritizing security and liquidity. CAMP offers a range of services to assist public agencies with investing their operating funds, bond proceeds, debt service funds, and reserve funds. Representative Crystal Lynn (CLASS) and Kyle Tanaka (CAMP) will go over their respective programs and answer any questions the Committee might have. In the event that the Committee recommends a change in investment strategy, the current Investment Policy No. 3035 will need to be updated (see attachments 5 and 6 for edits and examples).

ATTACHMENTS

1. LAIF Program Overview
2. California CLASS Program Overview
3. California Asset Management Program (CAMP) Overview
4. Policy No. 3035 Investment of District Funds
5. Policy No. 3035 Investment of District Funds – with proposed edits
6. City of Lakewood Investment Policy for reference

LOCAL AGENCY INVESTMENT FUND

Program Description

The Local Agency Investment Fund (LAIF), a voluntary program created by statute, began in 1977 as an investment alternative for California's local governments and special districts and it continues today under Treasurer Fiona Ma's administration. The enabling legislation for the LAIF is Section 16429.1 et seq. of the California Government Code.

This program offers local agencies the opportunity to participate in a major portfolio, which invests hundreds of millions of dollars, using the investment expertise of the State Treasurer's Office professional investment staff at no additional cost to the taxpayer.

The LAIF is part of the Pooled Money Investment Account (PMIA). The PMIA began in 1955 and oversight is provided by the Pooled Money Investment Board (PMIB) and an in-house Investment Committee. The PMIB members are the State Treasurer, Director of Finance, and State Controller.

The Local Investment Advisory Board (LIAB) provides oversight for LAIF. The Board consists of five members as designated by statute. The State Treasurer, as Chair, or her designated representative, appoints two members qualified by training and experience in the field of investment or finance, and two members who are treasurers, finance or fiscal officers or business managers employed by any county, city or local district or municipal corporation of this state. The term of each appointment is two years or at the pleasure of the Treasurer.

All securities are purchased under the authority of Government Code Section 16430 and 16480.4. The State Treasurer's Office takes delivery of all securities purchased on a delivery versus payment basis using a third party custodian. All investments are purchased at market and a market valuation is conducted monthly.

Additionally, the PMIA has Policies, Goals and Objectives for the portfolio to make certain that our goals of Safety, Liquidity and Yield are not jeopardized and that prudent management prevails. These policies are formulated by Investment Division staff and reviewed by both the PMIB and the LIAB on an annual basis.

The State Treasurer's Office is audited by the Bureau of State Audits on an annual basis and the resulting opinion is posted to the State Treasurer's Office website following its publication. The Bureau of State Audits also has a continuing audit process throughout the year. All investments and LAIF claims are audited on a daily basis by the State Controller's Office as well as an internal audit process.

Under Federal Law, the State of California cannot declare bankruptcy, thereby allowing the Government Code Section 16429.3 to stand. This Section states that "moneys placed with the Treasurer for deposit in the LAIF by cities, counties, special districts, nonprofit corporations, or qualified quasi-governmental agencies shall not be subject to either of the following: (a) transfer or loan pursuant to Sections 16310, 16312, or 16313, or (b) impoundment or seizure by any state official or state agency."

During the 2002 legislative session, California Government Code Section 16429.4 was added to the LAIF's enabling legislation. This Section states that "the right of a city, county, city and county, special district, nonprofit corporation, or qualified quasi-governmental agency to withdraw its deposited moneys from the LAIF, upon demand, may not be altered, impaired, or denied in any way, by any state official or state agency based upon the state's failure to adopt a State Budget by July 1 of each new fiscal year."

The LAIF has grown from 293 participants and $468 million in 1977 to 2,331 participants and $21.9 billion at the end of September 2025.

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PMIA/LAIF Performance Report as of 10/15/25

Quarterly Performance Quarter Ended 9/30/25

LAIF Apportionment Rate[2]:	4.34
LAIF Earnings Ratio[2]:	0.00011893333163814
LAIF Administrative Cost[1]*:	TBD
LAIF Fair Value Factor[1]:	1.001929581
PMIA Daily[1]:	4.19
PMIA Quarter to Date[1]:	4.24
PMIA Average Life[1]:	254

PMIA Average Monthly Effective Yields[1]

September	**4.212**
August	4.251
July	4.258
June	4.269
May	4.272
April	4.281

Pooled Money Investment Account Monthly Portfolio Composition [1] 9/30/25 $161.7 billion

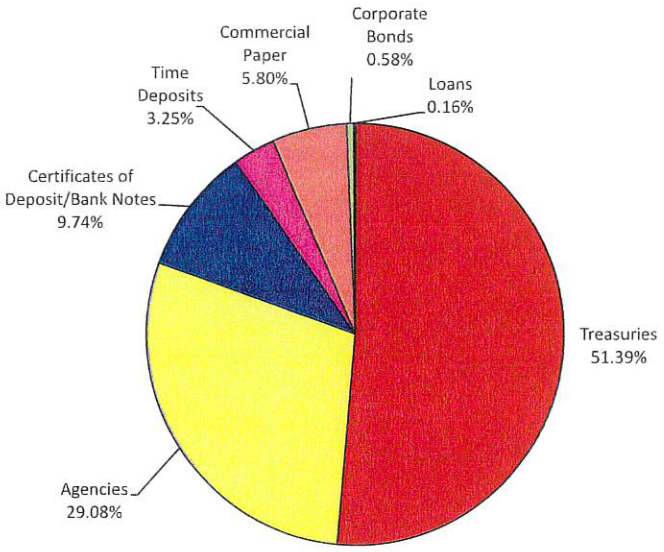

Chart does not include $987,000.00 in mortgages, which equates to 0.001%. Percentages may not total 100% due to rounding.

Daily rates are now available here. View PMIA Daily Rates

Notes: The apportionment rate includes interest earned on the CalPERS Supplemental Pension Payment pursuant to Government Code 20825 (c)(1) .

