

TO: BOARD OF DIRECTORS  
FROM: BRUCE BUEL *BB*  
DATE: FEBRUARY 6, 2009

**AGENDA ITEM  
E-4  
FEBRUARY 11, 2009**

REVIEW/EDIT INVESTMENT POLICY AND SET FOR HEARING [RECOMMEND APPROVAL]

**ITEM**

Review/edit Investment Policy and set for Hearing.

**BACKGROUND**

The California Government Code Section 53646 (2) requires local government entities adopt an annual investment policy. At the January 14, 2009, Board Meeting the Board of Directors reviewed the proposed 2009 Investment Policy. The Board of Directors expressed concern about the security of the District's Certificate of Deposit in Rabobank.

Nipomo Community Services District has a Contract for Deposit of Monies with Rabobank (contract attached). Public agencies are required to have a Contract for Deposit of Monies with their depository for deposits in excess of the FDIC insurance limits. Rabobank responded to the Board's concerns regarding the security and collateralization (copy of e-mail attached along with Government Code Section 53630-53686).

Staff also did research and found the following investment options:

- Certificate of Deposit Account Registry Service-CDARS (information attached).
- CalTRUST (information attached)

If the Board of Directors is interested in these investment options, Staff will do additional research on the fees and charges associated with these types of investments.

**RECOMMENDATION**

Staff recommends that the review/edit the Investment Policy and set a hearing for adoption.

**ATTACHMENTS**

- Proposed 2009 Investment Policy
- Contract for Deposit of Monies with Rabobank
- E-mail from Senior Vice President of Rabobank, Randall A. Shell
- California Government Code Section 53630-53686
- Information on Certificate of Deposit Account Registry Service (CDARS) (3 pages)
- Information on CalTRUST (2 pages)

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**NIPOMO COMMUNITY SERVICES DISTRICT  
RESOLUTION NO. 2009-XX**

**A RESOLUTION OF THE  
BOARD OF DIRECTORS OF THE  
NIPOMO COMMUNITY SERVICES DISTRICT  
ADOPTING THE YEAR 2009 DISTRICT INVESTMENT POLICY**

**WHEREAS**, the Board of Directors of the Nipomo Community Services District ("District") believes that public funds should, so far as is reasonably possible, be invested in financial institutions to produce revenue for the District rather than to remain idle, and

**WHEREAS**, from time to time there are District funds which for varying periods of time will not be required for immediate use by the District, and which will, therefore, be available for the purpose of investing in financial institutions with the objectives of safety, liquidity, yield and compliance with state and federal laws and policies.

**NOW, THEREFORE, BE IT RESOLVED** by the Board of Directors of the Nipomo Community Services District as follows:

1. The District hereby adopted the Investment Policy attached hereto as Exhibit "A" as the District's Investment Policy;
2. The District General Manager shall act as Treasurer/Finance Officer of the District and is authorized to invest and re-invest funds in accordance with the Investment Policy for the succeeding twelve (12) month period or until such time as the delegation of authority is revoked.

**PASSED AND ADOPTED** by the Board of Directors of the Nipomo Community Services District this 14<sup>TH</sup> day of January, 2009, on the following roll call vote:

AYES:  
NOES:  
ABSENT:  
ABSTAIN:

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James Harrison, President  
Nipomo Community Services District

ATTEST:

APPROVED AS TO FORM:

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Donna K. Johnson  
Secretary to the Board

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Jon S. Seitz  
District Legal Counsel



**RESOLUTION 2009-xx  
EXHIBIT A**

**YEAR 2009 INVESTMENT POLICY  
NIPOMO COMMUNITY SERVICES DISTRICT**

**1. INTRODUCTION**

The purpose of this written *Investment Policy* is to establish the guidelines for the prudent investment of Nipomo Community Services District funds (herein referred to as District's funds). The objectives of this policy are safety, liquidity, yield, and compliance with state and federal laws and policies.

District funds are to be managed with a high degree of care and prudence. Though all investments contain a degree of risk, the proper concern for prudence, maintenance of high level of ethical standards and proper delegation of authority reduces the potential for any realized loss.

This policy establishes the standards under which the District's Finance Officer will conduct business with financial institutions with regard to the investment process.

**2. FINANCE OFFICER**

The Board of Directors appoints the General Manager as the District Finance Officer and Treasurer. The District's Assistant General Manager shall serve as the District's Finance Officer and Treasurer in the absence of the District's General Manager.

**3. SCOPE**

The District investment portfolio shall consist of money held in a sinking fund of, or surplus money in, the District's treasury not required for the immediate necessities of the District. The District's investment portfolio shall be invested in accordance with this policy.

**4. OBJECTIVES**

The primary objectives are safety, liquidity, yield, and compliance.

**A. SAFETY**

The investment portfolio shall be managed in a manner that ensures the preservation of capital. The objective is to minimize credit risk and interest rate risk.

**B. LIQUIDITY**

The investment portfolio shall remain sufficiently liquid to meet all operating requirements. This shall be accomplished by structuring the investment portfolio so that investments mature concurrent with cash needs.

**C. YIELD**

Yield shall be a consideration only after the requirements of safety and liquidity have been met.

**D. COMPLIANCE**

This Investment Policy is written to be in compliance with California and Federal law.

**RESOLUTION 2009-xx  
EXHIBIT A**

**YEAR 2009 INVESTMENT POLICY  
NIPOMO COMMUNITY SERVICES DISTRICT**

**5. STANDARDS OF CARE**

**A. PRUDENCE**

The Finance Officer will manage the portfolio pursuant to the "Prudent Investor Standard." When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds in the District's investment portfolio, the Finance Officer shall act with care, skill, prudence, and diligence under the circumstances then prevailing, 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 District.

**B. DISCLOSURES**

Finance Officer shall disclose any material interest in financial institutions with which he/she conducts the District business.

**6. INVESTMENTS AUTHORITY**

**A. PERMITTED INVESTMENTS**

The District Finance Officer is authorized to invest in the following institutions:

1. County pooled funds (California Government Code § 61730)
2. The Local Agency Investment Fund created by the California State Treasury (California Government Code § 16429.1)
3. One or more FDIC insured Banks and/or Savings and Loan Associations that are designated as District depositories by resolution of the Board of Directors (California Government Code § 61053).
4. Such other financial institutions or securities that may be designated by the Board of Directors from time to time in compliance with California and Federal law.

**B. PROHIBITED INVESTMENTS**

The District's Finance Officer shall not invest in:

1. Inverse floaters, range notes or interest only strips that are derived from a pool of mortgages.
2. Any security that could result in a zero interest accrual if held to maturity.
3. A state or federal credit union, if a member of the District's Board of Directors or an administrative officer also serves on the Board of Directors, or any committee appointed by the Board of Directors, or the credit committee or supervisory committee, of the state or federal credit union.

**C. DIVERSIFIED INVESTMENTS**

Investments, other than investments referenced in paragraphs **A** (1) and (2) above, will be diversified to avoid losses that may be associated with any one investment.



**RESOLUTION 2009-xx  
EXHIBIT A**

**YEAR 2009 INVESTMENT POLICY  
NIPOMO COMMUNITY SERVICES DISTRICT**

**7. REPORTS**

**A. MONTHLY REPORT**

Finance Officer/Treasurer shall make monthly reports to the Board of investments made or retired during the preceding month.

**B. QUARTERLY REPORT**

Finance Officer shall file a quarterly report that identifies the District's investments and their compliance with the District's Investment Policy. The quarterly report must be filed with the District's auditor and considered by the District's Board of Directors within thirty (30) days after the end of each quarter (i.e., by May 1, August 1, November 1, and February 1) (California Government Code § 53646). Required elements of the quarterly report are as follows:

1. Type of Investment
2. Institution
3. Date of Maturity (if applicable)
4. Amount of deposit or cost of the security
5. Current market value of securities with maturity in excess of twelve months (if applicable)
6. Rate of Interest
7. Statement relating the report to the Statement of Investment Policy
8. Statement of the District's ability to meet cash flow requirements for the next six months.
9. Accrued Interest (if applicable)

**C. ANNUAL REPORT**

Prior to February 1, of each year, the Finance Officer shall file and submit an annual report to the District's auditor and Board of Directors which will contain the same information required in the quarterly report.

The annual report will include a recommendation to the Board of Directors to either:

1. Readopt the District's then current annual Investment Policy; or
2. Amend the District's then current Investment Policy.

**D. LIMITED QUARTERLY REPORT**

If the District has placed all of its investments in the Local Agency Investment Fund (LAIF), created by California Government Code § 16429.1, or in Federal Deposit Insurance Corporation, insured accounts in a bank or savings and loan association, in a County investment pool, or any combination of these, the Finance Officer may submit to the Board of Directors, and the auditor of the District the most recent statement or statements received by the District from these institutions in lieu of the information required in paragraph 7.B, above. This special reporting policy does not relieve the Finance Officer of the obligation to prepare an annual investment report as identified in paragraph 7.C, above.





Rabobank

# COPY

## Contract For Deposit of Monies

THIS CONTRACT, relating to the deposit of monies, made as of December 1, 2008, between Michael Winn, (hereinafter designated "Treasurer") acting in his or her official capacity as President (Treasurer, Finance Director, etc.), of Nipomo Community Services District (hereinafter designated "Depositor"), and RABOBANK, N.A., (hereinafter designated Depository), having a shareholder's equity of One Billion Eight Hundred Forty-Seven Million Seven Hundred Eighty Eight Thousand Dollars (\$1,847,788,000) as of 12/31/2007.

