

City of Ojai

Statement of Investment Policy

City of Ojai
Fiscal Year 2025-26
Adopted Investment Policy
June 24, 2025



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City of Ojai

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1. POLICY

The purpose of this statement is to provide guidelines for the investment of the City's funds and is based upon State law and prudent money management. This policy is designed to improve the quality of decisions and according to the specific needs of the City of Ojai in priority order of safety, liquidity and return on investment. The goal is to enhance the economic status of the City while ensuring the safety of funds. The authority governing investment of public funds is set forth in the Government Code, Sections 53601 et seq. The Treasurer or Finance Director shall submit an investment policy to the governing body and to the Finance and Investment Committee.

2. SCOPE

This investment policy applies to all investment activities and financial assets of the City of Ojai. Employee retirement benefits funds are not covered or included in this policy. The funds are accounted for and incorporated in the City of Ojai's Annual Comprehensive Financial Report (ACFR) and include:

- 1) General Fund
- 2) Special Revenue Funds
- 3) Debt Service Funds (Currently no debt service)
- 4) Capital Project Funds
- 5) Enterprise Funds
- 6) Other: Trust Funds

3. PRUDENCE

The City holds to the "prudent investor standard" in that all investments placed shall be made with a degree of judgment and care, not for speculation, but considering the safety of the monies and acting as a fiduciary of the public trust. The prudent investor standard set forth in Section 53600.3 of the Government Code is as follows.

"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."

Related activities which comprise good cash management include cash projections, the expeditious collection of revenue, disbursement control and a cost-effective banking relationship."

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4. OBJECTIVE

It is intended that the scope of this policy covers the investment of surplus (i.e., monies not required for the immediate needs of the City) of all monies held under the direct authority of the City. Proceeds of debt issuance shall be invested in accordance with the City's general investment philosophy as set forth in this policy; however, pursuant to Government Code Sections 5922(d) and 53601(m), such proceeds are invested in accordance with permitted investment provisions of their specific bond indentures. The City shall be guided by the following criteria in priority order when placing investments:

Safety: Safety is the primary duty and responsibility to protect, preserve and maintain the principal of the City's public funds, which are for the benefit of citizens of the community. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To obtain this objective, the City will diversify its investments by investing funds among a variety of securities with independent returns.

Liquidity: The City investment portfolio shall remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.

Return on Investments: The City's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, considering the investment risk constraints for safety and liquidity needs identified in the Investment Policy and the cash flow characteristics of the portfolio.

5. DELEGATION OF AUTHORITY

Pursuant to Government Code Section 53607, the City Council of the City of Ojai annually delegates the authority to invest or reinvest funds of the City, or to sell or exchange securities so purchased, to the City Treasurer who shall be responsible for all transactions undertaken and shall exercise prudence in the selection of subordinate investment officers, and shall establish a system of controls to regulate the activities of subordinate investment officers.

Subject to the foregoing paragraph, the City Treasurer may authorize the Director of Finance to act as the City's Investment Officer in performing the treasury functions and duties under this policy. When acting as the City's Investment Officer as provided in this paragraph, the Director of Finance shall be subject to the same limitations, obligations, and requirements as the Treasurer.

The Treasurer shall establish written investment procedures for the operation of the investment program consistent with this policy. The procedure should describe custody/safekeeping agreements, repurchase agreements, wire transfer agreements, banking service agreements, cash flow forecasting and collateral/depository agreements. Such procedures shall include explicit delegation of authority to people responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedure established by the Treasurer.

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The Investment Officer shall coordinate with the Treasurer to develop a master investment plan for the City, including a percentage of pooled cash allocated for investments, the layering of investments, and the composition of the investment typed in the City's investment portfolio. The Investment Officer shall discuss changes to the City's master investment plan with the City Treasurer prior to purchasing investments that vary from the plan. The City's investment portfolio shall be reviewed by the Finance and Budget Committee as discussed in **Section 18** of this policy

6. ETHICS AND CONFLICTS OF INTEREST

Investment officials will refrain from personal business activity that could conflict with proper execution and management of the policy and the investment program, or which could impair their ability to make impartial decisions. Investment Officers must file an annual Statement of Economic Interest Form 700 with the city clerk's office prior to April 1 of each year or when material interest in financial institutions or personal investment positions require it. Furthermore, Investment Officers must refrain from undertaking personal investment transactions with the same individual(s) employed by the financial institution with whom business is conducted on behalf of the City.

7. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The Investment Officer shall formally authorize investment broker-dealers investment services to the City. Investment brokers-dealers may be primary dealers or regional brokers that qualify under Securities & Exchange Commission Rule 15C-1 (uniform net capital rule) with branch offices in the State of California performing the transactions with the City. Broker-dealers must complete a broker-dealer statement of qualification before being approved by the Investment Officer and execute a certification that the broker-dealers employees and supervisory personnel have read and understand the City's investment policy. The Investment Officer may conduct periodic reviews of the approval list of investment broker-dealers.

However, pursuant to Government Code Section 53601.5, the City shall purchase each authorized investment either (a) directly from the issuer or (b) from an institution licensed by the state as a broker-dealer, as defined in Section 25004 of the Corporations Code, (c) from a member of a federally regulated securities exchange, (d) from a national or state-chartered bank, (e) from a savings association or federal association (as defined by Section 5102 of the Financial Code), or (f) from a brokerage firm designated as a primary government dealer by the Federal Reserve bank. The Investment Officer shall select one or more financial institutions to provide safekeeping and custodial service for the City in accordance 53608 of the California Government Code. The purchase and sale of negotiable securities and repurchase agreement transactions shall be settled on a delivery-versus-payment basis (DVP). Negotiable securities purchase by the City will be delivered by book entry and will be held in third-party safekeeping by a City approved custodian bank, its correspondent bank or its Depository-Trust-Company (DTC) participant account. Non-negotiable investments such as money market fund, mutual funds, collateralized bank deposits, county investment pools, joint powers authority agreements, and LAIF will be in the name of the City with statements and/or receipts evidencing investment.

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8. AUTHORIZED and SUITABLE INVESTMENTS

The Investment Officer must take special care to ensure that the list of instruments includes only those allowed by law and those that local investment managers are trained and competent to handle. On June 22, 2021, City Council adopted a resolution which states that the City shall strive to support green investments. The City Council has limited the investments to Only the securities maintained within the statutory limits imposed by the Government Code and, if more stringent, the limits set forth in Attachment A.

Ineligible Investments not authorized or described in Attachment A are ineligible for purchase. The policy specifically prohibits the investment of any funds in common stock, financial futures, options, inverse floaters, range notes, or mortgage-derived, interest-only strips. Government Code Section 53601.6 also prevents the involvement in security that could result in zero interest accrual if held to maturity. The limitation in the section does not apply to investment in share of beneficial interest issue by diversified management companies registered under the Investment Company Act of 1940 that are authorized pursuant to Government Code Section 53601(l).

On June 9, 2020, City Council adopted Resolution 20-35 which states that the City shall refrain from any new direct investments in businesses, funds or financial serves institutions that knowingly engage in work related to production, transportation, storage, processing, use or disposal of nuclear weapons or the components of nuclear weapons with no non-military applications.

9. REVIEW OF INVESTMENT PORTFOLIO

The securities held by the City of Ojai must be in compliance with Section 8.0, Authorized and Suitable Investments at the time of purchase. Because some securities may not comply with Section 8.0 Authorized and Suitable Investments subsequent to the date of purchase, the (Designated Official – i.e. Treasurer) shall at least annually review the portfolio to identify those securities that do not comply. The (Designated Official – i.e. Treasurer) shall establish procedures to report to the City Council and to its Finance and Budget Committee, major and critical incidences of noncompliance identified through the review of the portfolio.

The City may elect to sell a security prior to its maturity and record a capital gain or loss in order to improve the quality, liquidity or yield of the portfolio in response to market conditions or City's risk preferences; and, If securities owned by City are downgraded by either Moody's or S&P to a level below the quality required by this Investment Policy, it shall be the City's policy to review the credit situation and make a determination as to whether to sell or retain such securities in the portfolio.