**The percentage of administrative cost equals the total administrative cost divided by the quarterly interest earnings. The law provides that administrative costs are not to exceed 5% of quarterly EARNINGS of the fund. However, if the 13-week Daily Treasury Bill Rate on the last day of the fiscal year is below 1%, then administrative costs shall not exceed 8% of quarterly EARNINGS of the fund for the subsequent fiscal year.*

Source:
[1] State of California, Office of the Treasurer
[2] State of California, Office of the Controller

California CLASS

California Cooperative Liquid Assets Securities System

What is California CLASS?

California Cooperative Liquid Assets Securities System (California CLASS) is a joint exercise of powers entity authorized under Section 6509.7, California Government Code. California CLASS is a pooled investment option that was created via a joint exercise of powers agreement by and among California public agencies. California CLASS offers public agencies a convenient method for investing in highly liquid, investment-grade securities carefully selected with the goal of optimizing yields while prioritizing safety and liquidity. The California CLASS Prime and Enhanced Cash funds help assist public agencies in strengthening and diversifying their cash management programs in accordance with the safety, liquidity, and yield hierarchy that provides the framework for the investment of public funds.

How is it governed and managed?

California CLASS is overseen and governed by a Board of Trustees. The Board is made up of public agency finance professionals who participate in California CLASS and are members of the Joint Powers Authority (JPA). The Board of Trustees has entered into an Investment Advisor and Administrator Agreement with Public Trust Advisors, LLC. Public Trust is responsible to the Board for all program investment and administrative activities as well as many of the services provided on behalf of the Participants.

How can we participate?

Enrolling in California CLASS is simple. Public agencies may become Participants simply by filling out the Participant Registration Form that can be found in the document center on the California CLASS website. Public agencies may submit the completed registration packet to California CLASS Client Services for processing at clientservices@californiaclass.com. To obtain account forms and fund documents, visit www.californiaclass.com/document-center/.

Sponsored By:

League of California Cities
www.calcities.org

California Special Districts Association
Districts Stronger Together
www.csda.net

CALIFORNIA CLASS FEATURES

As a California CLASS Participant, you have access to many convenient features:

- Same-day availability of funds in Prime Fund (11:00 a.m. PT cut-off)
- Contributions by wire or ACH
- Ratings of 'AAAm' & 'AAAf/S1'
- Portfolio securities marked-to-market daily
- Secure online access for transactions and account statements
- No redemption notices for Prime Fund
- Participant-to-Participant transactions
- Dividends accrue daily and pay monthly
- No maximum or minimum transaction limits
- No maximum or minimum investment requirements
- No transaction fees*
- Annual audit conducted by independent auditing firm**
- Dedicated client service representatives available via phone or email on any business day

*You may incur fees associated with wires and/or ACH transactions by your bank, but there will be no transaction fees charged from California CLASS for such transactions.
**External audits may not catch all instances of accounting errors and do not provide an absolute guarantee of accuracy.

What are the objectives of California CLASS?

Safety

The primary investment objective of the California CLASS Prime Fund is preservation of principal. Both California CLASS portfolios are managed by a team of investment professionals who are solely focused on the management of public funds nationwide. The custodian for California CLASS is U.S. Bank, N.A.

Liquidity

When you invest in the California CLASS Prime Fund, you have access to your funds on any business day. You must notify California CLASS of your funds transaction requests by 11:00 a.m. PT via the online transaction portal. There are no redemption notices for the daily-liquid California CLASS Prime Fund. The California CLASS Enhanced Cash Fund is a variable NAV fund that provides next-day liquidity and requires a one-day notification of redemption.

Competitive Returns

California CLASS strives to provide competitive yields while adhering to the objectives of safety and liquidity. Participants can benefit from the investment expertise and institutional knowledge provided by the team of Public Trust professionals. The portfolio performance objective is strengthened by the knowledge of California public agency cash flows that the Public Trust team possesses.

Ease of Use

To make cash management streamlined and efficient, California CLASS includes many features that make it easy to access account information and simplify record keeping. Participants can transact on any business day via the California CLASS Online Transaction Portal at www.californiaclass.com.

Flexibility

You may establish multiple California CLASS subaccounts. You will receive comprehensive monthly statements that show all of your transaction activity, dividend accruals, and yield summaries. These statements have been specifically designed to facilitate public sector fund accounting and to establish a clear accounting and audit trail for your records.

Legality

California CLASS only invests in securities permitted by California State Code Section 53601; permitted investments are further restricted to those approved by the Board of Trustees as set forth in the California CLASS Investment Policies.

Have Questions? Contact us or visit www.californiaclass.com for more information.

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Any financial and/or investment decision should be made only after considerable research, consideration, and involvement with an experienced professional engaged for the specific purpose. The information presented should not be used in making any investment decisions. This material is not a recommendation to buy, sell, implement, or change any securities or investment strategy, function, or process. Please review the California CLASS Information Statement(s) before investing. California CLASS is not a bank. An investment in California CLASS is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the California CLASS Prime Fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. Please review the California CLASS Information Statement(s) before investing. Past performance is not an indication of future performance. No assurance can be given that the performance objectives of a given strategy will be achieved. Any financial and/or investment decision may incur losses. The California CLASS Prime Fund is rated 'AAAm' by S&P Global Ratings. A 'AAAm' rating by S&P Global Ratings is obtained after S&P evaluates a number of factors including credit quality, market price exposure, and management. For a full description on rating methodology, please visit www.spglobal.com. The California CLASS Enhanced Cash Fund is rated by 'AAAf/S1' by FitchRatings. The 'AAAf' rating is Fitch's opinion on the overall credit profile within a fixed-income fund/portfolio and indicates the highest underlying credit quality of the pool's investments. The 'S1' volatility rating is Fitch's opinion on the relative sensitivity of a portfolio's total return and/or net asset value to assumed changes in credit spreads and interest rates. The 'S1' volatility rating indicates that the fund possesses a low sensitivity to market risks. For a full description on rating methodology, please visit www.fitchratings.com. Ratings are subject to change and do not remove credit risk.