### WITNESSETH

WHEREAS, the Treasurer proposes to deposit in the Depository from time to time, commencing on December 1, 2008, monies in his custody in an aggregate amount on deposit at any one time not to exceed MYA Dollars (\_\_\_\_), or the total of the paid-up capital and surplus of the Depository, whichever is the lesser amount, and said monies will be deposited subject to Title 5, Division 2, Part 1, Chapter 4, Article 2 (commencing with Section 53630) of the Government Code of the State of California; and

WHEREAS, said provisions of the Government Code require the Treasurer to enter into a contract with the Depository setting forth the conditions upon which said monies are deposited; and

WHEREAS, in the judgment of the Treasurer, this contract is to the public advantage;

NOW, THEREFORE, it is agreed between the parties hereto as follows:

1. This contract cancels and supersedes any previous contracts between the Treasurer and the Depository relating to the method of handling and collateralization of deposits of monies.
2. This contract, but not deposits then held hereunder, shall be subject to termination by the Treasury or the Depository at any time upon 30 days written notice. Deposits may be withdrawn in accordance with the agreement of the parties and applicable federal and state statutes, rules and regulations. This contract is subject to modification or termination upon enactment of any statute, rule or regulation, state or federal, which, in the opinion of the Administrator of the Local Agency Security, is inconsistent herewith, including any changes relative to the payment of interest upon monies so deposited by the Treasurer. Upon notification from the administrator, the Treasurer may withdraw deposits in the event the Depository fails to pay assessments, fines, or penalties assessed by the administrator.
3. Interest shall accrue on any monies so deposited as permitted by any act of the Congress of the United States or by any rule or regulation of any department or agency of the Federal Government adopted pursuant thereto. If interest may legally be paid, all monies deposited in accordance with this contract shall bear interest at a rate agreed upon by the Treasurer and the Depository.
4. The Depository shall issue to the Treasurer at the time of each inactive deposit, a receipt on a form agreed to by the Depository and the Treasurer, stating the interest to be paid, if any, the duration of the deposit, the frequency of interest payments, and the terms of withdrawal. Each such deposit receipt is by reference made a part of this contract.



5. As security for said deposit, the Depository shall at all times maintain with the Agency of Depository named herein, commencing forthwith, eligible securities having a market value at least 10% in excess of the actual total amount of local agency monies on deposit with the Depository. If any eligible security is determined by the administrator of Local Agency Security of the state of California in accordance with Government Code Section 53661 to be not qualified to secure public deposits, additional security shall be substituted immediately by the Depository, as necessary, to comply with the requirements of this Paragraph.
6. Eligible securities are those listed in Government Code Section 53651.
7. The Agent of Depository, authorized by the Treasury and the Depository to hold the eligible securities posted as collateral under this contract, is Union Bank of California, N.A. (see Section 8 below). Said Agency of Depository has filed with the Administrator of Local Agency Security of the State of California an agreement to comply in all respects with the provisions of Title 5, Division 2, Part 1, Chapter 4, Article 2 (commencing with Section 53630) of the Government Code.
8. Authority for placement of securities for safekeeping in accordance with Government Code Section 53659 is hereby granted to the Agent of Depository, including placement with any Federal Reserve Banks or branch thereof, pursuant to Government Code section 53657, or the Federal Home Loan Bank of San Francisco.
9. If the Depository fails to pay all or part of any deposits of the Treasurer which are subject to this contract when ordered to do so in accordance with the terms of withdrawal set forth on the deposit receipt (which is by reference made a part hereof), the Treasurer will immediately notify, in writing, the Administrator of Local Agency Security. Action of the Administrator in converting the collateral required by Paragraph 5 above for the benefit of the Treasurer is governed by Government Code Section 53665.
10. The Depository may add, substitute or withdraw eligible securities being used as security for deposits made hereunder in accordance with Government Code Section 53654, provided the requirements of Paragraph 5 above are met.
11. The Depository shall have and hereby reserves the right to collect the interest on the securities, except in cases where the securities are liable to sale or are sold or converted in accordance with the provisions of Government code Section 53665.
12. The Depository shall bear and pay the expense of transportation of eligible securities maintained as collateral to and from the designated Agent of Depository.
13. This contract, the parties hereto, and all deposits governed by this contract shall be subject in all respects to Title 5, Division 2, Part 1, Chapter 4, Article 2 (commencing with Section 53630) of the Government Code, and of all other state and federal laws, statutes, rules and regulations applicable to such deposits, whether now in force or hereafter enacted or promulgates, all of which are by this reference made a part hereof.
14. The Treasurer named herein waives the right to collateral based on insurance provided by the Federal Deposit Insurance Corporation not to exceed the maximum amount insured pursuant to federal law, in accordance with Government Code section 53653.

IN WITNESS WHEREOF, the Treasurer in his official capacity has signed this contract in duplicate and the Depository has caused this contract to be executed in like number by its duly authorized officers.

PUBLIC ENTITY TREASURER

Rabobank, N.A. (Treasury Department only)

By: Michael Winn, President

By:

By: *Michael Winn*

By:

*Joe Alcala*



## Lisa Bognuda

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**From:** Gutierrez, A (Angelica) [Angelica.Gutierrez@rabobank.com]  
**Sent:** Wednesday, January 21, 2009 3:34 PM  
**To:** Lisa Bognuda  
**Subject:** FW: NCSD Letter

**Attachments:** CA Government Code - Local Agency Deposits (text).pdf



CA Government  
Code - Local Age..

Hi Lisa,

Mr. Shell has addressed your questions in his email below. As well he provided the attached CA Government Codes see 53665 for the second question. If you would like to reference the attachment use the following link <http://www.dfi.ca.gov/licensees/lasp>

Rabobank complies with the provisions of the Local Agency Security Program, codified in California Government Code Title 5, Division 2, Part 1, Chapter 4, Article 2, Sections 53630 through 53686. We provide securities collateral as defined and permitted by the code (U.S. agency obligations, mortgage-backed securities backed by U.S. agency-guaranteed first mortgage residential loans, and municipal bonds.) We are required to place this collateral with an independent, third party safekeeping agent (in our case, Union Bank of California, an approved depository by the California Department of Financial Institutions.) Union Bank provides regular valuation reports to the DFI on the market value of the pledged collateral and we provide weekly reports to the DFI of the total dollar amount of secured local agency deposits in our bank. The DFI then matches the two reports to ensure that the deposits are fully collateralized at all times. They assess penalties if we fail to maintain the necessary collateral margin.

The procedures for realizing on the collateral in the event of a bank failure are covered in detail in the code section referred to above.

Sincerely,  
Randall A. Shell  
Senior Vice President & Treasurer  
Rabobank, N.A.  
Executive Offices  
Address: 915 Highland Pointe Drive, Suite 350, Roseville, CA 95678  
Telephone: (916) 797-8233  
Mobile: (916) 919-1420  
Fax: (916) 784-3385  
E-mail: [randall.shell@rabobank.com](mailto:randall.shell@rabobank.com)  
Website: [www.rabobank.com/business](http://www.rabobank.com/business)

Please let me know if I can be of further assistance.

Angelica M Gutierrez  
Vice President  
Branch Manager  
Rabobank, N.A.  
615 West Tefft Street, Nipomo, CA 93444 805-929-1911 Fax: 805-299-1856/ 805 929-4189  
E-mail: [angelica.gutierrez@rabobank.com](mailto:angelica.gutierrez@rabobank.com)  
[www.rabobankamerica.com](http://www.rabobankamerica.com)



CALIFORNIA CODES  
GOVERNMENT CODE  
SECTION 53630-53686

53630. As used in this article:

(a) "Local agency" means county, city, city and county, including a chartered city or county, a community college district, or other public agency or corporation in this state.

(b) "Treasurer" means treasurer of the local agency.

(c) "Depository" means a state or national bank, savings association or federal association, a state or federal credit union, or a federally insured industrial loan company, in this state in which the moneys of a local agency are deposited.

(d) "Agent of depository" means a trust company or trust department of a state or national bank located in this state, including the trust department of a depository where authorized, and the Federal Home Loan Bank of San Francisco, which is authorized to act as an agent of depository for the purposes of this article pursuant to Section 53657.

(e) "Security" means any of the eligible securities or obligations listed in Section 53651.

(f) "Pooled securities" means eligible securities held by an agent of depository for a depository and securing deposits of one or more local agencies.

(g) "Administrator" means the Administrator of Local Agency Security of the State of California.

(h) "Savings association or federal association" means a savings association, savings and loan association, or savings bank as defined by Section 5102 of the Financial Code.

(i) "Federally insured industrial loan company" means an industrial loan company licensed under Division 7 (commencing with Section 18000) of the Financial Code, the investment certificates of which are insured by the Federal Deposit Insurance Corporation.

(j) "Corporation" includes a limited liability company.

53630.1. The Legislature hereby finds that the solvency and creditworthiness of each individual local agency can impact the solvency and creditworthiness of the state and other local agencies within the state. Therefore, to protect the solvency and creditworthiness of the state and all of its political subdivisions, the Legislature hereby declares that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern.

53630.5. (a) The definitions in Section 1700 of, and Chapter 1 (commencing with Section 99) of Division 1 of, the Financial Code apply to this section.