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10. INVESTMENT POOLS/MUTUAL FUNDS

Investment pools include LAIF, shares of beneficial interest issued by authorized diversified management companies (mutual funds and money market funds) and county pooled investment funds, joint powers authority pools. A thorough investigation of any pool or fund is required prior to the City's investment and on a periodic basis while funds are invested.

The investigation will include review of the following items:

- 1) Eligible investments
- 2) Interest calculation
- 3) Investment policy and/or investment objectives
- 4) Process/Authorization of transferring of funds
- 5) Schedule for receiving statements and portfolio listing
- 6) Distribution, and treatment of gains/losses
- 7) Fee schedule
- 8) Eligible for bond proceeds

11. COLLATERALIZATION

The City is required to collateralize on two types of investment Certificate of Deposit and Repurchase (and Reverse Repurchase) Agreements. Collateralization level will be 110% of market value for Certificate of Deposits and 102% for Reverse Repurchase Agreements of principal and accrued interest. Collateral will be held by an independent third party with a current custodial agreement with safekeeping receipts

The City will only place in a Non-Negotiable Certificate of Deposit that amount which is covered by FDIC Insurance (per Government Code Section 53653) or fully collateralized (per Government Code Section 53630 et seq., including but not limited to Sections 53649, 53652, and 53656).

The City does not use Reverse Repurchase Agreements for the investment of funds.

12. SAFEKEEPING AND CUSTODY

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

13. DIVERSIFICATION

The Investment Officer shall diversify the investment portfolio by security type, institution and maturity. The restriction on concentration in a single security type or institution is detailed in Section 8.0.

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14. MAXIMUM MATURITIES

To the extent possible, the City will attempt to match investments by anticipating cash flow requirements. The City does not place investments with a maturity in excess of five (5) years in accordance with the Government Code, Section 53601.

15. INTERNAL CONTROLS

The Director of Finance is responsible for establishing and maintaining an internal control structure designed to ensure that the financial assets of the City of Ojai are protected from loss, theft, fraud or misuse.

Annually, the City's independent auditor will conduct an independent review of investment records and verify the investments have been made in accordance with this policy. The internal control review will provide assurance of compliance with policies and procedures.

16. PERFORMANCE STANDARDS

Subject to the priority of investment objectives set forth in Section 4, this section sets forth the performance standards for the City's investment portfolio.

Specific objective: The City's investment strategy is passive with investments generally held to call or maturity. Given this strategy and policy objectives, the rate of return will be maintained on a consistent level representative of current market direction.

Overall objective: The investment portfolio shall be designed with the overall objective of obtaining a total rate of return throughout economic periods, commensurate with investment risk constraints and cash flow needs.

17. REPORTING

Within thirty (30) days of the end of each month, the Treasurer shall submit a monthly Treasurer's Report to the City Manager and City Council. The monthly investment reports are presented to the Finance and Budget Committee at its meeting. The monthly Treasurer's report may be submitted via email to the members to meet the thirty (30) day requirement.

Meeting the requirements of Government Code Sections 53607 and 53646(b) (as modified by Section 53646(d)). The Treasurer shall submit the monthly investment report to the City Manager and City Council which shall list each investment-by-investment category and include the following:

- 1) Type of investment
- 2) Issuer
- 3) Date of maturity
- 4) Par and dollar value
- 5) Weighted average yield

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6) Weighted average maturity

So long as the City Council's annual delegation of investment authority to the City Treasurer pursuant to Government Code Section 53607 is effective, the City Treasurer shall make a monthly report of all investment transactions to the City Council.

18. INVESTMENT POLICY COMPLIANCE AND ADOPTION

The Investment Policy shall be reviewed at least annually by the Treasurer and Investment Oversight Committee, Resolution 24-42, the Investment Oversight Committee is now known as the Budget and Finance Committee. The duties of which are to review the investment practices used by the Investment Officer for compliance with the investment policy. Analyze the monthly Treasurer's reports for adherence to established guidelines. Advise the City Council of any deviation from guidelines established by the Investment Policy or any other practices that are deemed imprudent for a public agency. Review and propose amendments to the City's Investment Policy

The Budget and Finance Committee is to ensure its consistency with the City overall objective and its compliance with California Government Code and best practice. Any modifications made thereto must be approved and adopted by resolution of the City Council. The investment policy shall be submitted to the Finance and Budget Committee for review and consideration prior to City Council for adoption at a public meeting on an annual basis whether or not modifications are necessary.