Public Trust Advisors, LLC, a registered investment advisor with the U.S. Securities and Exchange Commission, provides investment advisory services to the Fund. PMA Securities, LLC, an affiliate of Public Trust Advisors, is a broker-dealer and municipal advisor registered with the SEC and MSRB and is a member of FINRA and SIPC and provides marketing, and securities and other institutional brokerage services.

September 30, 2025

Program Fact Sheet

CAMP
CALIFORNIA ASSET MANAGEMENT PROGRAM

CAMP is a California Joint Powers Authority established in 1989 to provide California public agencies with professional investment services.

INVESTMENT OBJECTIVE

To earn a high rate of return while preserving principal and providing liquidity. The Pool seeks to maintain a stable NAV of $1.00 per share and the TERM Portfolio seeks to achieve a NAV of $1.00 per share at the stated maturity.

CASH RESERVE PORTFOLIO (POOL)

A short-term cash reserve portfolio and cash management vehicle permitted as an investment for all local agencies under California Government Code Section 53601(p).

TERM PORTFOLIO

A fixed rate, fixed term portfolio rated AAAf by Fitch Ratings[5] and permitted as an investment for all local agencies under California Government Code Section 53601(p).

POOL FACTS	As of September 30, 2025
7-Day Net Yield[1]	4.27%
Monthly Distribution Yield[2]	4.36%
Weighted Average Maturity[3]	45 Days
Program Rating[4]	AAAm by S&P Global

SERVICE PROVIDERS

Investment Advisor and Program Administrator: PFM Asset Management*

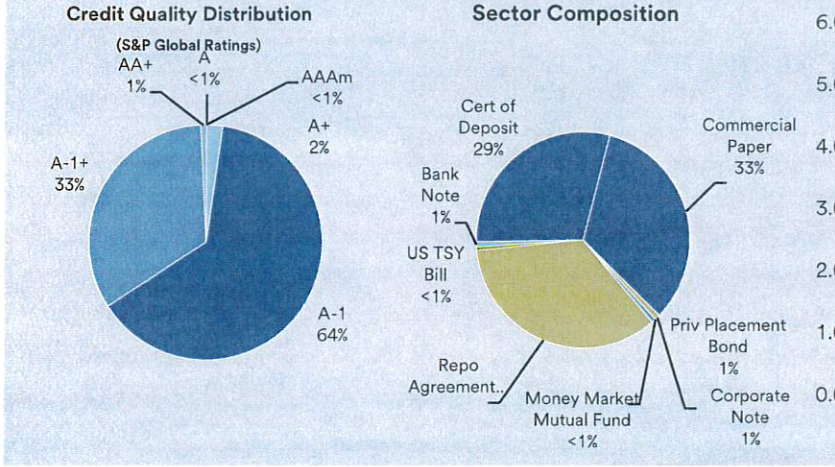
Distributor: U.S. Bancorp Investments, Inc.

Depository and Custodian: U.S. Bank, N.A.

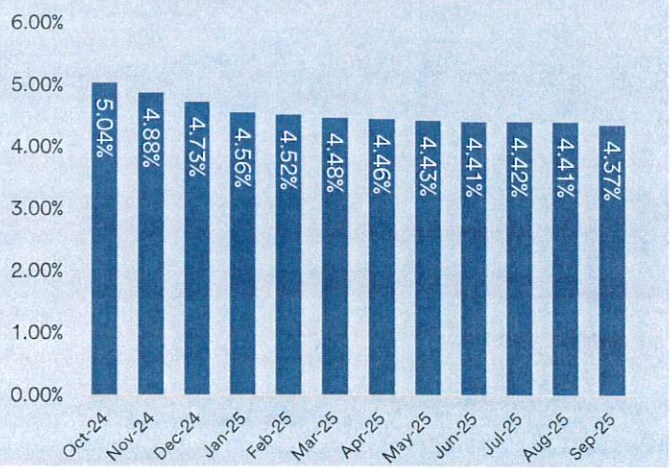
Independent Auditor: Ernst & Young, LLC.

Counsel: Nossaman LLP

Pool Diversification as of September 30, 2025



Pool Performance (30-Day Net Yield[6]%)



*PFM Asset Management is a division of U.S. Bancorp Asset Management, Inc, which serves as administrator and investment adviser to the Pool

[1] *7-day net yield, also known as the current annualized yield, represents the net change, exclusive of capital changes and income other than investment income, in the value of a hypothetical account with a balance of one share (normally $1.00 per share) over a seven-day base period expressed as a percentage of the value of one share at the beginning of the seven-day period. This resulting net change in account value is then annualized by multiplying it by 365 and dividing the result by 7.*

[2] *The monthly distribution yield represents the net change in the value of a hypothetical account with a value of one share (normally $1.00 per share) resulting from all dividends declared during a month by the Pool expressed as a percentage of the value of one share at the beginning of the month. This resulting net change is then annualized by multiplying it by 365 and dividing it by the number of calendar days in the month.*

[3] *Weighted Average Maturity: Calculated by the final maturity for a security held in the portfolio and the interest rate reset date. This is a way to measure a fund's sensitivity to potential interest rate changes.*