(b) In this article, for purposes of being a depository of moneys belonging to or being in the custody of a local agency, the phrases "state or national bank located in this state," "state or national bank," "state or national bank in this state," and "state or national banks in the state" include, without limitation, any of the following:

(1) Any California branch office of a foreign (other state) state

bank that the bank is authorized to maintain under the law of its domicile and federal law.

(2) Any California branch office of a foreign (other state) national bank that the bank is authorized to maintain under federal law.

(3) Any California branch office of a foreign (other nation) bank that the bank is licensed to maintain under Article 3 (commencing with Section 1750) of Chapter 13.5 of Division 1 of the Financial Code.

(4) Any California federal branch of a foreign (other nation) bank that the bank is authorized to maintain under federal law.

53631. Under those conditions as the treasurer of a local agency fixes with the approval of the legislative body, he or she may establish accounts at banks within or without the state and deposit money in those accounts to the extent necessary to pay the principal and interest of bonds to pay any warrant that has been presented for payment, or to fund any electronic disbursement of funds from the treasury of the local agency. This article does not apply to deposits for those purposes.

53632. There are three classes of deposits:

- (a) Inactive deposits.
- (b) Active deposits.
- (c) Interest-bearing active deposits.

53632.5. There are three classes of security for deposits:

- (a) Securities described in subdivision (m) of Section 53651.
- (b) Securities described in subdivision (p) of Section 53651.
- (c) Securities enumerated in Section 53651, except for those described in subdivisions (m) and (p) of that section.

53633. The treasurer shall determine the amounts of money to be deposited as inactive, active, and interest-bearing active deposits, except as otherwise provided in Section 53679.

53634. The treasurer may call in money from inactive deposits and place it in active deposits as current demands require. When there is money in his possession for which there is no demand as inactive deposits, he may place it as active deposits.

53635. (a) This section shall apply to a local agency that is a county, a city and county, or other local agency that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body. However, Section 53601 shall apply to all local agencies that pool money in deposits or investments exclusively with local agencies that have the same



governing body.

This section shall be interpreted in a manner that recognizes the distinct characteristics of investment pools and the distinct administrative burdens on managing and investing funds on a pooled basis pursuant to Article 6 (commencing with Section 27130) of Chapter 5 of Division 2 of Title 3.

A local agency that is a county, a city and county, or other local agency that pools money in deposits or investments with other agencies may invest in commercial paper pursuant to subdivision (h) of Section 53601, except that the local agency shall be subject to the following concentration limits:

(1) No more than 40 percent of the local agency's money may be invested in eligible commercial paper.

(2) No more than 10 percent of the total assets of the investments held by a local agency may be invested in any one issuer's commercial paper.

(b) Notwithstanding Section 53601, the City of Los Angeles shall be subject to the concentration limits of this section for counties and for cities and counties with regard to the investment of money in eligible commercial paper.

53635.2. As far as possible, all money belonging to, or in the custody of, a local agency, including money paid to the treasurer or other official to pay the principal, interest, or penalties of bonds, shall be deposited for safekeeping in state or national banks, savings associations, federal associations, credit unions, or federally insured industrial loan companies in this state selected by the treasurer or other official having legal custody of the money; or may be invested in the investments set forth in Section 53601. To be eligible to receive local agency money, a bank, savings association, federal association, or federally insured industrial loan company shall have received an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California's communities, including low- and moderate-income neighborhoods, pursuant to Section 2906 of Title 12 of the United States Code. Sections 53601.5 and 53601.6 shall apply to all investments that are acquired pursuant to this section.

53635.7. In making any decision that involves borrowing in the amount of one hundred thousand dollars (\$100,000) or more, the legislative body of the local agency shall discuss, consider, and deliberate each decision as a separate item of business on the agenda of its meeting as prescribed in Chapter 9 (commencing with Section 54950). As used in this section, "borrowing" does not include bank overdrafts or security lending.

53635.8. Notwithstanding Section 53601 or any other provision of this code, a local agency, at its discretion, may invest a portion of its surplus funds in certificates of deposit at a commercial bank, savings bank, savings and loan association, or credit union that uses a private sector entity that assists in the placement of certificates of deposit, provided that the purchases of certificates of deposit pursuant to this section, Section 53601.8, and subdivision (i) of Section 53601 do not, in total, exceed 30 percent of the



agency's funds that may be invested for this purpose. The following conditions shall apply:

(a) The local agency shall choose a nationally or state-chartered commercial bank, savings bank, savings and loan association, or credit union in this state to invest the funds, which shall be known as the "selected" depository institution.

(b) The selected depository institution may submit the funds to a private sector entity that assists in the placement of certificates of deposit with one or more commercial banks, savings banks, savings and loan associations, or credit unions that are located in the United States, for the local agency's account.

(c) The full amount of the principal and the interest that may be accrued during the maximum term of each certificate of deposit shall at all times be insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration.

(d) The selected depository institution shall serve as a custodian for each certificate of deposit that is issued with the placement service for the local agency's account.

(e) At the same time the local agency's funds are deposited and the certificates of deposit are issued, the selected depository institution shall receive an amount of deposits from other commercial banks, savings banks, savings and loan associations, or credit unions that, in total, are equal to, or greater than, the full amount of the principal that the local agency initially deposited through the selected depository institution for investment.

(f) A local agency may not invest surplus funds with a selected depository institution for placement as certificates of deposit pursuant to this section on or after January 1, 2012. A local agency's surplus funds, invested pursuant to this section before January 1, 2012, may remain invested in certificates of deposit issued through a private sector entity for the full term of each certificate of deposit.

(g) Notwithstanding subdivisions (a) to (f), inclusive, no credit union may act as a selected depository institution under this section or Section 53601.8 unless both of the following conditions are satisfied:

(1) The credit union offers federal depository insurance through the National Credit Union Administration.

(2) The credit union is in possession of written guidance or other written communication from the National Credit Union Administration authorizing participation of federally insured credit unions in one or more certificate of deposit placement services and affirming that the moneys held by those credit unions while participating in a deposit placement service will at all times be insured by the federal government.

(h) It is the intent of the Legislature that nothing in this section shall restrict competition among private sector entities that provide placement services pursuant to this section.

53636. Money so deposited is deemed to be in the treasury of the local agency.

53637. The money shall be deposited in any bank, savings association or federal association, state or federal credit union, or federally insured industrial loan company with the objective of realizing maximum return, consistent with prudent financial



management, except that money shall not be deposited in any state or federal credit union if a member of the legislative body of a local agency, or any person with investment decisionmaking authority of the administrative office, manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency, also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or supervisory committee, of the state or federal credit union.

53638. (a) The deposit shall not exceed the shareholder's equity of any depository bank. For the purposes of this subdivision, shareholder's equity shall be determined in accordance with Section 118 of the Financial Code, but shall be deemed to include capital notes and debentures.

(b) The deposit shall not exceed the total of the net worth of any depository savings association or federal association, except that deposits not exceeding a total of five hundred thousand dollars (\$500,000) may be made to a savings association or federal association without regard to the net worth of that depository, if such deposits are insured or secured as required by law.

(c) The deposit to the share accounts of any regularly chartered credit union shall not exceed the total of the unimpaired capital and surplus of the credit union, as defined by rule of the Commissioner of Financial Institutions, except that the deposit to any credit union share account in an amount not exceeding five hundred thousand dollars (\$500,000) may be made if the share accounts of that credit union are insured or guaranteed pursuant to Section 14858 of the Financial Code or are secured as required by law.

(d) The deposit in investment certificates of a federally insured industrial loan company shall not exceed the total of the unimpaired capital and surplus of the insured industrial loan company.

53639. Except as otherwise provided in Section 53682, the depository shall bear the expenses of transportation of money to and from the depository.

53640. Except as otherwise provided in Section 53682, the depository shall handle, collect, and pay all checks, drafts, and other exchange without cost to the local agency.

53641. When money is deposited in a depository, the treasurer or other authorized official shall take and preserve a receipt, certificate of deposit, or other evidence of the deposit as he or she requires.

53642. The money deposited may be drawn out by check or order of the treasurer or other official authorized to make such deposit.

53643. The treasurer may deposit any part of the money as agreed upon between the treasurer and the depository.



53644. If an agreement is not made:

(a) Active deposits and interest thereon are subject to withdrawal upon the demand of the treasurer or other authorized official, subject to any penalties which may be prescribed by federal law or regulation.

(b) Inactive deposits are subject to notice of at least thirty days before withdrawal.

53645. Interest shall be computed and paid by the depository, as follows:

(a) For active deposits upon which interest is payable, interest shall be computed on the average daily balance for the calendar quarter, and shall be paid quarterly.

(b) For inactive deposits, interest shall be computed on a 360-day basis, and shall be paid quarterly.

53646. (a) (1) In the case of county **government**, the treasurer may annually render to the board of supervisors and any oversight committee a statement of investment policy, which the board shall review and approve at a public meeting. Any change in the policy shall also be reviewed and approved by the board at a public meeting.

(2) In the case of any other local agency, the treasurer or chief fiscal officer of the local agency may annually render to the legislative body of that local agency and any oversight committee of that local agency a statement of investment policy, which the legislative body of the local agency shall consider at a public meeting. Any change in the policy shall also be considered by the legislative body of the local agency at a public meeting.