The Committee shall consist of seven (7) members, who shall be:

- City Treasurer
- Mayor
- City Manager
- Finance Director
- One Councilmember
- Two Ojai City Residents (Resolution 24-42)

Terms of elected City officials shall coincide with terms of their respective offices. Terms of resident members shall be for four years and shall serve until their successors have been appointed and qualified. Resident members may apply to serve for successive terms.

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Attachment A

Authorized and Suitable Investments

Authorized Investment	Govt. Code	Maximum Percentage	Maximum Maturity	Minimum Quality	Other Constraints
U.S. Treasury Obligations	53601(b)	No Limit	5 Years	None	Notes, Bonds, Bills
U.S. Agency Obligations	53601(f)	No Limit	5 Years	None	Federal agency or U.S. government sponsored enterprise obligations, participations, or other instruments.
State of California Obligations	53601(d) and (d)	20% of Portfolio	5 Years	Underlying A, A-1	Bonds, notes, warrants or other evidences of indebtedness of any local agency within California
California Local Agency Bonds	53601(e)	20% of Portfolio	5 Years	Underlying A, A-1	Bonds, notes, warrants or other evidences of indebtedness of any local agency within California
Money Market Funds	53635 53601	15% of portfolio	5 Years	N/A	<ul style="list-style-type: none"> • Retain an investment adviser registered or exempt from registration with the SEC with 5 years' experience managing money market funds in excess of \$500 million <li style="text-align: center;">or • Have the highest ranking by not less than 2 NRSRO's
County Pooled Investment Funds	53684	20% of Portfolio	N/A	N/A	
Negotiable Certificates of Deposit	53601(i)	<ul style="list-style-type: none"> • 10% of portfolio • 5% single issuer 	5 Years	A	<ul style="list-style-type: none"> • Issued by nationally or state-chartered banks; savings or federal associations; state or federal credit unions; or federally licensed or state licensed branches of foreign banks. and • Per 53638 deposits may not exceed bank shareholder equity; total net worth of depository savings or federal association; unimpaired capital and surplus of a credit union; unimpaired capital and surplus of industrial loan companies.

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Authorized Investment	Govt. Code	Maximum Percentage	Maximum Maturity	Minimum Quality	Other Constraints
Bank Deposits - Collateralized or FDIC Insured	53630 et seq.	No Limit	N/A	Satisfactory rating from national bank rating service and from CRA review.	<ul style="list-style-type: none"> Amounts up to \$250,000 per institution are insured by the FDIC. Amounts over the insurance limit must be placed with financial institutions participating in the California Local Agency Security Program, providing for collateralization of public funds. Per 53638 deposits may not exceed bank shareholder equity; total net worth of depository savings or federal association; unimpaired capital and surplus of a credit union; unimpaired capital and surplus of industrial loan companies. Treasurer may waive collateral for the portion of any deposits pursuant to federal law. The use of private sector entities authorized by 53601.8 to assist in the placement of deposits are NOT permitted.
Bank or Credit Union Certificated of Deposits - FDIC Insured or NCUA Insured	53630 et seq.	80% of Portfolio	5 Years	N/A	<ul style="list-style-type: none"> Issued by nationally or state-chartered banks or federally licensed or state licensed branches of foreign banks which are FDIC insured, and Purchases limited to \$5,000 below the FDIC or NCUA Limit per institution Amounts up to \$250,000 per institution are currently insured by the FDIC and NCUA;
Local Agency Investment Fund ("LAIF")	16429.1 et seq.	As permitted by LAIF	N/A	N/A	
Joint Powers Authority Pools	53601(p)	60% of portfolio	N/A	N/A	<p>JPA must be</p> <ul style="list-style-type: none"> organized pursuant to Section 6509.7. invest in securities in 53601 subdivisions (a) to (q); and investment advisor is registered or exempt from registration with the SEC, with at least 5 years of experience, and has assets under management in excess of \$500 million.

