City of
Laguna Woods

NOTICE OF SPECIAL
INVESTMENT POLICY REVIEW COMMITTEE
MEETING

APRIL 28, 2025

Please be advised that a special meeting of the Investment Policy Review Committee will be held on April 28, 2025 at 1:30 p.m. The meeting will be held at Laguna Woods City Hall, 24264 El Toro Road, Laguna Woods, California 92637.

The agenda for this meeting is attached.

For additional information, please contact the City Clerk's Office at (949) 639-0500/TTY (949) 639-0535, cityhall@cityoflagunawoods.org, or 24264 El Toro Road, Laguna Woods, California 92637.

Cynthia S. Conners

CYNTHIA CONNERS

PEARL LEE

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CITY of LAGUNA WOODS
INVESTMENT POLICY REVIEW COMMITTEE
AGENDA

Special Meeting
Monday, April 28, 2025
1:30 p.m.

Laguna Woods City Hall
24264 El Toro Road
Laguna Woods, California 92637

Cynthia Conners
Councilmember
(Committee Member)

Pearl Lee
Councilmember
(Committee Member)

Welcome to a meeting of the Laguna Woods Investment Policy Review Committee!

This meeting may be recorded, televised, and made publicly available.

Public Comments/Testimony: The City accepts public comments/testimony in-person and in writing. For more information, please refer to page three of this agenda.

Americans with Disabilities Act (ADA): It is the intention of the City to comply with the ADA. If you need assistance to participate in this meeting, please contact either the City Clerk's Office at (949) 639-0500/TTY (949) 639-0535 or the California Relay Service at (800) 735-2929/TTY (800) 735-2922. The City requests at least two business days' notice in order to effectively facilitate the provision of reasonable accommodations.

REGULAR MEETING SCHEDULE

The Laguna Woods Investment Policy Review Committee regularly meets on at least a biannual basis.

AGENDA POSTING AND AVAILABILITY

Regular and Adjourned Regular Meetings: Pursuant to California Government Code Section 54954.2 of the Ralph M. Brown Act, the City of Laguna Woods posts agendas at Laguna Woods City Hall, 24264 El Toro Road, Laguna Woods, California 92637; on the City's website (www.cityoflagunawoods.org); and, at other locations designated by Resolution No. 24-08, at least 72 hours in advance of regular and adjourned regular meetings. Agendas and agenda materials are available at Laguna Woods City Hall during normal business hours and on the City's website. Printed copies of agendas and agenda materials are provided at no charge in advance of meetings. After meetings have occurred, a per page fee is charged for printed copies.

Special and Emergency Meetings: Agenda posting and availability for special and emergency meetings is conducted pursuant to all applicable provisions of California Government Code (Ralph M. Brown Act).

AGENDA DISTRIBUTION LISTS

Electronic Distribution: The City of Laguna Woods provides notification of agenda posting and availability via email. To sign up for email notifications, please visit www.cityoflagunawoods.org/email-notifications, email cityhall@cityoflagunawoods.org, or contact the City Clerk's Office at (949) 639-0500/TTY (949) 639-0535. Please note that the City is not responsible for, and makes no guaranties or warranties related to, the transmission or receipt of email notifications.

Mail Distribution: The City of Laguna Woods is able to mail agendas and/or agenda materials if provided with advance payment for postage and printing (if applicable). To request mail distribution, please email cityhall@cityoflagunawoods.org or contact the City Clerk's Office at (949) 639-0500/TTY (949) 639-0535.

FOR ADDITIONAL INFORMATION

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AFFIDAVIT OF POSTING

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.
CITY OF LAGUNA WOODS)

I, Yolie Trippy, City Clerk, City of Laguna Woods, hereby certify under penalty of perjury that this agenda was posted at Laguna Woods City Hall, 24264 El Toro Road, Laguna Woods, California 92637; on the City's website (www.cityoflagunawoods.org); and, at other locations designated by Resolution No. 24-08, pursuant to California Government Code Section 54954.2 of the Ralph M. Brown Act.

/s/ Yolie Trippy
YOLIE TRIPPY, CMC, City Clerk

4/25/25
Date

OPTIONS FOR PUBLIC COMMENTS/TESTIMONY

1. In Person

Members of the public wishing to address the Investment Policy Review Committee on items appearing on this agenda are advised to indicate their interest in doing so by submitting a speaker card to City staff or proceeding to the podium, one-by-one, at the time an item is considered.

Members of the public wishing to address the Investment Policy Review Committee on items *not* appearing on this agenda may do so during Item IV.

Each speaker will have the opportunity to speak for up to three minutes once per agenda item, unless otherwise allowed by the Investment Policy Review Committee.

Speakers are requested, but not required, to identify themselves, either on speaker cards or in comments/testimony. Speakers are advised that their names and any information submitted on speaker cards or otherwise provided in writing to the City may be disclosed or become a matter of public record. No speaker should expect privacy of such information.

2. In Writing

Written public comments/testimony may be delivered to Laguna Woods City Hall (24264 El Toro Road, Laguna Woods, CA 92637) or sent via email (cityhall@cityoflagunawoods.org) provided that they are received by the City prior to 1:30 p.m. on the day of this meeting.

Written public comments/testimony will be provided to the Investment Policy Review Committee and included in the City Clerk's written record of this meeting.

Parties submitting written public comments/testimony are requested, but not required, to identify themselves. Parties are advised that their names, email addresses, and any information submitted in writing to the City may be disclosed or become a matter of public record. No party should expect privacy of such information.

I. CALL TO ORDER

Introductory Notes:

Members of the public wishing to address the Investment Policy Review Committee on items appearing on this agenda are advised to indicate their interest in doing so by submitting a speaker card to City staff or proceeding to the podium, one-by-one, at the time an item is considered.

Members of the public wishing to address the Investment Policy Review Committee on items *not* appearing on this agenda may do so during Item IV.

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agenda item, unless otherwise allowed by the Investment Policy Review Committee.

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II. ROLL CALL

III. PLEDGE OF ALLEGIANCE

IV. PUBLIC COMMENTS ON NON-AGENDA ITEMS

About Public Comments on Non-Agenda Items: This is the time and place for members of the public to address the Investment Policy Review Committee on items *not* appearing on this agenda. Pursuant to state law, the Investment Policy Review Committee is unable to take action on such items, but may ask clarifying questions of the speaker, engage in brief discussion, refer items to City staff, and/or schedule items for consideration at future meetings.

V. COMMITTEE BUSINESS

5.1 Overview of the Investment Policy Review Committee

Recommendation: Receive and file a presentation from staff regarding the role of the Investment Policy Review Committee.

5.2 Investment Policy Review Committee Chair

Recommendation: Appoint a member of the Investment Policy Review Committee to serve as chair effective immediately through December 31, 2026.

5.3 Investment Policy Review Committee Minutes

Recommendation: Approve the Investment Policy Review Committee meeting minutes for the special meeting on September 11, 2024.

5.4 Investment of Financial Assets Policy

Recommendation:

1. Receive and file a presentation from staff regarding investment activities and performance including, but not limited to, efforts to identify a second local government investment pool for the City to participate in (in addition to the State of California's Local Agency Investment Fund ("LAIF")) following the County of Orange's decision to terminate the Orange County Investment Pool ("OCIP") Voluntary Pool Participation Program.