(b) (1) The treasurer or chief fiscal officer may render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency. The quarterly report shall be so submitted within 30 days following the end of the quarter covered by the report. Except as provided in subdivisions (e) and (f), this report shall include the type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and moneys held by the local agency, and shall additionally include a description of any of the local agency's funds, investments, or programs, that are under the management of contracted parties, including lending programs. With respect to all securities held by the local agency, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund, the report shall also include a current market value as of the date of the report, and shall include the source of this same valuation.

(2) The quarterly report shall state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance.

(3) The quarterly report shall include a statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

(4) In the quarterly report, a subsidiary ledger of investments



may be used in accordance with accepted accounting practices.

(c) Pursuant to subdivision (b), the treasurer or chief fiscal officer shall report whatever additional information or data may be required by the legislative body of the local agency.

(d) The legislative body of a local agency may elect to require the report specified in subdivision (b) to be made on a monthly basis instead of quarterly.

(e) For local agency investments that have been placed in the Local Agency Investment Fund, created by Section 16429.1, in National Credit Union Share Insurance Fund-insured accounts in a credit union, in accounts insured or guaranteed pursuant to Section 14858 of the Financial **Code**, or in Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association, in a county investment pool, or any combination of these, the treasurer or chief fiscal officer may supply to the governing body, chief executive officer, and the auditor of the local agency the most recent statement or statements received by the local agency from these institutions in lieu of the information required by paragraph (1) of subdivision (b) regarding investments in these institutions.

(f) The treasurer or chief fiscal officer shall not be required to render a quarterly report, as required by subdivision (b), to a legislative body or any oversight committee of a school district or county office of education for securities, investments, or moneys held by the school district or county office of education in individual accounts that are less than twenty-five thousand dollars (\$25,000).

(g) The city, county, or city and county investor of any public funds, no later than 60 days after the close of the second quarter of each calendar year and 60 days after the subsequent amendments thereto, shall provide the statement of investment policy required pursuant to this section, to the California Debt and Investment Advisory Commission.

(h) In recognition of the state and local interests served by the actions made optional in subdivisions (a) and (b), the Legislature encourages the local agency officials to continue taking the actions formerly mandated by this section. However, nothing in this subdivision may be construed to impose any liability on a local agency that does not continue to take the formerly mandated action.

53647. (a) Interest on all money deposited belongs to, and shall be paid quarterly into the general fund of, the local agency represented by the officer making the deposit, unless otherwise directed by law.

(b) Notwithstanding the provisions of subdivision (a), and except as otherwise directed by law, if the governing body of the local agency represented by the officer making the deposit so directs, such interest shall be paid to the fund which contains the principal on which the interest accrued.

53647.5. Notwithstanding any other provision of law, interest earned on any bail money deposited in a bank account pursuant to Section 1463.1 of the Penal **Code** and Section 53679 of this **code** shall, if the board of supervisors so directs, be allocated for the support of the courts in that county.



53648. Notwithstanding this article, the treasurer may deposit moneys in, and enter into contracts with, a state or national bank, savings association or federal association, federal or state credit union, or federally insured industrial loan company, pursuant to a federal law or a rule of a federal department or agency adopted pursuant to the law if the law or rule conflicts with this article in regulating the payment of interest on deposits of public moneys by any of the following:

- (a) Banks which are Federal Reserve System members or whose deposits are insured by the Federal Deposit Insurance Corporation.
- (b) Savings associations or federal associations which are federal home loan bank members or whose deposits are insured by the Federal Savings and Loan Insurance Corporation.
- (c) State or federal credit unions whose accounts are insured by the National Credit Union Share Insurance Fund or guaranteed by the California Credit Union Share Guaranty Corporation or insured or guaranteed pursuant to Section 14858 of the Financial Code, unless a member of the legislative body of a local agency, or any person with investment decisionmaking authority of the administrative office, manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency, also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or supervisory committee, of the state or federal credit union.
- (d) A federally insured industrial loan company.

53648.5. Upon the removal by federal law of the conflicting federal law or rule the agreement between the treasurer or other authorized official and a depository may be terminated by either party.

53649. The treasurer is responsible for the safekeeping of money in his or her custody and shall enter into any contract with a depository relating to any deposit which in his or her judgment is to the public advantage. The depository, and the agent of depository to the extent the agent of depository has been notified of deposits and the amount thereof, are responsible for securing moneys deposited pursuant to such a contract in accordance with Section 53652. One copy of each contract shall be filed with the auditor, controller, secretary, or corresponding officer of the local agency. The contract shall:

- (a) Fix the duration of deposits, if appropriate.
- (b) Fix the interest rate, if any.
- (c) Provide conditions for withdrawal and repayment.
- (d) Provide for placement of pooled securities in a named agent of depository in accordance with Section 53656.
- (e) Grant authority for agent of depository to place securities for safekeeping in accordance with Section 53659.
- (f) Set forth in accordance with Section 53665 the conditions upon which the administrator shall order pooled securities converted into money for the benefit of the local agency, and the procedure therefor.
- (g) Provide for compliance in all respects with the provisions of this article and other applicable provisions of law.



(h) Provide, upon notice to the treasurer from the administrator, that a treasurer may withdraw deposits in the event a depository fails to pay the assessments, fines, or penalties assessed by the administrator or may withdraw authorization for the placement of pooled securities in an agent of depository in the event that the agent of depository fails to pay the fines or penalties assessed by the administrator.

53651. Eligible securities are any of the following:

(a) United States Treasury notes, bonds, bills or certificates of indebtedness, or obligations for which the faith and credit of the United States are pledged for the payment of principal and interest, including the guaranteed portions of small business administration loans, so long as the loans are obligations for which the faith and credit of the United States are pledged for the payment of principal and interest.

(b) Notes or bonds or any obligations of a local public agency (as defined in the United States Housing Act of 1949) or any obligations of a public housing agency (as defined in the United States Housing Act of 1937) for which the faith and credit of the United States are pledged for the payment of principal and interest.

(c) Bonds of this state or of any local agency or district of the State of California having the power, without limit as to rate or amount, to levy taxes or assessments to pay the principal and interest of the bonds upon all property within its boundaries subject to taxation or assessment by the local agency or district, and in addition, limited obligation bonds pursuant to Article 4 (commencing with Section 50665) of Chapter 3 of Division 1, senior obligation bonds pursuant to Article 5 (commencing with Section 53387) of Chapter 2.7, and revenue bonds and other obligations payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the state, local agency or district or by a department, board, agency or authority thereof.

(d) Bonds of any public housing agency (as defined in the United States Housing Act of 1937, as amended) as are secured by a pledge of annual contributions under an annual contribution contract between the public housing agency and the Public Housing Administration if such contract shall contain the covenant by the Public Housing Administration which is authorized by subsection (b) of Section 22 of the United States Housing Act of 1937, as amended, and if the maximum sum and the maximum period specified in the contract pursuant to that subsection 22(b) shall not be less than the annual amount and the period for payment which are requisite to provide for the payment when due of all installments of principal and interest on the obligations.

(e) Registered warrants of this state.

(f) Bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by the United States Postal Service, federal land banks or federal intermediate credit banks established under the Federal Farm Loan Act, as amended, debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended, consolidated obligations of the federal home loan banks established under the Federal Home Loan Bank Act, bonds, debentures and other obligations of the Federal National Mortgage Association or of the **Government** National Mortgage Association established under the National Housing Act, as amended, bonds of any federal home loan bank established under that act,



bonds, debentures and other obligations of the Federal Home Loan Mortgage Corporation established under the Emergency Home Finance Act of 1970, and obligations of the Tennessee Valley Authority.

(g) Notes, tax anticipation warrants or other evidence of indebtedness issued pursuant to Article 7 (commencing with Section 53820), Article 7.5 (commencing with Section 53840) or Article 7.6 (commencing with Section 53850) of this Chapter 4.

(h) State of California notes.

(i) Bonds, notes, certificates of indebtedness, warrants or other obligations issued by: (1) any state of the United States (except this state), or the Commonwealth of Puerto Rico, or any local agency thereof having the power to levy taxes, without limit as to rate or amount, to pay the principal and interest of such obligations, or (2) any state of the United States (except this state), or the Commonwealth of Puerto Rico, or a department, board, agency or authority thereof except bonds which provide for or are issued pursuant to a law which may contemplate a subsequent legislative appropriation as an assurance of the continued operation and solvency of the department, board, agency or authority but which does not constitute a valid and binding obligation for which the full faith and credit of such state or the Commonwealth of Puerto Rico are pledged, which are payable solely out of the revenues from a revenue-producing source owned, controlled or operated thereby; provided the obligations issued by an entity described in (1), above, are rated in one of the three highest grades, and such obligations issued by an entity described in (2), above, are rated in one of the two highest grades by a nationally recognized investment service organization that has been engaged regularly in rating state and municipal issues for a period of not less than five years.

(j) Obligations issued, assumed or guaranteed by the International Bank for Reconstruction and Development, Inter-American Development Bank, the **Government** Development Bank of Puerto Rico, the Asian Development Bank, the International Finance Corporation, or the African Development Bank.

(k) Participation certificates of the Export-Import Bank of the United States.

(l) Bonds and notes of the California Housing Finance Agency issued pursuant to Chapter 7 (commencing with Section 51350) of Part 3 of Division 31 of the Health and Safety **Code**.