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Attachment B

Glossary of Investment Terms

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

ASKED: The price at which securities are offered.

BENCHMARK: A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BID: The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

BROKER: A broker brings buyers and sellers together for a commission.

CERTIFICATE OF DEPOSIT (CD): A time deposit with specific maturity evidenced by a Certificate. Large denomination CDs are typically negotiable.

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR): The official annual report of the City. It includes five combined statements for each individual fund and an account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as the principal in all transactions, buying and selling for his own account.

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

DISCOUNT SECURITIES: Non-interest-bearing money market instruments that are issued at a discount and redeemed at maturity for full face value (e.g., U.S. Treasury Bills.)

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

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DURATION: A measure of the sensitivity of the price (the value of principal) of a fixed-income investment to a change in interest rates. Duration is expressed as a number of years. Rising interest rates mean falling bond prices, while declining interest rates mean rising bond prices.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government were set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC): A federal agency that insures bank deposits, currently up to \$250,000 per depositor per insured bank.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): Government sponsored wholesale banks (currently 11 regional banks), which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA or Fannie Mae): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. Due to its federal charter, FNMA is considered a U.S. government-sponsored enterprise. It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a publicly traded stockholder-owned corporation that has also been under the conservatorship of the Federal Housing Finance Agency (FHFA) since September 6, 2008. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. For some securities issued by FNMA, FNMA provides guarantees as to the timely payment of principal and interest.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Mortgage-backed securities influencing the volume of affordable housing loans and that are guaranteed by GNMA. Security holder is protected by full faith and credit of the U.S. Government. Underlying mortgages for Ginnie Mae securities include those issued, insured, or guaranteed by the Federal Housing Administration (FHA), the U.S. Department of Veterans Affairs (VA), the U.S. Department of Agriculture's Rural Development (RD), and the U.S. Department of Housing and Urban Development's Office of Public and Indian Housing (PIN). The term "pass throughs" is often used to describe Ginnie Maes.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all

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funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written contract covering all future transactions between the parties to repurchase—reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller borrower.

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

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION:

A credit rating agency that the Securities and Exchange Commission in the United States uses for regulatory purposes. Credit rating agencies provide assessments of an investment risk. The issuers of investments, especially debt securities, pay credit rating agencies to provide them with ratings. The three most prominent NRSROs are Fitch, S&P, and Moody's.

OFFER: The price asked for by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PORTFOLIO: Collection of securities held by an investor.

PRIMARY DEALER: A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks, and a few unregulated firms.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state, the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital. As to the City, the prudent investor standard

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is established by, and specifically described in, California Government Code Section 53600.3. See Section III of this investment policy.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution meeting the requirements of Government Code Section 53635.2, which has placed with an authorized depository agent per Government Code Section 53657 for the benefit of the depositor eligible collateral having a value of not less than the amount required by Government Code Section 53652 (currently ranging from 105% to 150% of the deposit, depending upon type of collateral) and the depository agent of which has been approved by the Administrator of Local Agency Security designated by Government Code Section 53661 (currently, the Commissioner of Business Oversight) to hold collateral for public deposits.

RATE OF RETURN: The yield obtainable on security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

REPURCHASE AGREEMENT (REPO): A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security “buyer” in effect lends the “seller” money for the period of the agreement, and the terms of the agreement are structured to compensate for this.

REVERSE REPURCHASE AGREEMENT (REVERSE REPO): A reverse-repurchase agreement (reverse repo) involves borrowing cash from a financial institution in exchange for securities. The investor agrees to repurchase the securities at a specified date for the same cash value plus an agreed upon interest rate. Although the transaction is similar as a repo, the purpose of entering a reverse repo is quite different. While a repo is a straightforward investment of public funds, the reverse repo is a straightforward investment of public funds, the reverse repo is a borrowing.

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

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial +distribution.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

TREASURY BILLS: A non-interest-bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS: Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES: Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

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YIELD: The rate of annual income returns to an investment, expressed as a percentage. (a) INCOME YIELD is obtained by dividing the current dollar income by the current market price for security. (b) NET YIELD or YIELD TO MATURITY is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

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Insert Executed Resolution – Pending Weston