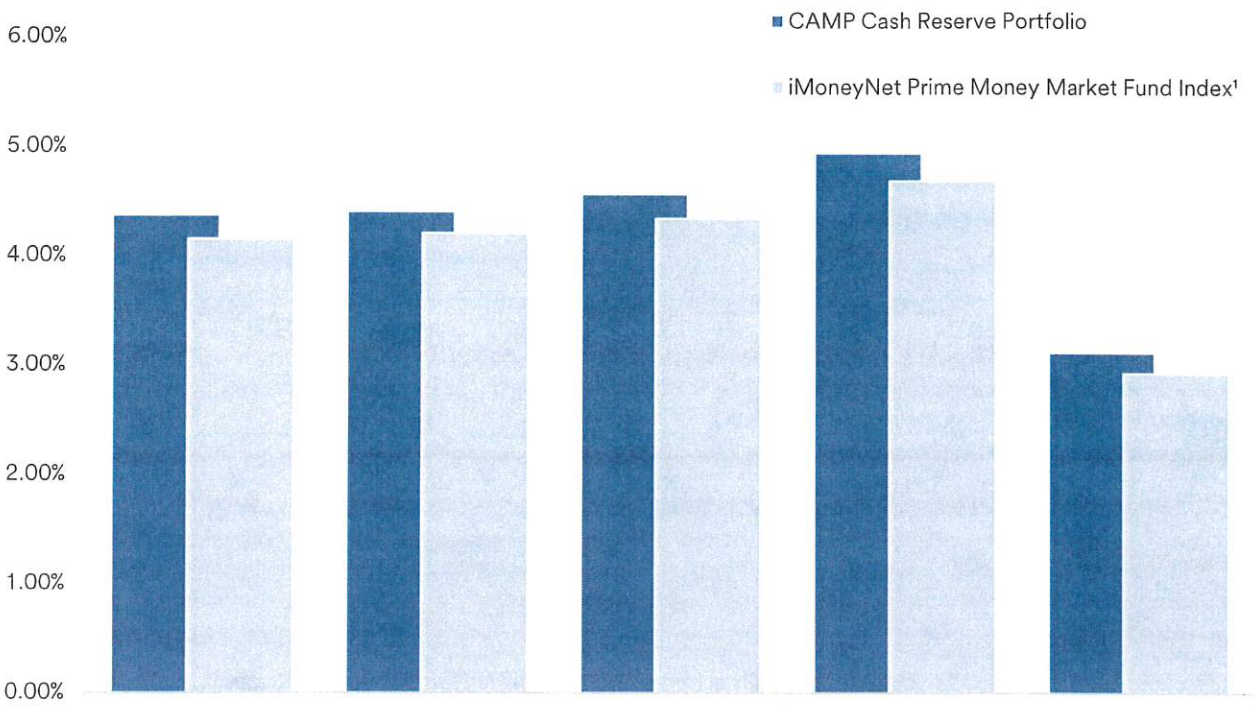
[4] *S&P Global AAAm Rating: S&P evaluates a number of factors, including credit quality, market price, exposure, and management. Please visit SPGlobal.com/Ratings for more information and ratings methodology.*

[5] *Fitch AAAf Rating: portfolios with this rating indicate having the highest underlying credit quality. Please visit fitchratings.com for more information and ratings methodology.*

[6] *As of the last day of the month. The 30-day yield represents the net change, exclusive of capital changes and income other than investment income, in the value of a hypothetical account with a balance of one share (normally $1.00 per share) over a thirty-day base period expressed as a percentage of the value of one share at the beginning of the thirty-day period. This resulting net change in account value is then annualized by multiplying it by 365 and dividing the result by 30.*

CALIFORNIA ASSET MANAGEMENT PROGRAM

Average Annual Return as of September 30, 2025



	Month	3 Month	1-Year	3-Year	5-Year
CAMP Cash Reserve Portfolio	4.37%	4.40%	4.56%	4.94%	3.11%
iMoneyNet Prime Money Market Fund Index¹	4.15%	4.20%	4.33%	4.68%	2.93%

Must be preceded or accompanied by a Program Guide. For a current Program Guide, which contains more complete information, please visit http://www.camponline.com/ or call 800-729-7665. Before investing, consider the investment objectives, risks, charges and expenses of the pool carefully. This and other information can be found in the Program Guide. Read the Program Guide carefully before you invest or send money.

¹Source: iMoneyNet First Tier Institutional Prime Money Market Fund Average ("iMoneyNet Prime Money Market Fund Index"); benchmark yields are as of the last business day of each month. This index is comprised of funds rated in the top grade that invest in high-quality financial instruments with dollar-weighted average maturities of less than 60 days. It is not possible to invest directly in such an index.

***Past performance does not guarantee future results.** Yields will fluctuate as market conditions change. The current fund performance may be higher or lower than that cited. The yields shown may reflect fee waivers by service providers that subsidize and reduce the total operating expenses of the Pool. Pool yields would be lower if there were no such waivers. Important disclosure information is provided on the following page.*

CAMP® is a registered trademark and the CAMP logos and designs are trademarks owned by the California Asset Management Trust (Trust).

This information is for institutional investor use only, not for further distribution to retail investors, and does not represent an offer to sell or a solicitation of an offer to buy or sell any fund or other security. Investors should consider the Trust's investment objectives, risks, charges and expenses before investing in the Trust. This and other information about the Trust is available in the Trust's current Information Statement, which should be read carefully before investing. A copy of the Trust's Information Statement may be obtained by calling 1-800-729-7665 or is available on the Trust's website at www.camponline.com. While the Cash Reserve Portfolio seeks to maintain a stable net asset value of $1.00 per share and the CAMP Term Portfolio seeks to achieve a net asset value of $1.00 per share at the stated maturity, it is possible to lose money investing in the Trust. An investment in the Trust is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Shares of the Trust are distributed by U.S. Bancorp Investments, Inc., member FINRA (www.finra.org) and SIPC (www.sipc.org). PFM Asset Management is a division of U.S. Bancorp Asset Management, Inc., which serves as administrator and investment adviser to the Trust. U.S. Bancorp Asset Management, Inc. is a direct subsidiary of U.S. Bank N.A. and an indirect subsidiary of U.S. Bancorp. U.S. Bancorp Investments, Inc. is a subsidiary of U.S. Bancorp and affiliate of U.S. Bank N.A.

Rossmoor Community Services District

Policy **No. 3035**

INVESTMENT OF DISTRICT FUNDS

3035.00 Purpose: The purpose of this policy is to comply with the requirements of California Government Code Sections 53600 et. seq. and to provide clear guidance for the investment of surplus funds under the control but not required for the immediate needs of the Rossmoor Community Services District (RCSD); herein after, the District.

3035.10 Objectives: The objectives of the investment of the funds of the District is primarily to safeguard the principal of the funds under its control, secondarily, to meet the liquidity needs of the District and thirdly, to achieve a market rate of return consistent with California law.

