

Investment Policy

Adopted August 9, 2017

The Los Angeles Local Agency Formation Commission (LAFCO) has the authority to invest surplus funds not required for the immediate needs of the Commission.

The Commission has delegated its Executive Officer the authority to invest such funds in the following Investment Funds:

Los Angeles County Treasury Pooled Investment Fund, which is administered by the County Treasurer as delegated by the County Board of Supervisors.

Local Agency Investment Fund of the State Treasury (LAIF). LAIF is a voluntary program created by statute in 1977 and is administered by the California State Treasurer.

CalTRUST is a Joint Powers Authority (JPA) created in 2005 by the League of California Cities and the California State Association of Counties' Finance Corporation to pool local agency assets for investing purposes. (Formerly known as the Investment Trust of California). The JPA is administered by a Board of Trustees consisting of local agency professionals.

The primary objectives of the Commission's investment activities shall be in order of priority and consistent with Government Code Section 53600.5, as follows:

1. Safety of Principal

Investments should first and foremost ensure the preservation of principal. The trustee shall evaluate, or cause to be evaluated, each potential investment, seeking both quality in issuer and in underlying security or collateral. The objectives will be to mitigate credit risk and interest rate risk.

2. Liquidity

All funds shall be invested a manner which will provide sufficient liquidity to meet the operating needs of the Commission. Therefore, investments shall have maturity dates comparable with cash flow requirements of the Commission and shall allow for rapid conversion to cash, without any significant losses to the investment value.

3. Return on Investment

Investments shall be undertaken to attain market rates of return, consistent with the higher priority objectives of safety of principal and liquidity.

Investments that are not consistent with this Investment Policy are prohibited. LAFCO shall not engage in leveraged investing, including but not limited to margin accounts, hedging, or any form of borrowing for the purpose of investing.

The Commission and its Executive Officer are trustees and therefore fiduciaries authorized to invest subject to the prudent investor standard. The Executive Officer shall manage Commission investments for the Commission under the prudent investor standard, as described in Government Code Section 53600.3, and incorporated by reference. The prudent investor standard requires a trustee to exercise judgment, skill, care, and diligence under the circumstances then prevailing, included but not limited to general economic conditions and anticipated needs of the Commission.

The Executive Officer shall submit to the Commission investment reports detailing all investments in, January and July of every year, or as requested by the Commission.

This policy may be revised by the Commission in its discretion.

RESOLUTION OF LOCAL AGENCY FORMATION COMMISSION
AUTHORIZING AND REQUESTING THE INVESTMENT
OF EXCESS FUNDS IN THE
LOS ANGELES COUNTY TREASURY POOL

WHEREAS, California Government Code ("Government Code") Section 53684 allows local agencies in the County of Los Angeles (the "County") to deposit excess funds in the Los Angeles County Treasury Pool for the purpose of investment by the Treasurer and Tax Collector of the County (the "Treasurer") pursuant to Government Code Sections 53601 and 53635; and

WHEREAS, Government Code Section 6502 allows public agencies, even if outside the County to enter into joint powers agreements with the County, under which excess funds may be deposited in the County Treasury Pool; and

WHEREAS, the Local Agency Formation Commission for Los Angeles County is a local agency as that term is defined in Government Code Section 53600 and/or a public agency as that term is defined in Government Code Section 6500; and

WHEREAS, the Board of Supervisors of the County has made the Government Code Section 53684 operative in the County and has authorized such joint powers agreements; and

WHEREAS, the Executive Officer of the Local Agency Formation Commission (LAFCO) has determined that LAFCO has excess funds which are not required for immediate use; and

WHEREAS, this Commission has determined that it would be desirable to deposit the

excess funds in the County Treasury Pool for the purpose of investment pursuant to Government Code Sections 53601 and 53635.