AND

2. Discuss potential future modifications to Administrative Policy 2.2 (Investment of Financial Assets) to ensure its continued adequacy and effectiveness.

VI. COMMITTEE MEMBER COMMENTS

VII. ADJOURNMENT

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CITY OF LAGUNA WOODS CALIFORNIA
INVESTMENT POLICY REVIEW COMMITTEE MINUTES
SPECIAL MEETING
September 11, 2024
2:00 P.M.
Laguna Woods City Hall
24264 El Toro Road
Laguna Woods, California 92637

I. CALL TO ORDER

Mayor Pro Tem Horne called the Special Meeting of the Investment Policy Review Committee of the City of Laguna Woods to order at 2:00 p.m.

II. ROLL CALL

COMMITTEE MEMBERS:	PRESENT:	McCary, Horne
	ABSENT:	-
STAFF PRESENT:	City Manager Macon, Administrative Services Director/City Treasurer Torres, City Clerk Trippy	

All committee members and staff participated in-person at the meeting location.

III. PLEDGE OF ALLEGIANCE

City Clerk Trippy led the pledge of allegiance.

IV. PUBLIC COMMENTS ON NON-AGENDA ITEMS – None

V. COMMITTEE BUSINESS

5.1 Investment Policy Review Committee Minutes

Moved by Councilmember McCary, seconded by Mayor Pro Tem Horne, and carried unanimously on a 2-0 vote, to approve the Investment Policy Review Committee meeting minutes for the special meeting on February 8, 2024.

5.2 Investment of Financial Assets Policy

City Manager Macon and Administrative Services Director/City Treasurer Torres made a presentation. The Committee was provided with a summary of investment earnings from Fiscal Year 2014-15 through June 30, 2024 *(see page three of these minutes)*.

Committee members discussed the item and staff responded to related questions. Topics included differences between the Local Agency Investment Fund ("LAIF") and Orange County Investment Pool ("OCIP"), managed investments, interest rates changes, internal controls, continuing education for the City Treasurer, committee terms, and annual audits.

Moved by Mayor Pro Tem Horne, seconded by Councilmember McCary, and carried unanimously on a 2-0 vote, to:

1. Recommend that the City Council readopt Administrative Policy 2.2 (Investment of Financial Assets) without modification.

AND

2. Recommend that the City Council renew its delegation of investment authority to the City Treasurer for a one-year period, as described in Administrative Policy 2.2, and in accordance with applicable California Government Code (including, but not limited to, California Government Code Section 53607) and Laguna Woods Municipal Code provisions (including, but not limited to, Laguna Woods Municipal Code Chapter 2.10).

City Manager Macon advised that the next meeting of the Investment Policy Review Committee is anticipated for 2025. The terms of the existing committee members will end on December 31, 2024. In response to questions from committee members, City Manager Macon advised that there are no term limits for committee members.

VI. COMMITTEE MEMBER COMMENTS – None

VII. ADJOURNMENT

The meeting was adjourned at 2:40 p.m.

_____
YOLIE TRIPPY, CMC, City Clerk

Approved: April 28, 2025

_____
XX, Chair

DOCUMENT DISTRIBUTED AT SEPTEMBER 11, 2024 MEETING

City of Laguna Woods
Investment Earnings since Fiscal Year 2014-15

Fiscal Year	Investment Type	Average Balance Invested	Fiscal Year Total Investments	Interest Earned	Fiscal Year Interest Total	Comments
14/15	LAIF	7,496,073	7,496,073	24,042.00	**24,042.00**	
15/16	LAIF	9,432,359	9,432,359	43,274.85	**43,274.85**	
16/17	LAIF	8,033,848		61,092.27		
	OCIP	4,002,582		5,890.04		account opened in May 2017
	CDs	1,160,556	13,196,986	6,869.41	**73,851.72**	account opened in October 2016
17/18	LAIF	3,834,164		53,895.03		
	OCIP	4,019,189		51,352.22		
	CDs	1,915,000	9,768,353	25,052.98	**130,300.23**	
18/19	LAIF	4,564,853		113,609.95		
	OCIP	2,442,369		58,786.70		
	CDs	2,350,359	9,357,581	53,147.32	**225,543.97**	
19/20	LAIF	5,785,057		117,108.85		
	OCIP	2,122,851		41,058.52		
	CDs	2,498,073	10,405,981	70,701.70	**228,869.07**	
20/21	LAIF	5,333,421		30,662.61		
	OCIP	3,791,730		23,840.44		
	CDs	2,211,267	11,336,418	62,246.77	**116,749.82**	
21/22	LAIF	1,717,784		5,833.88		
	OCIP	9,181,857		48,054.35		
	CDs	1,817,785	12,717,426	52,987.00	**106,875.23**	
22/23	LAIF	2,896,258		63,878.64		
	OCIP	6,994,262		167,218.02		
	CDs	3,582,955	13,473,475	105,854.60	**336,951.26**	
23/24	LAIF	917,206		34,886.00		
	OCIP	7,224,723		309,735.34		
	CDs	5,353,102	13,495,031	222,251.61	**566,872.95**	
					1,853,331.10	**Total Interest Earned, as of 6/30/24**

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ITEM 5.4

Attachment A

Investment Earnings – Fiscal Year 2014-15 through March 31, 2025

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City of Laguna Woods
Investment Earnings since Fiscal Year 2014-15

Fiscal Year	Investment Type	Average Balance Invested	Fiscal Year Total Investments	Interest Earned	Fiscal Year Interest Total	Comments
14/15	LAIF	7,496,073	7,496,073	24,042.00	**24,042.00**	
15/16	LAIF	9,432,359	9,432,359	43,274.85	**43,274.85**	
16/17	LAIF	8,033,848		61,092.27		
	OCIP	4,002,582		5,890.04		account opened in May 2017
	CDs	1,160,556	13,196,986	6,869.41	**73,851.72**	account opened in October 2016
17/18	LAIF	3,834,164		53,895.03		
	OCIP	4,019,189		51,352.22		
	CDs	1,915,000	9,768,353	25,052.98	**130,300.23**	
18/19	LAIF	4,564,853		113,609.95		
	OCIP	2,442,369		58,786.70		
	CDs	2,350,359	9,357,581	53,147.32	**225,543.97**	
19/20	LAIF	5,785,057		117,108.85		
	OCIP	2,122,851		41,058.52		
	CDs	2,498,073	10,405,981	70,701.70	**228,869.07**	
20/21	LAIF	5,333,421		30,662.61		
	OCIP	3,791,730		23,840.44		
	CDs	2,211,267	11,336,418	62,246.77	**116,749.82**	
21/22	LAIF	1,717,784		5,833.88		
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	CDs	1,817,785	12,717,426	52,987.00	**106,875.23**	
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	CDs	3,582,955	13,473,475	105,854.60	**336,951.26**	
23/24	LAIF	917,206		34,886.00		
	OCIP	7,224,723		309,735.34		
	CDs	5,353,102	13,495,031	222,251.61	**566,872.95**	
24/25	LAIF	4,521,956		97,248.00		
	OCIP	4,439,518		147,436.00		account closed as of 2/28/25
	CDs	6,013,581	14,975,055	189,427.00	**434,111.00**	balance as of 3/31/25
					2,287,442.10	**Total Interest Earned, as of 3/31/25**

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ITEM 5.4

Attachment B

Most Recent City Treasurer's Report Presented to the City Council

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CITY OF LAGUNA WOODS

City Treasurer's Report
Monthly Financial Snapshot

March 2025
(prepared 4/9/25)

Financial Assets IN THE BANK as of March 31, 2025

BY FUND

General Fund (Operating) **$6,672,324**

General Fund (Reserves) **$3,753,700**

The General Fund is the City of Laguna Woods' primary operating fund and is used to account for the proceeds of revenue sources that are not legally restricted or committed to expenditures for specified purposes. Reserves for paid leave, self-insurance, and general contingencies are also included in the General Fund.