(m) Promissory notes secured by first mortgages and first trust deeds which comply with Section 53651.2.

(n) Any bonds, notes, warrants, or other evidences of indebtedness of a nonprofit corporation issued to finance the construction of a school building or school buildings pursuant to a lease or agreement with a school district entered into in compliance with the provisions of Section 39315 or 81345 of the Education **Code**, and also any bonds, notes, warrants or other evidences of indebtedness issued to refinance those bonds, notes, warrants, or other evidences of indebtedness as specified in Section 39317 of the Education **Code**.

(o) Any municipal securities, as defined by Section 3(a)(29) of the Securities Exchange Act of June 6, 1934, (15 U.S.C. Sec. 78, as amended), which are issued by this state or any local agency thereof.

(p) With the consent of the treasurer, letters of credit issued by the Federal Home Loan Bank of San Francisco which comply with Section 53651.6.

53651.2. (a) To be an eligible security under subdivision (m) of Section 53651, a promissory note placed in a securities pool on or



after January 1, 1987, shall comply with all of the following provisions:

(1) Each promissory note shall be secured by a first mortgage or first trust deed on improved 1 to 4 unit residential real property located in California, shall be fully amortized over the term of the note, and shall have a term of no more than 30 years. Any first mortgage or first trust deed which secures a promissory note providing for negative amortization shall be removed from the securities pool and replaced with an eligible security under subdivision (m) of Section 53651 if the loan to value ratio exceeds 85 percent of the original appraised value of the security property as a consequence of negative amortization.

(2) Each promissory note shall be eligible for sale to the Federal National Mortgage Association, the **Government** National Mortgage Association, or the Federal Home Loan Mortgage Corporation; provided, however, that up to 25 percent of the total dollar amount of any promissory note securities pool established pursuant to Section 53658 may consist of promissory notes with loan amounts which exceed the maximum amounts eligible for purchase by the Federal National Mortgage Association, the **Government** National Mortgage Association, or the Federal Home Loan Mortgage Corporation, but which do not exceed: (i) five hundred thousand dollars (\$500,000) in the case of a single family dwelling; (ii) one million dollars (\$1,000,000) in the case of a 2, 3, or 4 unit dwelling.

(b) The following shall not constitute eligible securities under subdivision (m) of Section 53651:

(1) Any promissory note on which any payment is more than 60 days past due.

(2) Any promissory note secured by a mortgage or deed of trust as to which there is a lien prior to the mortgage or deed of trust. For the purposes of this paragraph, no lien specified in Section 766 of the Financial Code shall be considered a prior encumbrance unless any installment or payment thereunder (other than a rental or royalty under a lease) is due and delinquent.

(3) Any promissory note secured by a mortgage or deed of trust as to which a notice of default has been recorded pursuant to Section 2924 of the Civil Code or an action has been commenced pursuant to Section 725a of the Code of Civil Procedure.

(c) The depository may exercise, enforce, or waive any right granted to it by the promissory note, mortgage, or deed of trust.

(d) For purposes of this article, the market value of a promissory note which is an eligible security under subdivision (m) of Section 53651, shall be determined in accordance with the regulations adopted by the Treasurer under paragraph (2) of subdivision (m) of Section 53651, as the regulations and statute were in effect on December 31, 1986. However, if and when regulations on the subject are adopted by the administrator, the market value shall be determined in accordance with those regulations of the administrator.

53651.4. (a) A depository that uses eligible securities of the class described in subdivision (m) of Section 53651 shall, within 90 days after the close of each calendar year or within a longer period as the administrator may specify, file with the administrator a report of an independent certified public accountant regarding compliance with this article and with regulations and orders issued by the administrator under this article with respect to eligible securities of that class. The report shall be based upon the audit, shall contain the information, and shall be in the form the



administrator may prescribe. The depository shall provide a copy of the report to the treasurer on request.

(b) If a depository that is a state bank files with the administrator, not less than 90 days before the beginning of the calendar year, a notice that it elects to be examined by the administrator instead of filing a report of an independent certified public accountant under subdivision (a) for that calendar year, the depository shall be exempt from subdivision (a) for that calendar year and shall for that calendar year be subject to examination by the administrator regarding compliance with this article and with regulations and orders under this article with respect to eligible securities of the class described in subdivision (m) of Section 53651. The administrator shall provide a report to a treasurer with deposits in the examined state bank upon request of the treasurer.

(c) A national bank may apply to the administrator to be examined, and the administrator, in his or her discretion, may examine a national bank for the purposes of satisfying the requirements of subdivision (a). The administrator shall provide a report to a treasurer with deposits in the examined national bank upon request of the treasurer.

(d) Whenever the administrator examines a depository pursuant to subdivision (b) or (c), the depository shall pay, within 30 days after receipt of a statement from the administrator, a fee of seventy-five dollars (\$75) per hour for each examiner engaged in the examination.

53651.6. (a) To be an eligible security under subdivision (p) of Section 53651, a letter of credit shall be in such form and shall contain such provisions as the administrator may prescribe, and shall include all of the following terms:

(1) The administrator shall be the beneficiary of the letter of credit.

(2) The letter of credit shall be clean and irrevocable and shall provide that the administrator may draw upon it up to the total amount in the event of the failure of the depository savings association or federal association or if the depository savings association or federal association refuses to permit the withdrawal of funds by a treasurer.

53652. To secure active or inactive deposits a depository shall at all times maintain with the agent of depository eligible securities in securities pools, pursuant to Sections 53656 and 53658, in the amounts specified in this section. Uncollected funds shall be excluded from the amount deposited in the depository when determining the security requirements for the deposits.

(a) Eligible securities, except eligible securities of the classes described in subdivisions (m) and (p) of Section 53651, shall have a market value of at least 10 percent in excess of the total amount of all deposits of a depository secured by the eligible securities.

(b) Eligible securities of the class described in subdivision (m) of Section 53651 shall have a market value at least 50 percent in excess of the total amount of all deposits of a depository secured by those eligible securities.

(c) Eligible securities of the class described in subdivision (p) of Section 53651 shall have a market value of at least 5 percent in excess of the total amount of all deposits of a depository secured by



those eligible securities. For purposes of this article, the market value of a letter of credit which is an eligible security under subdivision (p) of Section 53651 shall be the amount of credit stated in the letter of credit.

53653. When in his or her discretion local conditions so warrant, the treasurer may waive security for the portion of any deposits as is insured pursuant to federal law, notwithstanding this article. For deposits equivalent to and not less than the maximum amount insured pursuant to federal law for which a treasurer has waived security under this section, a treasurer at his or her discretion may also waive security for the interest accrued on the deposits which, when added to the deposits, would cause the sum of the interest and deposits to exceed the maximum amount insured pursuant to federal law, provided that the interest is computed by the depository on the average daily balance of the deposits, paid monthly and computed on a 360-day basis.

53654. (a) The depository may add securities to the pool or substitute securities of equal value for those in the pool at any time, but shall not interchange classes of security, as defined in Section 53632.5, without prior approval of the treasurer.

(b) Withdrawal of securities from the pool without replacement at equal value may be ordered only by two duly authorized officers or employees of the depository who satisfy the requirements as may be set by the administrator.

(c) The agent of depository is responsible for the safekeeping and disbursement of securities placed in its custody by a depository. It shall release securities only upon presentation by the depository of the most reasonably current statement of the total deposits subject to this article held by the depository, such statement to be verified and countersigned by two duly authorized officers, other than those who ordered the withdrawal of securities. A copy of this statement shall be forwarded to the administrator concurrently by the agent of depository.

53655. A placement of securities by a depository with an agent of depository pursuant to this article shall have the effect of perfecting a security interest in those securities in the local agencies having deposits in that depository notwithstanding provisions of the Uniform Commercial Code to the contrary and notwithstanding that the agent of depository may be the trust department of the depository.

53656. (a) At the time the treasurer enters into a contract with the depository pursuant to Section 53649, he or she shall authorize the agent of depository designated by the depository, but including the trust department of the depository only when acceptable to both the treasurer and the depository, to hold securities of the depository in accordance with this article to secure the deposit of the local agency.

(b) Only those trust companies and trust departments, or the



Federal Home Loan Bank of San Francisco, which have been authorized by the administrator pursuant to Section 53657 shall be authorized by treasurers to act as agents of depository.

(c) The securities are subject to order of the depository in accordance with Section 53654 except when the provisions of subdivision (i) of Section 53661 and Section 53665 are in effect.

(d) An agent of depository shall not release any security held to secure a local agency deposit in a depository unless the administrator issues an order authorizing the release where either of the following occurs:

(1) A state or federal regulatory agency has taken possession of the depository.

(2) A conservator, receiver, or other legal custodian has been appointed for the depository.

53657. (a) No person shall act as an agent of depository unless that person is a trust company located in this state, the trust department of a bank located in this state, or the Federal Home Loan Bank of San Francisco, and is authorized by the administrator to act as an agent of depository.

(b) (1) An application for authorization shall be in such form, shall contain such information, shall be signed in such manner, and shall (if the administrator so requires) be verified in such manner, as the administrator may prescribe.

(2) The fee for filing an application for authorization with the administrator shall be five hundred dollars (\$500).

(3) If the administrator finds, with respect to an application for authorization, that the applicant is competent to act as an agent of depository and that it is reasonable to believe the applicant will comply with all applicable provisions of this article and of any regulation or order issued under this article, the administrator shall approve the application. If the administrator finds otherwise, the administrator shall deny the application.