3035.20 Responsibility: When investing public funds, the District is a trustee and therefore a fiduciary subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing including, but not limited to, the general economic conditions and the anticipated needs of the District that a prudent person would exercise in the management of his or her own funds, not for speculation, but for investment, considering the probable safety of his or her capital, as well as the probable income to be derived.

3035.30 Investment Principles:

3035.31 The District shall invest all funds under its control that are not needed for its operations.

3035.32 The District shall have a diversified investment portfolio limited to the following types:

a. United States Treasury Bills, Notes and Bonds.

b. Federal Agency or United States Government sponsored enterprise obligations.

c. Registered California State Bonds, Warrants or Treasury Notes.

d. California Local Agency Investment Fund (LAIF).

e. Orange County Treasury.

f. Bonds or Notes of U.S. corporations rated "A" or better by Moody's or S&P, for terms not to exceed five years.

g. Bankers Acceptances (Bills of Exchange, or Time Drafts), maturity not to exceed six months.

h. Certificates of Deposit, maturity not to exceed two years.

i. Mutual funds that consist solely of one of the following investment types noted above: a., b.,c., or f.

3035.33 The District shall not invest more than fifty percent (50%) of its investment portfolio in securities that have a maturity of more than one year. No more than twenty-five percent (25%) of its portfolio shall be invested in securities that have a maturity of more than two years. No securities can be purchased with a maturity greater than five years, unless matched to a specific asset acquisition or approved by the Board.

3035.34 The District's investment strategy is to purchase securities with the intent of holding them until maturity. However, the District may sell a security prior to its maturity in order to improve the quality, liquidity or yield of the portfolio in response to market conditions or District needs.

3035.35 The transferring of investment funds will be carried out exclusively by use of telephonic or electronic wire transfers. Each entity with which the District does business shall receive, in writing, a listing which limits transfers of funds to preauthorized bank accounts only.

3035.36 The District shall maintain all funds needed for its operations within one month, together with all funds not then invested in accordance with Section 3035.32 in one or more checking accounts or savings accounts that are fully insured by FDIC in state or national banks, state or federal savings associations, or state or federal credit unions in California. Such funds may be in active deposits, inactive deposits, and/or interest bearing active deposits. The deposits cannot exceed the amount of the bank's, savings and loans', or credit union's paid up capital surplus. The funds may be in an account over $100,000 if the FDIC limit is raised or if the bank, savings and loan or savings institution has collateralized the account by at least 110% in another bank or financial institution.

3035.37 The District may invest some or all its investment portfolio in the LAIF upon a recommendation of the Investment Committee and approval of the Board. The District shall invest no more than twenty-five percent (25%) of its investment portfolio in any one of the other types of investment as set forth in Section 3035.32 and shall not invest more than the FDIC limit (within the maturity date of the deposit/investment) in any one financial institution (bank, savings and loan, credit union), or U.S. corporation.

3035.38 All security transactions entered into by the District shall be conducted on delivery-versus payment (DVP) basis. All securities purchased or acquired shall be delivered to the District by book entry, physical delivery or by third party custodial agreement.

3035.39 The purchase of any investment shall be made either directly from the issuer or from an institution licensed by the state as a broker-dealer (as defined in Corporations Code Section 25004) or from a member of a federally regulated securities exchange, from a national or state-chartered bank, from a savings association or federal association (as defined in Financial Code Section 5102) or from a brokerage firm designated as a primary government dealer by the Federal Reserve Bank.

3035.40 Investment Committee: The Investment Committee is comprised of two Board members and the General Manager. Members are appointed by the President of the Board and shall meet quarterly (unless there are no new funds to invest or investments maturing during the quarter) to review current data concerning all deposit accounts and investments, to analyze the total balance, yield percentage, interest earned, maturity dates and other relevant information for each account and investment. The Investment Committee shall make recommendations specifying the investments to be made and amounts to be transferred to the appropriate accounts. The Investment Committee may consult with the District's auditor and/or other financial advisors as reasonably necessary to implement the District's investment objectives. Following a review by the Investment Committee, the General Manager shall provide a report to the Board of Directors at its next regular meeting, or at a special meeting, as appropriate, setting forth the

components and performance of the District's current investment portfolio, together with any recommendations made by the Investment Committee.

3035.50 Investment Portfolio: The District's investment portfolio is defined as all monies invested and any reserve funds, designated or undesignated, which are available for long or short term investment, and any operating capital in excess of three months of the District's operational needs.

3035.60 Board of Directors: Upon review of the Investment Committee's report and recommendations, the Board shall make a determination regarding such recommendations. Upon such determination, the officials authorized by Policy No. 4055, shall execute the appropriate documents to transfer funds as necessary and/or to authorize the financial institution to initiate the investment, except for electronic transfers made in accordance with Resolution No.10-06-08-01.

3035.70 Policy Review: This policy shall be reviewed by the Board annually, to determine if any changes are needed and to acknowledge that it has been reviewed.

Approved: Renumbering & Format - October 8, 2002
Adopted: August 12, 2003
Amended: July 11, 2006
Amended: May 8, 2007
Amended: November 11, 2008
Amended: January 13, 2009
Amended: April 14, 2009
Amended: August 10, 2010

Rossmoor Community Services District

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INVESTMENT OF DISTRICT FUNDS

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a. United States Treasury Bills, Notes and Bonds.

b. Federal Agency or United States Government sponsored enterprise obligations.

c. Registered California State Bonds, Warrants or Treasury Notes.

d. California Local Agency Investment Fund (LAIF).

~~e. Orange County Treasury.~~

Commented [KT1]: The Orange County Treasurer closed their Voluntary Investment Pool program earlier this year.

f. Bonds or Notes of U.S. corporations rated "A" or better by Moody's or S&P, for terms not to exceed five years.

g. Bankers Acceptances (Bills of Exchange, or Time Drafts), maturity not to exceed six months.

h. Certificates of Deposit, maturity not to exceed two years.

i. Mutual funds that consist solely of one of the following investment types noted above: a., b.,c., or f.

j. Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (r), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

(1) The adviser is registered or exempt from registration with the United States Securities and Exchange Commission.