Special Revenue Funds **$3,434,947**

These funds are used to account for the proceeds of revenue sources that are legally restricted or committed to expenditures for specified purposes.

Most of these funds are legally restricted for public street purposes.

Total (All Funds) **$13,860,971**

BY INVESTMENT TYPE

Cash and Cash Equivalents **$918,403**
6.63% of portfolio

Pooled Money Investment Accounts **$7,364,193**
53.13% of portfolio

This includes investments in a state government investment pool.

Investments - Earning **$5,578,375**
40.24% of portfolio

This includes certificates of deposit.

Total (All Funds) **$13,860,971**

Financial Assets HELD IN TRUST FUNDS as of March 31, 2025

California Employers' Pension Prefunding Trust Fund *(CEPPT)* **$282,698**

- **New Contributions** **$0**
- **Gain/(Loss) from Month Prior** **($4,907)**

The CEPPT is used to prefund employee pension obligations.

California Employers' Retiree Benefit Trust Fund *(CERBT)* **$145,335**

- **New Contributions** **$0**
- **Gain/(Loss) from Month Prior** **($2,043)**

The CERBT is used to prefund statutorily required retiree medical benefits.

Notes: *The City of Laguna Woods uses a modified accrual basis of accounting, which generally means that revenues are recognized when a transaction occurs, and expenditures are recognized when obligations are created. As such, this monthly financial snapshot reflects only revenue known and expenditures paid for the month referenced as of the date prepared. In some cases, financial statements from financial dealers, depositories, and institutions may not have been received as of the date prepared and, therefore, some revenue and expenditures may not be reflected. Certificates of deposit may also have accrued interest that is not reflected because it is not yet vested. For more information on the specific information included in this monthly financial snapshot, please refer to the full City Treasurer's Report.*

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City of Laguna Woods

City Treasurer's Report

For the Month Ended March 31, 2025

CASH AND INVESTMENTS

	Beginning Balances As of 2/28/25	Earnings & Receipts	Disbursements	Purchases, Transfers & Other Adjustments	Ending Balances As of 3/31/25	% of Total Cash & Investment Balances	Maximum % Allowed per Investment Policy
Cash and Cash Equivalents							
Analyzed Checking Account (Note 1)	$ 1,891,233	$ 650,406	$ (1,024,963)	$ (755,000)	$ 761,677	5.50%	
Money Market Funds, Multi-Bank Securities (MBS) Account (Note 4)	$ 3,945	$ 23,503	$ (5,024)	$ 100,000	$ 122,425	0.88%	
Earned Interest in Transit and Accrued Interest, MBS Account (Note 4	$ 33,180	$ 22,256	$ (23,503)	$ -	$ 31,933	0.23%	
Petty Cash	$ 664	$ 136	$ (51)	$ -	$ 749	0.01%	
Laguna Woods Civic Support Fund Checking Account	$ 1,619	$ -	$ -	$ -	$ 1,619	0.01%	
Total Cash and Cash Equivalents	$ 1,930,642	$ 696,301	$ (1,053,540)	$ (655,000)	$ 918,403	6.63%	100.00%
Pooled Money Investment Accounts							
Local Agency Investment Fund (LAIF - fair value) (Notes 2 and 3)	$ 6,363,911	$ -	$ -	$ 1,000,282	$ 7,364,193	53.13%	
Total Pooled Money Investment Accounts	$ 6,363,911	$ -	$ -	$ 1,000,282	$ 7,364,193	53.13%	90.00%
Investments - Interest and Income Bearing							
Certificates of Deposit - non-negotiable (fair value) (Note 2)	$ 5,908,665	$ -	$ -	$ (330,290)	$ 5,578,375	40.25%	
Total Investments - Interest and Income Bearing	$ 5,908,665	$ -	$ -	$ (330,290)	$ 5,578,375	40.25%	90.00%
TOTAL	$ 14,203,218	$ 696,301	$ (1,053,540)	$ 14,992	$ 13,860,971	100.00%	

Summary of Total Cash, Cash Equivalents, and Investments:

	General Fund	Special Revenue Funds	Totals
Analyzed Checking Account	$ (2,671,651)	$ 3,433,328	$ 761,677
Money Market Funds, MBS Account	$ 122,425	$ -	$ 122,425
Earned Interest in Transit and Accrued Interest, MBS Account	$ 31,933	$ -	$ 31,933
Petty Cash	$ 749	$ -	$ 749
LAIF	$ 7,364,193	$ -	$ 7,364,193
Certificates of Deposit	$ 5,578,375	$ -	$ 5,578,375
Laguna Woods Civic Support Fund Checking Account	$ -	$ 1,619	$ 1,619
Totals	$ 10,426,024	$ 3,434,947	$ 13,860,971

(See **NOTES** on Page 4 of 4)