(4) When an application for authorization has been approved, the applicant shall file with the administrator an agreement to comply with all applicable provisions of this article and of any regulation or order issued under this article. The agreement shall be in such form, shall contain such provisions, and shall be signed in such manner as the administrator may prescribe.

(5) When an application for authorization has been approved, the applicant has complied with paragraph (4), and all conditions precedent to authorizing the applicant to act as agent of depository have been fulfilled, the administrator shall authorize the applicant to act as agent of depository.

53658. An agent of a depository may hold and pool securities to secure deposits for one or more depositories pursuant to Section 53656, but shall maintain a separate pool for each said depository. Each local agency shall have an undivided security interest in the pooled securities in the proportion that the amount of its deposits bears to the total amount of deposits secured by the pooled securities.

53659. Whenever an agent of depository accepts securities pursuant



to Section 53656 it may, with the authorization of the depository, place such securities for safekeeping with a Federal Reserve Bank or branch thereof or with any bank located in a city designated as a reserve city by the Board of Governors of the Federal Reserve System or with the Federal Home Loan Bank of San Francisco or with a trust company located in this state. Authority for such placement together with the names of the banks or, including the Federal Home Loan Bank of San Francisco, trust companies to be so used, shall be contained in the contract between the treasurer and the depository required in Section 53649.

53660. When deposits of a local agency are secured by pooled securities pursuant to Section 53656, the agent of depository shall make available to the treasurer for review at a mutually agreed upon time and location all of the following information which may be in the form of a copy of the report required in subdivision (e) of Section 53661:

(a) A certification that there are securities in the pool in the amounts required by Section 53652 to secure deposits.

(b) A certified report of the individual securities then on deposit in the pool with the location and total market value thereof.

(c) The total amount of deposits then reported by the depository to be secured by the pool.

53661. (a) The Commissioner of Financial Institutions shall act as Administrator of Local Agency Security and shall be responsible for the administration of Sections 53638, 53651, 53651.2, 53651.4, 53651.6, 53652, 53654, 53655, 53656, 53657, 53658, 53659, 53660, 53661, 53663, 53664, 53665, 53666, and 53667.

(b) The administrator shall have the powers necessary or convenient to administer and enforce the sections specified in subdivision (a).

(c) (1) The administrator shall issue regulations consistent with law as the administrator may deem necessary or advisable in executing the powers, duties, and responsibilities assigned by this article. The regulations may include regulations prescribing standards for the valuation, marketability, and liquidity of the eligible securities of the class described in subdivision (m) of Section 53651, regulations prescribing procedures and documentation for adding, withdrawing, substituting, and holding pooled securities, and regulations prescribing the form, content, and execution of any application, report, or other document called for in any of the sections specified in subdivision (a) or in any regulation or order issued under any of those sections.

(2) The administrator, for good cause, may waive any provision of any regulation adopted pursuant to paragraph (1) or any order issued under this article, where the provision is not necessary in the public interest.

(d) The administrator may enter into any contracts or agreements as may be necessary, including joint underwriting agreements, to sell or liquidate eligible securities securing local agency deposits in the event of the failure of the depository or if the depository fails to pay all or part of the deposits of a local agency.

(e) The administrator shall require from every depository a report certified by the agent of depository listing all securities, and the market value thereof, which are securing local agency deposits together with the total deposits then secured by the pool, to



determine whether there is compliance with Section 53652. These reports may be required whenever deemed necessary by the administrator, but shall be required at least four times each year at the times designated by the Comptroller of the Currency for reports from national banking associations. These reports shall be filed in the office of the administrator by the depository within 20 business days of the date the administrator calls for the report.

(f) The administrator may have access to reports of examination made by the Comptroller of the Currency insofar as the reports relate to national banking association trust department activities which are subject to this article.

(g) (1) The administrator shall require the immediate substitution of an eligible security, where the substitution is necessary for compliance with Section 53652, if (i) the administrator determines that a security listed in Section 53651 is not qualified to secure public deposits, or (ii) a treasurer, who has deposits secured by the securities pool, provides written notice to the administrator and the administrator confirms that a security in the pool is not qualified to secure public deposits.

(2) The failure of a depository to substitute securities, where the administrator has required the substitution, shall be reported by the administrator promptly to those treasurers having money on deposit in that depository and, in addition, shall be reported as follows:

(A) When that depository is a national bank, to the Comptroller of the Currency of the United States.

(B) When that depository is a state bank, to the Commissioner of Financial Institutions.

(C) When that depository is a federal association, to the Office of Thrift Supervision.

(D) When that depository is a savings association, to the Commissioner of Financial Institutions.

(E) When that depository is a federal credit union, to the National Credit Union Administration.

(F) When that depository is a state credit union or a federally insured industrial loan company, to the Commissioner of Financial Institutions.

(h) The administrator may require from each treasurer a registration report and at appropriate times a report stating the amount and location of each deposit together with other information deemed necessary by the administrator for effective operation of this article. The facts recited in any report from a treasurer to the administrator are conclusively presumed to be true for the single purpose of the administrator fulfilling responsibilities assigned to him or her by this article and for no other purpose.

(i) (1) If, after notice and opportunity for hearing, the administrator finds that any depository or agent of depository has violated or is violating, or that there is reasonable cause to believe that any depository or agent of depository is about to violate, any of the sections specified in subdivision (a) or any regulation or order issued under any of those sections, the administrator may order the depository or agent of depository to cease and desist from the violation or may by order suspend or revoke the authorization of the agent of depository. The order may require the depository or agent of depository to take affirmative action to correct any condition resulting from the violation.

(2) (A) If the administrator makes any of the findings set forth in paragraph (1) with respect to any depository or agent of depository and, in addition, finds that the violation or the continuation of the violation is likely to seriously prejudice the



interests of treasurers, the administrator may order the depository or agent of depository to cease and desist from the violation or may suspend or revoke the authorization of the agent of depository. The order may require the depository or agent of depository to take affirmative action to correct any condition resulting from the violation.

(B) Within five business days after an order is issued under subparagraph (A), the depository or agent of depository may file with the administrator an application for a hearing on the order. The administrator shall schedule a hearing at least 30 days, but not more than 40 days, after receipt of an application for a hearing or within a shorter or longer period of time agreed to by a depository or an agent of depository. If the administrator fails to schedule the hearing within the specified or agreed to time period, the order shall be deemed rescinded. Within 30 days after the hearing, the administrator shall affirm, modify, or rescind the order; otherwise, the order shall be deemed rescinded. The right of a depository or agent of depository to which an order is issued under subparagraph (A) to petition for judicial review of the order shall not be affected by the failure of the depository or agent of depository to apply to the administrator for a hearing on the order pursuant to this subparagraph.

(3) Whenever the administrator issues a cease and desist order under paragraph (1) or (2), the administrator may in the order restrict the right of the depository to withdraw securities from a security pool; and, in that event, both the depository to which the order is directed and the agent of depository which holds the security pool shall comply with the restriction.

(4) In case the administrator issues an order under paragraph (1) or (2) suspending or revoking the authorization of an agent of depository, the administrator may order the agent of depository at its own expense to transfer all pooled securities held by it to such agent of depository as the administrator may designate in the order. The agent of depository designated in the order shall accept and hold the pooled securities in accordance with this article and regulations and orders issued under this article.

(j) In the discretion of the administrator, whenever it appears to the administrator that any person has violated or is violating, or that there is reasonable cause to believe that any person is about to violate, any of the sections specified in subdivision (a) or any regulation or order issued thereunder, the administrator may bring an action in the name of the people of the State of California in the superior court to enjoin the violation or to enforce compliance with those sections or any regulation or order issued thereunder. Upon a proper showing a permanent or preliminary injunction, restraining order, or writ of mandate shall be granted, and the court may not require the administrator to post a bond.

(k) In addition to other remedies, the administrator shall have the power and authority to impose the following sanctions for noncompliance with the sections specified in subdivision (a) after a hearing if requested by the party deemed in noncompliance. Any fine assessed pursuant to this subdivision shall be paid within 30 days after receipt of the assessment.

(1) Assess against and collect from a depository a fine not to exceed two hundred fifty dollars (\$250) for each day the depository fails to maintain with the agent of depository securities as required by Section 53652.

(2) Assess against and collect from a depository a fine not to exceed one hundred dollars (\$100) for each day beyond the time period specified in subdivision (b) of Section 53663 the depository



negligently or willfully fails to file in the office of the administrator a written report required by that section.

(3) Assess against and collect from a depository a fine not to exceed one hundred dollars (\$100) for each day beyond the time period specified in subdivision (e) that a depository negligently or willfully fails to file in the office of the administrator a written report required by that subdivision.

(4) Assess and collect from an agent of depository a fine not to exceed one hundred dollars (\$100) for each day the agent of depository fails to comply with any of the applicable sections specified in subdivision (a) or any applicable regulation or order issued thereunder.

(1) (1) In the event that a depository or agent of depository fails to pay a fine assessed by the administrator pursuant to subdivision (k) within 30 days of receipt of the assessment, the administrator may assess and collect an additional penalty of 5 percent of the fine for each month or part thereof that the payment is delinquent.

(2) If a depository fails to pay the fines or penalties assessed by the administrator, the administrator may notify local agency treasurers with deposits in the depository.