NOW, THEREFORE, IT IS RESOLVED as follows;

1. The Executive Officer of LAFCO is hereby authorized and directed to request the Treasurer's consent to deposit in the County Treasury Pool those funds he or she deems to be excess and not required for immediate use, for the purpose of investment pursuant to Government Code Sections 53601 and 53635, and subject to the terms and conditions set forth in Government Code Section 53684 and 27136, and in accordance with the resolutions entitled "Resolution of the Board of Supervisors of the County of Los Angeles Authorizing the County Treasurer and Tax Collector to Invest Excess Funds of Public Agencies" and "Resolution of Board of Supervisors of the County of Los Angeles Authorizing the County Treasurer and Tax Collector to Invest Excess Fund of Public Agencies" adopted by the Board of Supervisors of the County of Los Angeles, on February 24, 1987, and on May 31, 1988, respectively.

2. This resolution, upon due adoption by this Commission and with the consent of the Treasurer as evidenced by his signature or that of his designated representative below, constitutes a joint powers agreement between the Local Agency Formation Commission and the County.

3. The Local Agency Formation Commission (LAFCO) hereby agrees to inform the Treasurer if and to the extent any of the LAFCO funds deposited in the County Treasury Pool pursuant to this joint powers agreement are proceeds of the issuance of bonds, certificates of participation, notes or other evidences of indebtedness ("Bond Proceeds"). If the Bond Proceeds are restricted by a certificate of the LAFCO relating to compliance with federal

tax requirement ("Nonarbitrage Certificate"), the LAFCO agrees to provide the Nonarbitrage Certificate to the Treasurer so that the Treasurer can provide the market value of the Bond Proceeds as of the rebate calculation dates as provided in the Nonarbitrage Certificate. Notwithstanding the foregoing, the County takes no responsibility and the LAFCO is solely responsible for compliance with the terms and conditions of the Nonarbitrage Certificate and of any federal tax requirements that may apply to the Bond issuance. The LAFCO will review bond documents to determine if funds can be deposited into the County Treasury Pool.

4. Without limiting the rights of LAFCO or the County's obligations under Government Code Section 53684, LAFCO agrees that the County shall not be liable for damage or losses of any nature resulting from or arising out of (i) investments made or authorized by the Treasurer in accordance with Government Code Section 53601 or Section 53635; (ii) misrepresentations or false or erroneous information provided by the LAFCO or any of its officers, employees or agents; (iii) noncompliance with investment policies or guidelines adopted by the LAFCO; (iv) violation of yield or investment limitations applicable to the funds deposited with the Treasurer for investment (such as federal arbitrage regulations with respect to the investment of proceeds of borrowings, or state or federal restrictions on the investment of grant proceeds); (v) circumstances beyond the reasonable control of the County, such as a declaration of a banking moratorium or the suspension of trading on any securities exchange; (vi) acts or omissions of the County, its officers and employees which do not constitute gross negligence or willful misconduct, or acts or omissions of the County's custodial bank, depository bank and investment manager (the "Agent Banks"), provided that LAFCO shall be subrogated to the rights of the County to pursue a claim

against the Agent Banks or any of them under the contractual arrangements between the County and the Agent Banks.

The Local Agency Formation Commission hereby agrees that the County may calculate the average daily balances of participants in the County Treasury Pool and may allocate monthly interest payments thereon pursuant to any reasonable method established by the County and consistently applied. The Local Agency Formation Commission further agrees to reimburse to the County Treasury Pool any amounts disbursed to the Local Agency Formation Commission in error promptly upon the discovery of such error or upon the request of the Treasurer.

The foregoing resolution was the 11th day of July, 2001, adopted by the Local Agency Formation Commission.

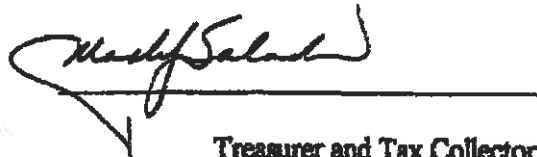


Henri F. Pellissier - Chairman



Larry J. Calamine - Executive Officer

Agreed and accepted on this 13 day of July 2001.



Treasurer and Tax Collector
of the County of Los Angeles