City of Laguna Woods

City Treasurer's Report

For the Month Ended March 31, 2025

CASH AND INVESTMENTS

CUSIP	Investment #	Issuer	Term	Purchase Date	Settlement Date	Par Value	Market Value	Book Value	Stated Rate (Note 4)	Coupon Type	1st Coupon Date	Rating or Rank (*)	Yield to Maturity 365 Days	Maturity Date
Certificate of Deposits (CDs, Federal Deposit Insurance Corporation [FDIC] Insured)														
14042TGG6	2022-1	CAPITAL ONE BK USA NATL ASSN	36 months	05/24/22	05/25/22	245,000	244,532	245,000	3.100	Semi-Annual	11/25/22	Green*	3.100	05/27/25
75102EAP3	2023-6	RAIZ FED CR UN	24 months	05/17/23	05/24/23	245,000	245,257	245,000	5.050	Monthly	06/24/23	Yellow**	5.050	05/27/25
37424PAG9	2023-9	GESA CR UN	24 months	07/19/23	07/31/23	245,000	245,990	245,000	5.500	Monthly	08/31/23	Green***	5.500	07/31/25
02616ACQ0	2024-5	AMERICAN FIRST CR UN	12 months	08/13/24	08/20/24	245,000	245,078	245,000	4.450	Monthly	09/20/24	Green***	4.450	08/20/25
68584JBB4	2024-6	OREGON COMMUNITY CR UN	12 months	08/13/24	08/21/24	245,000	245,081	245,000	4.450	Monthly	09/21/24	Green***	4.450	08/21/25
130162BJ8	2023-12	CALIFORNIA CR UN	24 months	12/06/23	12/15/23	245,000	246,558	245,000	5.150	Semi-Annual	06/15/24	Green***	5.150	12/15/25
00782JAD4	2023-13	ADVIA CR UN	24 months	12/22/23	12/29/23	245,000	246,036	245,000	4.800	Semi-Annual	06/29/24	Green***	4.800	12/29/25
59524LAA4	2023-1	MID CAROLINA CR UN	36 months	03/07/23	03/13/23	200,000	201,636	200,000	4.850	Monthly	04/13/23	Green***	4.850	03/13/26
23204HNV6	2023-4	CUSTOMERS BK	36 months	03/30/23	03/31/23	245,000	247,188	245,000	5.000	Semi-Annual	09/30/23	Green**	5.000	03/31/26
87868YAQ6	2023-7	TECHNOLOGY CR UN	36 months	05/19/23	05/30/23	245,000	247,548	245,000	5.000	Monthly	07/01/23	Green***	5.000	05/29/26
32022RRG4	2022-4	1ST FINL BK USA	48 months	06/15/22	06/24/22	245,000	242,241	245,000	3.150	Monthly	07/24/22	Green*	3.150	06/24/26
2546733P9	2023-5	DISCOVER BK	48 months	03/30/23	04/05/23	245,000	248,308	245,000	4.800	Semi-Annual	10/05/23	Green***	4.800	04/05/27
50625LBN2	2022-3	LAFAYETTE FED CR	60 months	05/24/22	06/15/22	245,000	240,649	245,000	3.250	Monthly	07/15/22	Green***	3.250	06/15/27
33715LFS4	2024-7	FIRST TECHNOLOGY FED CR UN	36 months	08/13/24	08/21/24	245,000	245,022	245,000	4.100	Monthly	09/21/24	Green***	4.100	08/21/27
14042RUX7	2022-5	CAPITAL ONE NATL ASSN	60 months	10/06/22	10/13/22	245,000	247,264	245,000	4.500	Semi-Annual	04/13/23	Green*	4.500	10/13/27
22282XAB6	2024-1	COVANTAGE CR UN	48 months	01/12/24	01/24/24	245,000	244,591	245,000	4.050	Quarterly	04/24/24	Green***	4.050	01/24/28
90355GCE4	2023-2	UBS BANK USA	60 months	03/07/23	03/08/23	200,000	202,640	200,000	4.600	Monthly	04/08/23	Green*	4.600	03/08/28
89854LAD5	2023-8	TTCU FED CR UN	60 months	07/19/23	07/26/23	245,000	251,649	245,000	5.000	Monthly	08/26/23	Green***	5.000	07/26/28
01882MAH5	2023-10	ALLIANT CR UN	60 months	11/07/23	11/15/23	245,000	255,094	245,000	5.350	Monthly	12/15/23	Green***	5.350	11/15/28
61690DMB1	2024-2	MORGAN STANLEY BANK NA	60 months	03/14/24	03/18/24	245,000	246,475	245,000	4.300	Semi-Annual	09/13/24	Green***	4.300	03/13/29
89235MPP0	2024-4	TOYOTA FINL SVGS BK	60 months	06/04/24	06/13/24	245,000	249,890	245,000	4.650	Semi-Annual	12/13/24	Green*	4.650	06/13/29
52171MAN5	2024-8	LEADERS CR UN	60 months	08/13/24	08/30/24	245,000	243,836	245,000	4.000	Monthly	09/30/24	Green***	4.000	08/30/29
02589AGD8	2025-1	AMERICAN EXPRESS NATL BK	60 months	01/23/25	01/29/25	245,000	245,811	245,000	4.200	Semi-Annual	07/29/25	Green***	4.200	01/29/30
		Accrued Interest - Month End					31,933							
		Total CDs				**5,545,000**	**5,610,308**	**5,545,000**						

(*) CDs are ranked using the Veribanc Rating System, a two-part color code and star classification system which tests the present standing and future outlook by reviewing an institution's capital strength, asset quality, management ability, earnings sufficiency, liquidity, and sensitivity to market risk. The table below summarizes the Veribanc color rankings. Veribanc star ratings of one to three, with three being best, are used to help review a possible future trend of an institutions health based on metrics from ten prior quarters. A rating of one, two, or three, are not necessarily an indicator of risk or an undesirable investment. The City reviews other rating systems and issuer financials before choosing any investment.

Veribanc Rating System

Veribanc Rank	Color Meaning
Green	Highest rating, exceeds qualifications in equity and income tests
Yellow	Merits attention, meets minimal qualifications in equity and income tests
Red	Merits close attention, does not meet minimal qualifications for equity and has incurred significant losses

Government Pooled Money Investment Accounts (PMIA) (Notes 2 and 3)														
N/A	N/A	Local Agency Investment Fund (LAIF)	N/A	Various	Various	7,366,978	7,364,193	7,366,978	Note 3	Quarterly	N/A	N/A	N/A	N/A
		Total PMIA				**7,366,978**	**7,364,193**	**7,366,978**						

(See **NOTES** on Page 4 of 4)

City of Laguna Woods

City Treasurer's Report

For the Month Ended March 31, 2025

CASH AND INVESTMENTS

	Beginning Balances As of 2/28/25	Contributions / (Withdrawals)	Administrative Fees & Investment Expense	Unrealized Gain / (Loss)	Ending Balances As of 3/31/25
Other Post-Employment Benefits (OPEB) Trust					
CalPERS California Employers' Retiree Benefit Trust (CERBT) (Note 2) (CERBT holds all assets and administers the OPEB Trust)	$ 147,377	$ -	$ (9)	$ (2,034)	$ 145,335
Employer Pension Contributions Trust					
CalPERS California Employers' Pension Prefunding Trust (CEPPT) (Note 2) (CEPPT holds all assets and administers the Employer Pension Contributions Trust)	$ 287,605	$ -	$ (56)	$ (4,851)	$ 282,698
Total Other Funds - Held in Trust	$ 434,982	$ -	$ (64)	$ (6,885)	$ 428,032

(See **NOTES** on Page 4 of 4)

City of Laguna Woods

City Treasurer's Report

For the Month Ended March 31, 2025

CASH AND INVESTMENTS

Notes:

Note 1 - Analyzed Checking Account / Monthly activity reported does not reflect March 2025 vendor invoicing processed after the date of this report.

Note 2 - During March 2025, transaction activity in pooled money investment accounts, investment accounts and fiduciary trusts included:

LAIF / The City transferred $1,000,000 to LAIF, which was part of the OCIP account close out balance. There were no withdrawals from the LAIF account. The balance, as previously adjusted for fair market value, was adjusted by $282.30 to reflect the fair market value of the investment at December 31, 2024. In total, the balance includes an adjustment in the amount of ($2,784.83) to reflect fair market value.

OCIP / Accrued interest for the months of December 2024 through February 2025 was received in March 2025 in the amount of $24,096.13.

Investments / The City withdrew $245,000 upon maturity of the Corporate America Family Credit Union Certificate of Deposit. The amount was transferred to the City's checking account. Investments were adjusted in the amount of $14,710.10 to report balances at fair market value as of March 31, 2025.

OPEB Trust / The City made no contributions to or withdrawals from the OPEB Trust. The OPEB Trust experienced a net loss of ($2,042.56) in March 2025.

Employer Pension Contributions Trust / The City made no contributions to or withdrawals from the CEPPT account. The Trust experienced a net loss of ($4,906.79) in March 2025.