(3) If an agent of depository fails to pay the fines or penalties assessed by the administrator, the administrator may notify local agency treasurers who have authorized the agent of depository as provided in Sections 53649 and 53656, and may by order revoke the authorization of the agent of depository as provided in subdivision (i).

(m) The amendments to this section enacted by the Legislature during the 1999-2000 Regular Session shall become operative on January 1, 2001.

53663. (a) Each agent of depository shall report in writing to the administrator within two business days after any withdrawal, substitution or addition of pooled securities and shall state the name and market value of the securities withdrawn, substituted or added together with the total deposits then secured by the pool. This information shall be available from the administrator to the treasurer upon request.

(b) Each depository shall report in writing to the administrator weekly, giving the total amount of all deposits held by such depository pursuant to this article. Such report shall be as of close of business on Wednesday of each week and shall be delivered to the office of the administrator or deposited in the United States mail, postage prepaid, addressed to the office of the administrator, within five business days. Where there has occurred no change in the deposits required to be held by the depository pursuant to this article, the report required by this subdivision need only state that fact.

53664. The individual reports specified in Sections 53654, 53660, 53661, and 53663 are not public documents and are not open to inspection by the public.

53665. If a depository fails to pay all or part of the deposits of a local agency secured by pooled securities in accordance with the contract provided for in Section 53649, and on demand of its



treasurer or other authorized official and the treasurer files a report with the administrator, or if the depository fails:

(a) In case the pooled securities consist of securities other than securities of the class described in subdivision (p) of Section 53651, the administrator shall order the agent of depository holding the pooled securities to convert into money that portion of the pooled securities necessary to produce an amount equal to the sum of (i) the deposits of the local agency, (ii) any accrued interest due on the deposits, and (iii) the reasonable expenses of the agent of depository in complying with the order of the administrator and to pay the sum of items (i) and (ii) to the treasurer in satisfaction of the deposits. The agent of depository shall be reimbursed out of the proceeds of the conversion for its reasonable expenses in complying with the order of the administrator, as approved by the administrator. Any excess moneys resulting from the conversion shall be retained by the agent of depository as part of the securities pool until the depository substitutes for the excess moneys securities having a market value sufficient to bring the total of pooled securities up to the amount required by Section 53652.

(b) In case the pooled securities consist of a security of the class described in subdivision (p) of Section 53651, the administrator shall draw on the letter of credit an amount equal to the sum of (i) the deposits of the local agency, (ii) any accrued interest on the deposits, and (iii) the reasonable expenses of the administrator in paying the deposits and pay the sum of items (i) and (ii) to the treasurer in satisfaction of the deposits.

53666. The only liability that shall attach to the administrator as the result of the operation of this article is that which would attach as a result of other laws of this state.

53667. (a) Expenses incurred by the administrator in carrying out the duties and responsibilities assigned to the administrator by the sections specified in subdivision (a) of Section 53661, shall be borne by the Local Agency Deposit Security Fund, which is hereby created and continuously appropriated to the administrator for the administration of the sections specified in subdivision (a) of Section 53661. This fund shall consist of fines levied pursuant to Section 53661, fees collected pursuant to the sections specified in subdivision (a) of Section 53661, and assessments levied pursuant to this section.

(b) Each fiscal year the administrator shall levy an assessment on a pro rata basis on those depositories which at any time during the preceding fiscal year held local agency deposits. The total assessment levied on all of those depositories shall be in an amount which, when added to the amount of fines and fees that the administrator estimates will be collected during the fiscal year when the assessment is levied, is sufficient in the judgment of the administrator to meet the expenses of the administrator in administering the sections specified in subdivision (a) of Section 53661 and to provide a reasonable reserve for contingencies. The basis of the apportionment of the assessment among the depositories assessed shall be the proportion that the average amount of local agency deposits held by each of those depositories bears to the average total amount of local agency deposits held by all of those depositories as shown by the reports of depositories to the



administrator for the preceding fiscal year, as required in subdivision (e) of Section 53661; provided, however, that the amount of the assessment levied on each of those depositories shall be not less than twenty-five dollars (\$25).

(c) The administrator shall notify each depository by mail of the amount levied against it. The depository shall pay the amount levied within 20 days after such notice into the Local Agency Deposit Security Fund for the administration of the sections specified in subdivision (a) of Section 53661. If payment is not made to the administrator within such time, the administrator shall assess and collect, in addition to the annual assessment, a penalty of 5 percent of the assessment for each month or part thereof that the payment is delinquent. If a depository fails to pay the assessment or penalties assessed by the administrator, the administrator may notify local agency treasurers with deposits in the depository.

53669. The treasurer or other authorized official is not responsible for money while it is deposited pursuant to this article.

53676. The treasurer is not responsible for securities delivered to and receipted for by any bank, savings and loan association, credit union, federally insured industrial loan company, or trust company.

53678. The charges for the handling and safekeeping of any such securities are not a charge against the treasurer but shall be paid by the depository owning the securities.

53679. So far as possible, all money belonging to a local agency under the control of any of its officers or employees other than the treasurer or a judge or officer of a municipal court shall, and all money coming into the possession of a judge or officer of a municipal court may, be deposited as active deposits in the state or national bank, inactive deposits in the state or national bank or state or federal association, federal or state credit union, or federally insured industrial loan company in this state selected by the officer, employee, or judge of the court. For purposes of this section, an officer or employee of a local agency and a judge or officer of a municipal court are prohibited from depositing local agency funds or money coming into their possession into a state or federal credit union if an officer or employee of the local agency, or a judge or officer of a municipal court, also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or supervisory committee, of the particular state or federal credit union. Such money is subject to this article except:

(a) Deposits in an amount less than that insured pursuant to federal law are not subject to this article.

For deposits in excess of the amount insured under any federal law a contract in accordance with Section 53649 is required and the provisions of this article shall apply.

(b) Interest is not required on money deposited in an active deposit by a judge or officer of a municipal court.



(c) Interest is not required on money deposited in an active deposit by an officer having control of a revolving fund created pursuant to Chapter 2 (commencing with Section 29300) of Division 3 of Title 3.

(d) Interest is not required on money deposited in an active deposit by an officer having control of a special fund established pursuant to Articles 5 (commencing with Section 29400) or 6 (commencing with Section 29430) of Chapter 2 of Division 3 of Title 3.

53679.1. Notwithstanding any other provision of law, the accounting practices of each county utilized prior to the effective date of this section relating to interest on trust funds shall be deemed appropriate and to have been made under the direction of the board of supervisors of that county. This section is declaratory of the law in existence prior to the enactment of this section.

53680. A tax collector of a local agency shall immediately deposit with the treasurer all money under his control, unless he deposits the money in a depository pursuant to this article under permission and instructions of the treasurer having authority to make such deposit.

53681. An officer or employee of a local agency who deposits money belonging to, or in the custody of, the local agency in any other manner than that prescribed in this article is subject to forfeiture of his office or employment.

53682. Notwithstanding any other provision in this article except Section 53652, the treasurer may deposit moneys in and enter into contracts with any depository, as defined in subdivision (c) of Section 53630, for services to be rendered by that depository that in the treasurer's judgment are to the public advantage. One copy of each contract entered into under this section shall be filed with the auditor or corresponding officer of the local agency. The contract shall:

- (a) Fix the duration of compensating deposits, if any.
  - (b) Fix the interest rate of that compensating deposit, if any.
  - (c) Specify the services to be rendered by the depository.
  - (d) Indicate whether the depository shall bear the expenses of transportation of the money to and from the depository.
  - (e) Fix the consideration payable by the agency for such services.
- (f) Specify who may deposit moneys into the treasurer's active account and how those persons are to make those deposits.

53683. Notwithstanding any other provision in this article, the consideration payable by the agency as specified in subdivision (e) of Section 53682 shall be paid by the treasurer by applying such consideration as costs applied on a pro rata basis against the interest earned by all the agencies for which the treasurer invests.



53684. (a) Unless otherwise provided by law, if the treasurer of any local agency, or other official responsible for the funds of the local agency, determines that the local agency has excess funds which are not required for immediate use, the treasurer or other official may, upon the adoption of a resolution by the legislative or governing body of the local agency authorizing the investment of funds pursuant to this section and with the consent of the county treasurer, deposit the excess funds in the county treasury for the purpose of investment by the county treasurer pursuant to Section 53601 or 53635.

(b) The county treasurer shall, at least quarterly, apportion any interest or other increment derived from the investment of funds pursuant to this section in an amount proportionate to the average daily balance of the amounts deposited by the local agency and to the total average daily balance of deposits in the investment pool. In apportioning and distributing that interest or increment, the county treasurer may use the cash method, the accrual method, or any other method in accordance with generally accepted accounting principles.

Prior to distributing that interest or increment, the county treasurer may deduct the actual costs incurred by the county in administering this section in proportion to the average daily balance of the amounts deposited by the local agency and to the total average daily balance of deposits in the investment pool.

(c) The county treasurer shall disclose to each local agency that invests funds pursuant to this section the method of accounting used, whether cash, accrual, or other, and shall notify each local agency of any proposed changes in the accounting method at least 30 days prior to the date on which the proposed changes take effect.

(d) The treasurer or other official responsible for the funds of the local agency may withdraw the funds of the local agency pursuant to the procedure specified in Section 27136.

(e) Any moneys deposited in the county treasury for investment pursuant to this section are not subject to impoundment or seizure by any county official or agency while the funds are so deposited.