(2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive.

(3) The adviser has assets under management in excess of five hundred million dollars ($500,000,000).

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Commented [KT2]: This language would allow for the District to invest in either CAMP and/or California CLASS. The Investment Policy as currently written would not allow for either local government investment pool.

3035.33 The District shall not invest more than fifty percent (50%) of its investment portfolio in securities that have a maturity of more than one year. No more than twenty-five percent (25%) of its portfolio shall be invested in securities that have a maturity of more than two years. No securities can be purchased with a maturity greater than five years, unless matched to a specific asset acquisition or approved by the Board.

3035.34 The District's investment strategy is to purchase securities with the intent of holding them until maturity. However, the District may sell a security prior to its maturity in order to improve the quality, liquidity or yield of the portfolio in response to market conditions or District needs.

3035.35 The transferring of investment funds will be carried out exclusively by use of telephonic or electronic wire transfers. Each entity with which the District does business shall receive, in writing, a listing which limits transfers of funds to preauthorized bank accounts only.

3035.36 The District shall maintain all funds needed for its operations within one month, together with all funds not then invested in accordance with Section 3035.32 in one or more checking accounts or savings accounts that are fully insured by FDIC in state or national banks, state or federal savings associations, or state or federal credit unions in California. Such funds may be in active deposits, inactive deposits, and/or interest bearing active deposits. The deposits cannot exceed the amount of the bank's, savings and loans', or credit union's paid up capital surplus. The funds may be in an account over $100,000 if the FDIC limit is raised or if the bank, savings and loan or savings institution has collateralized the account by at least 110% in another bank or financial institution.

3035.37 The District may invest some or all its investment portfolio in the LAIF upon a recommendation of the Investment Committee and approval of the Board. The District shall invest no more than twenty-five percent (25%) of its investment portfolio in any one of the other types of investment as set forth in Section 3035.32 and shall not invest more than the FDIC limit (within the maturity date of the deposit/investment) in any one financial institution (bank, savings and loan, credit union), or U.S. corporation.

3035.38 All security transactions entered into by the District shall be conducted on delivery-versus payment (DVP) basis. All securities purchased or acquired shall be delivered to the District by book entry, physical delivery or by third party custodial agreement.

3035.39 The purchase of any investment shall be made either directly from the issuer or from an institution licensed by the state as a broker-dealer (as defined in Corporations Code Section 25004) or from a member of a federally regulated securities exchange, from a national or state-chartered bank, from a savings association or federal association (as defined in Financial Code Section 5102) or from a brokerage firm designated as a primary government dealer by the Federal Reserve Bank.

3035.40 Investment Committee: The Investment Committee is comprised of two Board members and the General Manager. Members are appointed by the President of the Board and shall meet quarterly (unless there are no new funds to invest or investments maturing during the quarter) to review current data concerning all deposit accounts and investments, to analyze the total balance, yield percentage, interest earned, maturity dates and other relevant information for each account and investment. The Investment Committee shall make recommendations specifying the investments to be made and amounts to be transferred to the appropriate accounts. The Investment Committee may consult with the District's auditor and/or other financial advisors as reasonably necessary to implement the District's investment objectives. Following a review by the Investment Committee, the General Manager shall provide a report to the Board of Directors at its next regular meeting, or at a special meeting, as appropriate, setting forth the components and performance of the District's current Investment portfolio, together with any recommendations made by the Investment Committee.

3035.50 Investment Portfolio: The District's investment portfolio is defined as all monies invested and any reserve funds, designated or undesignated, which are available for long or short term investment, and any operating capital in excess of three months of the District's operational needs.

3035.60 Board of Directors: Upon review of the Investment Committee's report and recommendations, the Board shall make a determination regarding such recommendations. Upon such determination, the officials authorized by Policy No. 4055, shall execute the appropriate documents to transfer funds as necessary and/or to authorize the financial institution to initiate the investment, except for electronic transfers made in accordance with Resolution No.10-06-08-01.

3035.70 Policy Review: This policy shall be reviewed by the Board annually, to determine if any changes are needed and to acknowledge that it has been reviewed.

Approved: Renumbering & Format - October 8, 2002
Adopted: August 12, 2003
Amended: July 11, 2006
Amended: May 8, 2007
Amended: November 11, 2008
Amended: January 13, 2009
Amended: April 14, 2009
Amended: August 10, 2010

CITY OF LAKEWOOD
INVESTMENT POLICY - January 2025

I. Scope

This policy applies to the investment of the City of Lakewood's ("City") applies to all funds accounted for in the annual budget. Funds of the City will be invested in compliance with the provisions of, but not necessarily limited to California Government Code Section 53601 et seq. and other applicable statutes. Investments will be in accordance with these policies and written administrative procedures. This policy does not regulate the investment of bond proceeds.

II. Objectives

The objectives, in priority order, of the City of Lakewood's investment activities shall be:

Safety. Safety of principal is the primary and most important objective of the investment program. Investments of the City will be made in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, the City will endeavor to mitigate credit and market risk.

Liquidity. The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated. This will be achieved through maturity diversification and purchases of securities with an established secondary market.

Yield. The City's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints, liquidity needs, and cash flow characteristics of the portfolio. Return on investment is of secondary importance compared to the safety and liquidity objectives described above.

III. Standards of Care

Prudence

The City of Lakewood adheres to the guidance provided by the "prudent investor" standard (CA 53600.3) to insure 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 agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law."

This standard of prudence is to be used by all investment staff and will be applied in the context of managing an overall portfolio.

Ethics and Conflicts of Interest
Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City.

Delegation of Authority
The authority to invest City funds is delegated to the Director of Finance & Administrative Services for a period of one year. The Director of Finance & Administrative Services is also subject to the direction and supervision of the City Manager. Subject to review, the City Council may renew the delegation of authority each year or more frequently, if desired. Additionally, the City Manager is granted the ability to unilaterally reassign or modify these responsibilities. If carried out, he/she will notify the City Council no later than the subsequent City Council meeting. The Director of Finance & Administrative Services and his/her designated staff, herein referred to as investment staff, are responsible for City's investment program. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established. The Director of Finance & Administrative Services shall be responsible for all transactions undertaken and will establish a system of controls to regulate the activities of subordinate officials.