Note 3 - Investment earnings on pooled money investment accounts deposited and reported in March 2025 net of related fees were:

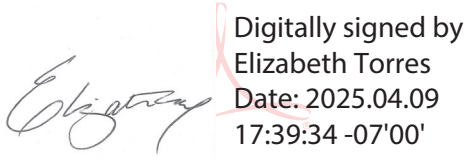
Pool	Earnings Post	Prior Period Earnings Deposited	Deposit for Period Ended	Current Month / Quarter Gross Yield	Current Month / Quarter Earnings Will Post	Notes
LAIF	Quarterly	$0.00	See Notes	See Notes	April 2025	The interest yield for March 2025 was not available at the time of this report, interest yield for February 2025 was 4.333% and the City's yield will be slightly lower based on allocation ratios and administrative fees to be deducted.

Note 4 - CDs / The stated earnings rate for CDs is a fixed rate for the full term. The City earned interest of $23,502.81 and transferred out $5,023.68 in Money Market Funds balances to the City's checking account in March 2025. The Merrick Bank Certificate of Deposit matured on March 31, 2025, upon maturity the balance of $100,000 was transferred to the Money Market Funds until it was withdrawn by the City on April 3, 2025. Money Market Funds to be invested or paid out are classified separately on page 1 of 4. The Money Market Funds 30-day yield at March 31, 2025 was 3.39%. The City's portfolio also has $31,933.14 in accrued interest, not yet vested.

City Treasurer's Certification

I, Elizabeth Torres, City Treasurer, do hereby certify:

- That all investment actions executed since the last report have been made in full compliance with the City's Investment of Financial Assets Policy; and
- That the City is able to meet all cash flow needs which might reasonably be anticipated for the next 12 months.



Elizabeth Torres, City Treasurer

ITEM 5.4

Attachment C

Existing Investment of Financial Assets Policy

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CITY OF LAGUNA WOODS
ADMINISTRATIVE POLICY 2.2

INVESTMENT OF FINANCIAL ASSETS

2.2.01. Statement of Purpose.

This Administrative Policy is intended to assist the City of Laguna Woods with the investment of the City's financial assets in a manner that ensures adequate safety and liquidity, while maximizing yield (return) and complying with the requirements of California Government Code sections 53600 and 53635 et seq.

2.2.02. Scope.

This Administrative Policy generally applies to all financial assets and investment activities of the City. Such funds are accounted for, or disclosed, in annual audited financial statements and include the General Fund, Special Revenue Funds, and the Capital Projects Fund. Funds belonging to the Laguna Woods Civic Support Fund and funds invested separately with independent fiduciaries, including funds held and managed by the California Public Employees' Retirement System (CalPERS) for the purpose of funding employee retirement obligations and other post-employment benefits (OPEB) are exempt from this Administrative Policy.

2.2.03. Objectives.

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

1. Safety – Safety of principal shall be the foremost objective. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall investment portfolio and the mitigation of credit risk and interest rate risk. This Administrative Policy recognizes that market conditions may warrant the sale of individual securities that would incur market losses in order to protect from further capital losses. The intent of this Administrative Policy is to ensure that capital losses are minimized on a portfolio level rather than on each transaction. To attain the safety objective, diversification of investments among a variety of securities with independent returns and institutions is required.

2. Liquidity – The investment portfolio shall remain sufficiently liquid (i.e., capable of being converted to cash quickly) in order to enable the City to meet all reasonably anticipated cash demands and operational requirements and to

maintain compliance with all applicable indenture agreements. Since unusual or unanticipated cash demands and operational requirements may occur from time-to-time, the portfolio shall primarily consist of investments in securities with active secondary and resale markets.

3. Yield (Return) – The investment portfolio shall be designed in a manner that seeks to attain the highest rate of return, consistent with established safety and liquidity objectives. While it is acknowledged and understood that occasional measurement losses may occur, the rate of return on the investment portfolio should be designed to attain a market rate of return throughout budgetary and economic cycles for similar investments.

2.2.04. Delegation of Authority.

City Treasurer

In accordance with Government Code Section 53607, the City Council delegates its statutory authority to invest or to reinvest City funds, or to sell or exchange securities so purchased, for a one-year period to the City Treasurer. Such delegation of authority is subject to annual review and renewal by the City Council, as well as revocation at the City Council's discretion. Adoption of this Administrative Policy shall constitute renewal of such delegation for an additional one-year period beginning at the date of adoption.

No person other than the City Treasurer or Acting City Treasurer (hereafter referred to jointly as the "City Treasurer") shall engage in an investment transaction using the City's financial assets. The City Treasurer shall additionally be responsible for all investment transactions undertaken and shall establish and maintain a system of internal controls to regulate all investing activities.

Pursuant to Laguna Woods Municipal Code Section 2.10.010, the City Treasurer is appointed by, and reports to, the City Manager. The City Manager may serve as, or appoint, an Acting City Treasurer at any time during the absence of a permanent City Treasurer. During his/her/their appointment, the Acting City Treasurer shall have all of the powers and duties of the City Treasurer.

The City Treasurer and City Manager (with respect to his/her/their role appointing and supervising the City Treasurer, and participating in investment decisions) shall be relieved of personal responsibility for an individual investment's performance or losses, market price changes, and the performance of or losses incurred by the overall

portfolio provided that (1) actions were undertaken in accordance with this Administrative Policy and applicable federal and state law, (2) significant deviations from expectations were reported to the City Council in a timely manner, and (3) appropriate action was taken to mitigate future adverse developments.

Investment Policy Review Committee of the City Council

The Investment Policy Review Committee shall be responsible for conducting at least biannual reviews of the adequacy and effectiveness of this Administrative Policy and preparing related recommendations for City Council consideration.

The City Council shall appoint two of its members to serve on the Investment Policy Review Committee for terms two calendar years in length, commencing on January 1 of each odd-numbered year. The City Council reserves the right to remove or replace any member of the Investment Policy Review Committee, with or without cause, following a publicly noticed vote of a majority of the quorum of City Councilmembers present at the time.

The Investment Policy Review Committee shall be considered a standing committee, subject to all applicable provisions of the Ralph M. Brown Act.

2.2.05. Public Trust.

The City Council, City Manager, City Treasurer, and all individuals authorized to participate in investment decisions on behalf of the City shall act as custodians of the public trust and recognize that the investment portfolio is subject to public review and evaluation. The City's overall approach to investment shall be designed and managed with a degree of professionalism that is worthy of the public trust and will avoid any transactions that might impair public confidence.

2.2.06. Prudence.

The City Council, City Manager, City Treasurer, and all individuals authorized to make investment decisions on behalf of the City, are considered to be trustees and, therefore, fiduciaries who shall adhere to the prudent investor standard. The prudent investor standard is summarized in Government Code Section 53600.3, as follows:

> *All governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries*

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 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.

2.2.07. Ethics and Conflicts of Interest.

As set forth in the City's Conflict of Interest Policy, and as otherwise required by the Political Reform Act and Fair Political Practices Commission, public officials who manage public investments shall file economic interest disclosures.

In addition to federal, state and local statutes relating to conflicts of interest, the City Council, City Manager, City Treasurer, and all individuals authorized to make investment decisions on behalf of the City shall refrain from personal business association or activity that conflicts with proper execution of this Administrative Policy, or which could impair their ability to make impartial investment decisions.