(f) This section is not operative in any county until the board of supervisors of the county, by majority vote, adopts a resolution making this section operative in the county.

(g) It is the intent of the Legislature in enacting this section to provide an alternative procedure to Section 51301 for local agencies to deposit money in the county treasury for investment purposes. Nothing in this section shall, therefore, be construed as a limitation on the authority of a county and a city to contract for the county treasurer to perform treasury functions for a city pursuant to Section 51301.

53686. (a) Any audit conducted relating to the investment of local agency funds and other funds by the county treasurer in the county fund maintained pursuant to Section 53684 shall be rendered to the depository, the auditor, the controller, the secretary, or the corresponding officer of the local agency, the treasurer or other official responsible for the funds of any local agency that has funds on deposit in the county treasury, and the presiding judge of any superior court that has ordered, pursuant to Section 3412, Section 3413, or Section 3611 of the Probate Code, that assets of an estate



be deposited with the county treasurer for deposit or investment.

(b) Any report rendered pursuant to Section 53646 shall be provided to the treasurer or other official responsible for the funds of any local agency that has funds on deposit in the county treasury.



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# Smart Investing

## Enjoy \$50 Million in FDIC Insurance

Now through the CDARS® service, your public unit can access multi-million dollar FDIC coverage on CD investments made through a single bank.

### With CDARS, you get:

#### One Bank

Investors can access multi-million dollar FDIC insurance coverage by working with just one bank – the bank they know and trust.

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Investors negotiate one rate for each CD maturity and enjoy the option of reinvesting them through a simple process.

#### One Statement

Investors receive one easy-to-read statement summarizing all of their CD holdings.

### How does CDARS work?

Banks that offer CDARS are members of a special network. When your public unit places a large deposit with a network member, that bank uses the CDARS service to place your funds into CDs issued by other members of the network. This occurs in increments of less than the standard FDIC insurance maximum to ensure that both principal and interest are eligible for full FDIC protection. Other network members do the same things with their customers' funds. With help from a sophisticated matching system, banks exchange funds with other members of the network. These exchanges, which occur on a dollar-for-dollar basis, bring the full amount of your original deposit back to your bank. As a result, the bank can make the full amount of the deposit available for community lending purposes (the money stays local!) and your public unit can access FDIC insurance coverage from many banks while working with just one.



### What else should I know?

With access to full insurance, your public unit can say "goodbye" to surety bonds, collateralization requirements, or opening accounts at different banks in different insurable capacities. There also is no need to manually consolidate account statements or interest disbursements on a recurring basis. This reduces administrative burdens (especially during tax and financial reporting seasons) and frees up valuable time. So, your public unit can skip the extra paperwork while enjoying the peace of mind associated with access to full insurance. And, everyone can rest assured knowing that confidential information remains protected.

### How can I learn more?

Call your bank to find out if it offers the CDARS service. If not, visit [www.cdars.com](http://www.cdars.com) to locate a member bank near you. You may also call us directly at 866-776-6426 and press 2.

*The CDARS program is something every county, city, and town should investigate. With CDARS, our deposits are eligible for multi-million dollar FDIC insurance, so we don't have to track those constantly changing collateral values, and they earn a decent rate. This is a good deal for the county and its constituents; our investment dollars work harder while being backed by the 'full faith and credit' of the Federal government and our time is freed up to work on other important matters.*

– Bonita Stadler, Treasurer  
Payne County, OK

# CDARS

Public fund deposits must be placed through a CDARS Reciprocal<sup>SM</sup> transaction to ensure that the full amount of your deposit is brought back to the bank and made available for local lending. With your consent, the bank may choose to receive fee income instead of bringing the full amount of your deposits back to the bank. Under these circumstances, deposited funds would not be available for local lending, which may not satisfy your local investment goals/mandates. Funds may be submitted for placement only after a depositor enters into an agreement with a network member bank. CDARS is a registered service mark of Promontory Interfinancial Network, LLC.

Copy of document found at [www.NoNewWipTax.com](http://www.NoNewWipTax.com)

P2C.Public Funds.Nov 08





## What people say about CDARS® for Public Funds

### FROM PUBLIC FUND DEPOSITORS:

*CDARS allows us to make large investments at our local bank so the money stays in the community. And it makes every bit of our money eligible for FDIC insurance."*

– Karla McCall  
City Finance Officer  
Perham, MN

*"I have found participation in the CDARS program to be simple and a time saver. We earn very competitive interest rates on our investments while freeing up staff time. We were in the CDARS program during our last audit and passed with flying colors!"*

– Christina J. Johnson  
Treasurer  
DeKalb County, IL

*"The CDARS program is something every county, city, and town should investigate. With CDARS, our deposits are eligible for multi-million dollar FDIC insurance, so we don't have to track those constantly changing collateral values, and they earn a decent rate. This is a good deal for the county and its constituents; our investment dollars work harder while being backed by the 'full faith and credit' of the federal government and our time is freed up to work on other important matters.*

– Bonita Stadler  
Payne County Treasurer  
Stillwater, OK

### FROM LEGISLATORS:

*"This [the CDARS service] is a better deal for the city and I don't see any negatives."*

– Councilman Jim Brown  
Wapello, IA  
as quoted in *The Hawk Eye* - 5/7/2006

### FROM BANKERS

*"Thanks to CDARS, our bank has witnessed strong growth in deposits and eliminated collateral requirements on a number of large deposits. We are pleased that we can give back to this community through the use of CDARS. We are also pleased with the benefits the service offers our customers."*

– Steve Burgess  
President  
State Bank, La Crosse, WI

*"Since implementing the CDARS service, we have alleviated the need to pledge securities for several of our public fund accounts. At first I was a little skeptical about our public funds customers' acceptance of the service. As it turned out, these customers really appreciate the benefits of CDARS. They no longer have to track the value of our pledged securities, plus the hassle of pledging and releasing securities is now over."*

– John J. Blake  
Chief Executive Officer  
Peoples State Bank, Many, LA

*"CDARS is the perfect match for us and our public fund customers. It can eliminate the need for deposit collateralization, which frees up our time, frees up their time and reduces everyone's administrative tracking costs. It also allows our previously restricted funds to work harder and for their funds to be channeled back into the local community. We all win."*

– Russell L. Reinert  
CPA, Chief Financial Officer  
Central Bank & Trust Co., Hutchinson, KS

*CDARS is low-hanging fruit. It's easy to understand, simple to implement, and has helped us to attract business – including deposits from a highly sought-after local school building fund – that we otherwise would not have gotten."*

– Richard Coe  
Chief Executive Officer  
Portage Community Bank, Ravenna, OH

These testimonials may not be representative of the experience of other clients and are no guarantee of future performance or success.  
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**How Do I Find Out More About CalTRUST?**

For participation documents, additional information or questions about the CalTRUST program, visit our website at [www.caltrust.org](http://www.caltrust.org), or contact:

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**NIPOMO COMMUNITY SERVICES DISTRICT**



**Investment Advisor**

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Pooled Investment Funds For Local Agencies



INVESTMENT TRUST  
OF CALIFORNIA



### What is CalTRUST?

The CSAC Finance Corporation, along with the League of California Cities and a number of local agencies, developed CalTRUST to provide local agencies with an efficient and convenient method of pooling local assets for investment.

### Who Can Participate?

Any California local agency may participate in CalTRUST. Recently enacted legislation clarified local agencies' authority to participate in joint investment pools and streamlined the process for participation.

### How is CalTRUST Governed?

CalTRUST is a joint powers authority, established by and for local agencies, and governed by experienced local investment officers and policy-makers.

### What Types of Securities Does CalTRUST Invest In?

CalTRUST invests in fixed-income securities eligible for investment pursuant to California Government Code Sections 53601, et seq., and 53635, et seq. Investment guidelines adopted by the CalTRUST Board of Trustees may further restrict the types of investments held in the program. Leveraging within the CalTRUST program is prohibited.

### What Investment Options Does CalTRUST Provide?

CalTRUST offers the option of three accounts to provide participants with a convenient method of pooling funds. Each of the accounts seeks to attain as high a level of current income as is consistent with the preservation of principal. The accounts invest only in fixed-income oriented instruments eligible for local agency investment.

Account	Liquidity	Target Duration
Short-Term	Daily	0 - 2 Years
Medium-Term	Monthly	1.5 - 3.5 Years
Long-Term	Monthly	5 - 7 Years

### How Does CalTRUST Keep Participants Informed of Developments?

CalTRUST issues monthly statements to all participants. In addition, participants can access information regarding their specific accounts online, by logging on to the password-protected Participant Accounts section of the CalTRUST website at: [www.caltrust.org](http://www.caltrust.org)

### How Does A Local Agency Participate in CalTRUST?

Participation in CalTRUST is easy; it requires only the completion of a Participation Agreement and an Account Registration Form. All of the necessary documents are available on the CalTRUST website, at [www.caltrust.org](http://www.caltrust.org) or from any CalTRUST representative.

### Investment Trust of California

Prior to investing in CalTRUST, local agency officials should thoroughly review the Joint Powers Agreement - the governing document for the program - and the Information Statement - which provides detailed information about the program. These documents also are available online, at [www.caltrust.org](http://www.caltrust.org) or from any CalTRUST representative.

### Sponsoring Associations



COMMUNITY COLLEGE LEAGUE  
OF CALIFORNIA