The City may delegate its investment decision making and execution authority to an investment advisor. The advisor shall follow the policy and such other written instructions as are provided.

IV. Authorized and Suitable Investments
Surplus funds of local agencies may only be invested in certain eligible securities as listed below. Percentage holding limits, where shown, apply at the time the security is purchased. Credit criteria listed in this section refers to the credit rating at the time the security is purchased. If an investment's credit rating falls below the minimum rating required at the time of purchase, the City's investment advisor (if any) and Director of Finance & Administrative Services will review the rating agency action and decide whether to sell or hold the investment. The investment strategy for the City of Lakewood is to administer an operational portfolio. A definition of an operational portfolio is to have adequate funds available at all times to meet appropriated and projected cash flow requirements for the City of Lakewood.

The City of Lakewood does not purchase or sell securities on margin.

1. U.S. Treasury Obligations. United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the full faith and credit of the United States are pledged for the payment of principal and interest. There are no portfolio percentage limits for U.S. Treasury obligations.

2. U.S. Government Agency Issues. Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. There are no portfolio percentage limits for U.S. Government Agency issues.

3. Municipal Obligations. Municipal obligations to include the following:

(a) Registered Treasury Notes or Bonds of the State of California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.

(b) Bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State of California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

(b) Registered Treasury Notes or Bonds of any of the other 49 United States in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 United States, in addition to California.

Obligations are required to be rated in a rating category of "AA" or its equivalent or better by a nationally recognized statistical rating organization (NRSRO). There are no portfolio percentage limits for municipal obligations.

4. Negotiable Certificates of Deposit. Negotiable certificates of deposit or deposit notes issued by a nationally or state-chartered bank or a state or federal savings and loan association or by a federally licensed or state-licensed branch of a foreign bank. Purchases are limited to securities rated in a rating category of "A" (long-term) or "A-1" (short-term) or their equivalents or better by an NRSRO. No more than 30% of the City's portfolio may be invested in negotiable certificates of deposit.

5. Placement Service Deposits. Fully insured deposits placed through a deposit placement service that meets the requirements under Code Section 53601.8. No more than 30% of the City's portfolio may be invested in placement service deposits.

6. *Money Market Funds.* Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. See. 80a-1, et seq.). To be eligible for investment pursuant to this subdivision, these companies shall either: (1) attain the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations; or (2) retain an investment advisor registered or exempt from registration with the Securities and Exchange commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars ($500,000,000). No more than 20% of the City's portfolio may be invested in money market funds. The purchase price of shares shall not include any commission charged by the fund. No more than 10% of the City's portfolio may be invested in any one fund.

7. Government Pools. Shares of beneficial interest issued by a joint powers authority (6509.7) that invests in securities authorized by Section 53601 of the California Government Code. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

(a) The adviser is registered or exempt from registration with the Securities and Exchange Commission.

(b) The adviser has not less than five years of experience investing in the securities and obligations authorized in California Government Code section subdivisions (a) to (q), inclusive.

(c) The adviser has assets under management in excess of five hundred million dollars ($500,000,000).

There is no portfolio percentage limit for Government Pools.

8. State of California's Local Agency Investment Fund. Investment in LAIF may not exceed the current LAIF limit and should be reviewed periodically.

9. Los Angeles County Pool. Investment in the Los Angeles County Pool may not exceed the current pool limits and should be reviewed periodically.

10. Commercial paper. Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization. The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (a) or paragraph (b):

(a) The entity meets the following criteria: (i) Is organized and operating in the United States as a general corporation. (ii) Has total assets in excess of five hundred million dollars ($500,000,000). (iii) Has debt other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by a NRSRO.

(b) The entity meets the following criteria: (i) Is organized within the United States as a special purpose corporation, trust, or limited liability company. (ii) Has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond. (iii) Has commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.

Purchases of commercial paper shall have a maximum maturity of 270 days. No more than 25% of the City's portfolio may be invested in commercial paper.

11. Corporate Notes. Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years of less, issued by corporations organized and operating within the Unites States or by depository institutions licensed by the

United States, or any state and operating within the United States. Medium-term corporate notes shall be rated in a rating category of "A" or its equivalent or better by a NRSRO. No more than 30% of the City's portfolio may be invested in corporate notes.

12. *Supranationals.* Supranationals, defined as United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Supranationals shall be rated in a rating category of "AA" or its equivalent or better by a NRSRO. No more than 30% of the City's portfolio may be invested in supranationals.

13. *Asset-Backed Securities.* A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond. For securities eligible for investment under this subdivision not issued or guaranteed by an agency or issuer identified in subdivision (1) or (2) above, the following limitations apply:

a) The security shall be rated in a rating category of "AA" or its equivalent or better by an NRSRO and have a maximum remaining maturity of five years or less.
b) Purchase of securities authorized by this paragraph shall not exceed 20% of the City's portfolio.

V. Ineligible Investments

Any security type or structure not specifically approved by this policy is hereby prohibited; these include, but are not restricted to, the following:

(a) "Complex" derivative securities such as range notes, dual index notes, inverse floating-rate notes, leveraged or deleveraged floating-rate notes, or any other complex variable-rate or structured note.

(b) Interest-only strips that are derived from a pool of mortgages, or any security that could result in zero interest accrual if held to maturity except as authorized by Code Section 53601.6.

(c) Financial Futures and Financial Options also known as forward contracts for securities.

VI. Investment Parameters

Diversification. The City's investments shall be diversified by:

- Limiting investments to avoid over concentration in securities from a specific issuer or sector. No more than 10% of the portfolio may be invested in the securities of any one issuer, regardless of security type; excluding U.S. Treasuries, federal agencies, supranationals, and pooled investments such as LAIF, LA County Pool, and Government Pools.