2.2.08. Internal Controls and Routine External Review.

The City Treasurer shall develop, implement, and maintain a system of internal controls designed to ensure the effectiveness and efficiency of investment activities, compliance with applicable laws and regulations, and the reliability of financial reporting. Such internal controls shall seek to prevent the loss of public funds due to fraud, error, misrepresentation, and unanticipated market changes.

As a part of their annual review of internal controls, the City's independent, external auditors shall review internal controls related to investment activities.

2.2.09. Authorized Financial Dealers, Depositories, and Institutions.

In accordance with Government Code Section 53601.5, investments shall either be purchased (1) directly from the issuer, (2) from an institution licensed by the State of California as a Broker-Dealer, as defined in Corporations Code Section 25004,

(3) from a member of a federally regulated securities exchange, (4) from a national or state-chartered bank, from a savings association or federal association, as defined by Financial Code Section 5102, or (5) from a brokerage firm designated as a primary government dealer by the Federal Reserve Bank. In addition, investments shall only be purchased from entities or deposits made in qualified public depositories, as established by state law, with full knowledge of applicable state law, at least five years' experience providing similar services to California municipalities, and in good standing with the Federal Insurance Regulatory Authority, Securities and Exchange Commission, and California Department of Securities.

The selection of financial dealers, depositories, and institutions shall follow a periodic competitive procurement process (e.g., requests for proposals or requests for qualifications) and be subject to ultimate approval of the City Council or City Manager in accordance with established purchasing regulations and policies. The nature of the competitive procurement process, frequency thereof, and submittals required, shall be designed and determined by the City Treasurer.

On an annual basis, the City Treasurer shall send a copy of the current version of this Administrative Policy to all financial dealers, depositories, and institutions approved to do business with the City. Receipt of this Administrative Policy shall be considered confirmation that the parties to whom they were distributed understand the City's authorized investment types and requirements thereof.

2.2.10. Authorized Investments.

Investments are governed by Government Code, and further limited by the provisions of this Administrative Policy. The types of investments listed in the table below are authorized and shall be invested subject to the limits and requirements set forth therein. Credit criteria and maximum percentages listed in the table below are calculated at the time the investment is purchased.

Type of Investment	Maximum Percent of Portfolio Investment	Maximum Amount of Individual Investment	Minimum Credit Quality and Requirements	Maximum Maturity*
Federal Deposit Insurance Corporation (FDIC) Insured Accounts	100%	-	-	N/A

Type of Investment	Maximum Percent of Portfolio Investment	Maximum Amount of Individual Investment	Minimum Credit Quality and Requirements	Maximum Maturity*
Bankers' Acceptances	20% (no more than 5% with one bank)	-	-	180 days
Commercial Paper	15% (no more than 10% of a single issuer)	-	Standard & Poor's: AAA or Moody's: Aaa	270 days
Local Government Investment Pools	90%	-	See Section 2.2.11	N/A
Joint Powers Authority Pools	90%	-	Must retain an investment advisor who is registered with the Securities and Exchange Commission (or exempt from registration), has assets under management in excess of $500 million, and has at least five years' experience investing in instruments authorized by Government Code Section 53601, subdivisions (a) to (o)	N/A
Money Market Mutual Funds	10%	-	Standard & Poor's AAA or Moody's Aaa; and Must retain an investment advisor registered with the Securities and Exchange Commission (or exempt from registration) has assets under management in excess of $500 million, and has at least five years' experience investing in money market instruments	N/A
Certificates of Deposit (Negotiable)	30% (no more than 10% with one bank or issuer)	$250,000	Issued by a nationally or state-chartered bank, or state or federal savings and loan association, as defined by California Financial Code Section 5102, and fully insured by the FDIC or	5 years
Certificates of Deposit (Non-Negotiable)	90%			

Type of Investment	Maximum Percent of Portfolio Investment	Maximum Amount of Individual Investment	Minimum Credit Quality and Requirements	Maximum Maturity*
			collateralized in accordance with Section 2.2.15	
Repurchase Agreements	10% (no more than 20% of a single issuer)	-	Collateralized in accordance with Section 2.2.15	30 days
United States Treasury Obligations	90% of overall portfolio for any one investment type	-	Explicit full faith and credit guarantee of the United States Government	5 years
United States Agency Obligations		-	Implied full faith and credit guarantee of the United States Government	5 years
State of California and Other States-issued Obligations	20% of overall portfolio for any one investment type (no more than 5% of a single issuer)	-	-	3 years
California Local Government-issued Municipal Obligations		-	-	3 years
Medium-Term Notes	20%	-	Nationally Recognized Statistical Ratings Organization Rating: "A" rating category or its equivalent	5 years

* No investment shall be made with a maturity rate more than five years from the date of purchase.

2.2.11. Local Government Investment Pools.

While local government investment pools generally provide significant safety and liquidity, the City Treasurer shall complete a thorough investigation prior to making any such investment and consider the same during the monthly compliance review required by Section 2.2.13. Due diligence in investigations shall generally include a review of written statements of investment policies, objectives, fees schedules, and reporting schedules, as well as issues related to (1) eligible investors and securities, (2) the permitted frequencies and sizes of deposits and withdrawals, (3) security safeguards, including settlement processes, (4) the frequency with which securities are priced and the program audited, (5) the treatment of gains and losses, including interest calculations and distribution, (6) whether and, if so, how reserves, retained

earnings, and similar funds are utilized by the investment pool, and (7) whether the investment pool is eligible for and, if so, accepts bond proceeds. In addition, only local government investment pools with at least five years' experience providing similar services to other California municipalities may be utilized. Similar due diligence and investigative procedures shall be performed prior to investing in any other pooled investment funds, such as money market mutual funds.

2.2.12. Prohibited Investments.

Notwithstanding those types of investments that are otherwise prohibited by law or this Administrative Policy, any investment not specifically listed in Section 2.2.10, as well as financial derivatives (e.g., inverse floaters, range notes, interest only strips derived from a pool of mortgages, and securities that could result in a zero-interest accrual if held to maturity) and foreign investments (e.g., indices and currencies) are prohibited.

2.2.13. Monthly Internal Compliance Review of Investment Portfolio.

Investments shall be in compliance with the ratings and other requirements set forth in this Administrative Policy at the time of purchase. It is acknowledged and understood that some investments may not fully comply with the same following purchase. The City Treasurer shall review the overall investment portfolio on a monthly basis and identify any investments that no longer comply. Non-compliant investments shall be reported to the City Council, City Manager, and City Attorney within 10 business days of discovery and corrected as soon as practical.

2.2.14. Safekeeping and Custody.

All investments shall be registered in the name of the City and all interest, principal payments, and withdrawals shall indicate the City as the sole payee.

All investments, with the exception of Federal Deposit Insurance Corporation (FDIC) Insured Accounts, Local Government Investment Pools, and Money Market Funds shall be held by a third-party custodian designated by the City Treasurer and evidenced by custodial agreements or safekeeping receipts. Third-party custodians shall comply with the requirements set forth in Section 2.2.09.

All security transactions, where applicable, shall use a Delivery-versus-Payment (DVP) settlement procedure with the City's payment due at the time of delivery,

which ensures that securities are deposited with the third-party custodian prior to the release of funds.

2.2.15. Collateralization.

Collateral for bank deposits and certificates of deposit shall be 110% of the market value of principal and accrued interest. Collateral can be either United States Treasury securities or United States Agency securities.

Collateral for repurchase agreements shall be 102% of the market value of principal and accrued interest. Collateral can be either United States Treasury securities or United States Agency securities. The City Treasurer is authorized to grant the right of collateral substitution for repurchase agreements.

All collateral shall be held by an independent third party with whom the City has a current custodial agreement or master repurchase agreement. Evidence of ownership (safekeeping receipt) must be supplied to the City and retained.

2.2.16. Diversification.

The overall investment portfolio shall be diversified to avoid incurring unreasonable and avoidable risk associated with concentrating investments in unvaried investment types, maturity segments, or financial depositories and institutions. In a diversified portfolio, occasional measurement losses may occur. Such losses shall be considered within the overall portfolio's investment return.

2.2.17. Reporting.

The City Treasurer shall prepare and submit a monthly investment report to the City Council. The report shall include a summary of all investment transactions for the preceding month, as required by Government Code Section 53607, as well as similar information that would be required by Government Code Section 53646(b) if the City prepared quarterly investment reports, to the extent that such information is available.

The report shall contain, at a minimum, the following information that is subject to this Administrative Policy: the type of investment, issuer, date of maturity, par value and costs of each investment, market value, and a description of any investments, including loans and security lending programs, that are under the management of contracted parties. For funds in local government investment pools, the report shall

also include a current market value as of the date of the report and the source of that same valuation. The report shall also comply with Government Accounting Standard Board (GASB) Statement No. 40 and include the following:

A. Certification that all investment actions executed since the last report have been made in full compliance with this Administrative Policy; and

B. Certification that the City is able to meet all cash flow needs which might reasonably be anticipated for the next 12 months.

2.2.18. Annual City Council Review and Adoption of this Administrative Policy.

This Administrative Policy shall be reviewed, modified as necessary, and adopted, at least annually, to ensure its consistency with the objectives set forth in Section 2.2.03 and applicable law. The Administrative Policy shall be adopted by resolution of the City Council at a duly noticed public meeting. Such annual review shall be in addition to the reviews conducted by the Investment Policy Review Committee as described in Section 2.2.04.

2.2.19. Relationship to Federal and State Laws.

Where federal or state laws are more restrictive than or contradict this Administrative Policy, such laws shall take precedence. Where this Administrative Policy is more restrictive than federal or state laws, this Administrative Policy shall take precedence. The City Treasurer shall advise the Investment Policy Review Committee of any contradictions of federal or state law for consideration during its reviews conducted as described in Section 2.2.04.

2.2.20. Attachments.

Attachment A, "Glossary of Terms and Acronyms," is incorporated by reference.

Attachment B, "California Municipal Treasurers Association Investment Policy Certification"

City Council Adoption: September 18, 2024

Attachment A, "Glossary of Terms and Acronyms"

This Glossary of Terms and Acronyms contains common investment terminology to provide users with a better understanding of basic investment terms. It is intended to be used as a basic reference only, is not intended to be all inclusive, and should not be treated as a substitute for professional counsel or analysis.

ACCRUED INTEREST: Coupon interest accumulated on a bond or note since the last interest payment or, for a new issue, from the dated date to the date of delivery.

BANK DEPOSITS: Deposits in banks or other depository institutions that may be in the form of demand accounts (checking) or investments in accounts that have a fixed term and negotiated rate of interest.

BANKERS' ACCEPTANCE: A draft or bill or exchange accepted by a bank or trust company. The accepting institution, as well as the issuer, guarantees payment of the bill.

BOND PROCEEDS: The money paid to the issuer by the purchaser or underwriter of a new issue of municipal securities. These moneys are used to finance the project or purpose for which the securities were issued and to pay certain costs of issuance as may be provided in the bond contract.

BONDS: A debt obligation of a firm or public entity. A bond represents the agreement to repay the debt in principal and, typically, in interest on the principal.

BROKER: A person or firm that acts as an intermediary by purchasing and selling securities for others rather than for its own account.

CASH FLOW: A comparison of cash receipts (revenues) to required payments (debt service, operating expenses, etc.).

CERTIFICATE OF DEPOSIT: A short-term, secured deposit in a financial institution that usually returns principal and interest to the lender at the end of the loan period. Certificates of Deposit (CDs) differ in terms of collateralization and marketability. CDs appropriate to public agency investing include:

Negotiable Certificates of Deposit – Generally, short-term debt instruments that pay interest and is issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of a foreign bank. The majority of negotiable CDs

mature within six months while the average maturity is two weeks. Negotiable CDs are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor). Negotiable CDs are insured by the FDIC up to $250,000, but they are not collateralized beyond that amount.

Non-Negotiable Certificates of Deposit – CDs that carry a penalty if redeemed prior to maturity. A secondary market does exist for non-negotiable CDs, but redemption includes a transaction cost that reduces returns to the investor. Non-negotiable CDs issued by banks and savings and loans are insured by the FDIC up to the amount of $250,000, including principal and interest. Amounts deposited above this amount may be secured with other forms of collateral through an agreement between the investor and the issuer. Collateral may include other securities, including treasuries or agency securities (e.g., issued by the Federal National Mortgage Association).

COLLATERALIZATION OF DEPOSITS: A process by which a bank or other financial institution pledges securities or other deposits for the purpose of securing the repayment of deposited funds.

COMMERCIAL PAPER: An unsecured short-term promissory note issued by corporations or municipalities, with maturities ranging from two to 270 days.

COUNTY POOLED INVESTMENT FUNDS: The aggregate of all funds from public agencies placed in the custody of the county treasurer or chief finance officer for investment and reinvestment.

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

CREDIT RATING: The credit worthiness of an investment. Credit ratings are issued by Nationally Recognized Statistical Rating Organizations (NRSROs) registered with the Securities and Exchange Commission. Three highly recognized NRSROs are Standard and Poor's, Moody's, and Fitch. The organizations use a primary letter designation (numbers or symbols may follow the letter designation) to indicate the quality of an investment. As an example, short-term ratings by Standard and Poor's of A-1+ and Moody's of P-1 indicate a prime or high-grade quality investment. Long-term prime or high-grade quality investments would be rated AAA or Aaa by Standard and Poor's and Moody's, respectively. Rates beginning with letters B or C would typically indicate an investment of speculative and higher risk quality.

CREDIT RISK: The chance that an issuer will be unable to make scheduled payments of interest and principal on an outstanding obligation. Another concern for investors is that the market's perception of an issuer/borrower's credit will cause the market value of a security to fall, even if default is not expected.

CUSTODIAN: A bank or other financial institution that keeps custody of stock certificates and other assets.

DEALER: Someone who acts as a principal in all transactions, including underwriting, buying, and selling securities, including from his/her/their own account.

DELIVERY-VERSUS-PAYMENT (DVP): The payment of cash for securities as they are delivered and accepted for settlement.

DERIVATIVE: Securities that are based on, or derived from, some underlying asset, reference date, or index.

DISCOUNT: The difference between the par value of a security and the cost of the security, when the cost is below par. Investors purchase securities at a discount when return to the investor (yield) is higher than the stated coupon (interest rate) on the investment.

DISCOUNT RATE: The interest rate used in discounted cash flow analysis to determine the present value of future cash flows. The discount rate in discounted cash flow analysis takes into account not just the time value of money, but also the risk or uncertainty of future cash flows; the greater the uncertainty of future cash flows, the higher the discount rate.