- Limiting investment in securities that have higher credit risks.

- Investing in securities with varying maturities.

- Continuously investing a portion of the portfolio in readily available funds such as local government investment pools or money market funds to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

Maximum Maturities. To the extent possible, the City shall attempt to match its investments with anticipated cash flow requirements. Unless stated otherwise in Section IV of this Policy, the maximum maturity of the City's eligible investments will not exceed five years unless the City Council has granted express authority to make that investment either specifically or as a part of an investment program approved by the City Council no less than three months prior to the investment.

Sale of Securities. The City does not make investments for the purpose of trading or speculation, but buys with the prevalent intent to hold securities to maturity. The prohibition of speculative investment precludes pursuit of profit through unusual risk or conjectural fluctuations in market prices. However, fluctuations in market rates or changes in credit quality may produce situations where securities may be sold at a nominal loss in order to mitigate further erosion of principal or to reinvest proceeds of sale in securities that will out-perform the original investment.

VII. Depository Services

Legal Constraints
Money must be deposited in state or national banks, state or federal savings associations, or state or federal credit unions in the state. It may be in inactive deposits, active deposits or interest-bearing active deposits. The deposits cannot exceed the amount of the bank's or savings and loan's paid up capital and surplus.

The bank or savings and loan must secure the active and inactive deposits with eligible securities having a market value of 110% of the total amount of the deposits. State law also allows, as an eligible security, first trust deeds having a value of 150% of the total amount of the deposits. A third class of collateral is letters of credit drawn on the Federal Home Loan Bank (FHLB). As a matter of policy, the City does not accept 150% collateral in first trust deeds or 105% Letters of Credit drawn on the FHLB, even though the state statutes allow municipalities to accept them.

The Director of Finance & Administrative Services may at his discretion waive security for that portion of a deposit which is insured pursuant to federal law. Currently, the first $250,000 of a deposit is federally insured. It is to the City's advantage to waive this collateral requirement for the first $250,000 because we receive a higher interest rate. If funds are to be collateralized, the collateral we accept is 110% of the deposit in government securities.

Depository Services
Active deposits are demand or checking accounts which receive revenues and pay disbursements. The City of Lakewood has four demand accounts:

- General checking account
- Payroll checking account
- Successor agency project account

- Successor agency housing account

Interest-bearing active deposits are money market accounts at a financial institution (i.e., bank, savings and loan, credit union). These accounts are demand accounts (i.e., checking accounts) with restricted transaction activity.

Inactive deposits are Certificates of Deposit issued in any amount for periods of time as short as 14 days and as long as several years. Interest must be calculated on a 360-day basis, actual number of days. There is no portfolio percentage limit for Inactive Deposits. The maximum maturity shall be limited to one year.
We require that each financial institution submit current financial statements which are evaluated by staff prior to the investment of funds. We use the following criteria:

The institution must have been in business at least three years.

The institution must submit audited financial statements.

The institution must have assets of at least $50 million and a net worth to liability ratio of 3.5 to 1. For calculations, net worth does not include subordinated debt and Reserves for Allowance for Loan Losses.
City investments of less than 180 days to maturity can use a net worth to asset ratio of 3 to 1.

Investments in Credit Unions require an Equity (net worth) to Asset Value of 5.0%. The loan balance to share draft ratio is compared to industry standards, but should not exceed 90%. The City may invest funds for a period up to 120 days in institutions with a Regular Reserve to Loan Balance ratio of at least 3.25%. For longer periods of time, the ratio must be at least 4.0%.

In addition, examination is made of the Reserve for Loan Losses category to evaluate the financial trend of the institution's asset base. Comparison is made of institution ratio values to the industry averages.

Under deposits, if data is available, we track the ratio of $250,000 certificates of deposit (brokered money) to the total deposit base. A percent greater than 50% is an area of concern.

Whenever possible, the use of several years' financial data is evaluated to present a trend of activity in the institution.

We also require that interest be paid to the City on a monthly basis (current state law only requires quarterly payment). We do not place more than $250,000 in a savings and loan, small bank, or credit union.

VIII. Safekeeping and Custody

Delivery vs. Payment
All investment transactions conducted with deliverable securities will be executed on a delivery versus payment basis. Deliverable securities will be held in safekeeping by a third party custodian

designated by the City. The custodian will be required to provide timely (written or on-line) confirmation of receipt and monthly position and transaction reports.

IX. Reporting Requirements

Monthly Reporting
The Director of Finance & Administrative Services will provide to the City Council monthly investment reports that provide a detailed summary of transactions in the City's portfolio.

Quarterly Reporting
The Director of Finance & Administrative Services will provide to the City Council quarterly investment reports which provide a detailed summary of the status of the investment program. The quarterly report will contain the following:

- The type of investment, issuer, and date of maturity par and dollar amount invested on all securities, investments and moneys held by the local agency.
- A description of any of the local agency's funds, investments, or programs that are under the management of contracted parties, including lending programs.
- A current market value as of the date of the report and the source of this same valuation for all securities held by the local agency, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund.
- A statement of compliance with the Government Code and this policy.
- A statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

X. Performance Standards
The City's portfolios are managed with the objective of obtaining a market rate of return, commensurate with identified risk constraints and cash flow characteristics. Because the composition of the portfolio fluctuates, depending on market and credit conditions, various indices will be used to monitor performance.

XI. Investment Advisor Review
The performance of the City's investment advisor and investment advisory firm shall be reviewed annually based on the following criteria:

- Understanding of the city's overall investment program and the investment objectives and constraints unique to the city, and approach to management of the city's portfolio.
- Experience, resources, and qualifications of the firm and individuals assigned to this account.
- Experience of the firm in managing state/local/district government reserve funds.

- Performance of the managed portion of the city's portfolio.
- Reporting methodology and additional investment of financial services offered or available through affiliation.
- Fees, relative to services.

XII. Policy Considerations

This policy shall be reviewed on an annual basis. Any changes must be approved by the investment officer and any other appropriate authority, as well as the individual(s) charged with maintaining internal controls.