DIVERSIFICATION: The allocation of different types of assets in a portfolio to mitigate risks and improve overall portfolio performance.

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

FIDUCIARY: An individual who holds something in trust for another and bears liability for its safekeeping.

GOVERNMENT ACCOUNTING STANDARDS BOARD (GASB): A standard-setting body, associated with the Financial Accounting Foundation, which prescribes

standard accounting practices for governmental units.

INDEX: An indicator that is published on a periodic basis that shows the estimated price and/or yield levels for various groups of securities.

INTEREST: The amount a borrower pays to a lender for the use of his/her/their money.

INTEREST RATE RISK: The risk that an investment's value will change due to a change in the absolute level of interest rates, spread between two rates, shape of the yield curve, or any other interest rate relationship.

JOINT POWERS AUTHORITY POOLS: Investment pools involving the joint exercise of common investment powers between two or more public agencies with shares of beneficial interest issued pursuant to Government Code Section 6509.7.

LIQUIDITY: The measure of the ability to convert an instrument to cash on a given date at full face or par value.

LOCAL AGENCY INVESTMENT FUND (LAIF): A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office.

LOCAL GOVERNMENT INVESTMENT POOLS: Investment pools that include the Local Agency Investment Fund (LAIF) and County Pooled Investment Funds. These funds are not subject to the same SEC rules applicable to money market mutual funds. For this Administrative Policy, Joint Powers Authority Pools are not considered "Local Government Investment Pools."

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

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

MEDIUM-TERM NOTES: Corporate or depository institution debt securities meeting certain minimum quality standards (as specified in Government Code Section 53601) with a maximum remaining maturity of five years or less, issued by (a) corporations organized and operating within the United States or (b) depository institutions licensed by the United States or any state and operating within the United

States. Instruments separately defined in, or authorized by, this Administrative Policy are not considered "Medium-Term Notes."

MONEY MARKET MUTUAL FUNDS (MMFs): Mutual funds that invest exclusively in short-term money market instruments. MMFs seek the preservation of capital as a primary goal while maintaining a high degree of liquidity and providing income representative of the market for short term investments.

MORTGAGE-BACKED SECURITIES (MBS): Securities created when a mortgagee or a purchaser of residential real estate mortgages creates a pool of mortgages and markets undivided interests or participations in the pool. MBS owners receive a pro-rata share of the interest and principal cash flows (net of fees) that are "passed through" from the pool of mortgages. MBS are complex securities whose cash flow is determined by the characteristics of the mortgages that are pooled together. Investors in MBS face prepayment risk associated with the option of the underlying mortgagors to pre-pay or payoff their mortgage. Most MBS are issued and/or guaranteed by federal agencies and instrumentalities (e.g., Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), and Federal Home Loan Mortgage Corporation (FHLMC)).

MUNICIPAL NOTES, BONDS, AND OTHER OBLIGATIONS: Obligations issued by state and local governments to finance capital and operating expenses.

MUTUAL FUNDS: An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments.

NATIONALLY RECOGNIZED STATISTICAL RATINGS ORGANIZATION (NRSRO): A credit rating agency registered as a "Nationally Recognized Statistical Ratings Organization" with the Securities and Exchange Commission, consistent with the Credit Rating Agency Reform Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, and other applicable legislation and rulemaking, as may change from time-to-time.

NEW ISSUE: Securities sold during the initial distribution of an issue in a primary offering by the underwriter or underwriting syndicate.

NOTE: A written promise to pay a specified amount to a certain entity on demand or on a specified date. Usually bearing a short-term maturity of a year or less (though longer maturities are issued—see "Medium-Term Notes").

PAR VALUE: The principal amount of a note or bond which must be paid at maturity. Par, also referred to as the "face amount" of a security, is the principal value stated on the face of the security. A par bond is one sold at a price of 100 percent of its principal amount.

PORTFOLIO: Combined holding of more than one stock, bond, commodity, real estate investment, cash equivalent, or other asset. The purpose of a portfolio is to reduce risk by diversification.

PREMIUM: The difference between the par value of a security and the cost of the security, when the cost is above par. Investors pay a premium to purchase a security when the return to the investor (yield) is lower than the stated coupon (interest rate) on the investment.

PRICE: The amount of monetary consideration required by a willing seller and a willing buyer to sell an investment on a particular date.

PRINCIPAL: The face value or par value of a debt instrument, or the amount of capital invested in a given security.

PRUDENT INVESTOR STANDARD: A standard of conduct where a person acts with care, skill, prudence, and diligence when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing funds. The test of whether the standard is being met is if a prudent person acting in such a situation would engage in similar conduct to ensure that investments safeguard principal and maintain liquidity.

REPURCHASE AGREEMENTS: An agreement of one party (for example, a financial institution) to sell securities to a second party (such as a local agency) and simultaneous agreement by the first party to repurchase the securities at a specified price from the second party on demand or at a specified date.

RISK: The uncertainty of maintaining the principal or interest associated with an investment due to a variety of factors.

SAFEKEEPING SERVICE: Offers storage and protection of assets provided by an institution serving as an agent.

SAFETY: In the context of investing public funds, safety relates to preserving the principal of an investment in an investment portfolio; local agencies address the concerns of safety by controlling exposure to risks.

SECURITIES AND EXCHANGE COMMISSION (SEC): The federal agency responsible for supervising and regulating the securities industry.

TRUSTEE OR TRUST COMPANY: A financial institution with powers to act in a fiduciary capacity for the benefit of the bondholders in enforcing the terms of the bond contract.

UNDERWRITER: A dealer that purchases a new issue of municipal securities for resale.

UNITED STATES AGENCY OBLIGATIONS: 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, including federal agency mortgage-backed securities. Types of instruments may include mortgage-backed securities from the Federal National Mortgage Association (FNMA) including Fannie Mae and Freddie Mac securities.

UNITED STATES TREASURY OBLIGATIONS: Debt obligations of the United States government sold by the Treasury Department in the forms of bills, notes, and bonds. Bills are short-term obligations that mature in one year or less and are sold at a discount. Notes are obligations that mature between one year and 10 years. Bonds are long-term obligations that generally mature in 10 years or more.

YIELD: The current rate of return on an investment security generally expressed as a percentage of the securities current price.

YIELD CURVE: A graphic representation that shows the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity.

Attachment B, "California Municipal Treasurers Association Investment Policy Certification"

The City's Investment of Financial Assets policy, as adopted by the City Council on April 4, 2022, was certified by the California Municipal Treasurers Association (CMTA) on June 27, 2022.

California Municipal Treasurers Association

Investment Policy Certification

CALIFORNIA REPUBLIC

Issued on 06/27/2022

City of Laguna Woods

The California Municipal Treasurers Association certifies that the investment policy of the City of Laguna Woods complies with the current State statutes governing the investment practices of local government entities located within the State of California.

CMTA

President

06/27/2022
Date

Since receiving certification, the City's modifications of the Investment of Financial Assets policy have been limited to updating this Attachment B, increasing the maximum amount of portfolio investment for non-negotiable certificates of deposit, eliminating the limit on the amount of United States Treasury Obligations and United States Agency Obligations that can be invested with a single issuer, and making changes responsive to the CMTA Investment Scorecards received as part of the June 27, 2022 certification.