CITY OF LOS ALAMITOS
Community Center, Small Room
10911 Oak Street, Los Alamitos, CA 90720

BUDGET STANDING COMMITTEE AGENDA
SPECIAL MEETING

Monday, November 6, 2023 – 6:00 PM

NOTICE TO THE PUBLIC – This Agenda contains a brief general description of each item to be considered. Except as provided by law, action or discussion shall not be taken on any item not appearing on the agenda. Supporting documents, including staff reports, are available for review at City Hall in the City Clerk's Office or on the City's website at www.cityoflosalamitos.org once the agenda has been publicly posted.

Each matter on the agenda, no matter how described, shall be deemed to include any appropriate motion, whether to adopt a minute motion, resolution, payment of any bill, approval of any matter or action, or any other action. Items listed as "for information" or "for discussion" may also be the subject of an "action" taken by the Budget Standing Committee at the same meeting.

Any written materials relating to an item on this agenda submitted to the Budget Standind Committee after distribution of the agenda packet are available for public inspection online at www.cityoflosalamitos.org.

It is the intention of the City of Los Alamitos to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee, or a participant at this meeting, you will need special assistance beyond what is normally provided, please contact the City Clerk's Office at (562) 431-3538, extension 220, 48 hours prior to the meeting so that reasonable arrangements may be made.

1. **CALL TO ORDER**

2. **ROLL CALL**
   Mayor Tanya Doby
   Council Member Shelley Hasselbrink

3. **ORAL COMUNICATIONS**
   At this time, any individual in the audience may come forward to speak on any item within the subject matter jurisdiction of the Budget Standard Committee. Remarks are to be limited to not more than five minutes per speaker.

4. **CONSENT CALENDAR**
   All Consent Calendar items may be acted upon by one motion unless a Committee Member requests separate action on a specific item.

   A. **Approval of Minutes (Finance)**
   Approve the Budget Standing Committee Special Meeting Minutes of October 9, 2023.

   Recommendation: Approve the minutes of the Special Meeting of October 9, 2023.

5. DISCUSSION ITEM

A. Minimum Hourly Wage Increase Effective January 1, 2024 (Finance)

This report addresses the state-wide minimum wage increase that becomes effective January 1, 2024.

Recommendation: Recommend adoption of Resolution No. 2023-XX, entitled, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALAMITOS, CALIFORNIA, AMENDING AND RESTATING THE HOURLY RATE SCHEDULE EFFECTIVE JANUARY 1, 2024 AND REPEALING EXHIBIT B FROM RESOLUTION NO. 2022-31."

B. Investment Policy Update (Finance)

This report provides the Budget Standing Committee with an update on the City's Investment Policy and consideration of amendments for allowable investments per the State Government Code.

Recommendation: Review and discuss the City's Investment Policy and consideration of amendments for allowable investments per the State Government Code.

C. Consideration of Amendment to City's Authorized Check Signers (Finance)

This report provides the Budget Standing Committee with an update of the City's authorized check signers.

Recommendation: Review and discuss the City's authorized check signers and consider a change to add City Treasurer.

D. PERS Additional Discretionary Payment / Trust Analysis (Finance)

Since the adoption of the City's Fiscal Sustainability Plan, the Budget Standing Committee and the Los Alamitos City Council have been exploring different methods of maximizing investment opportunities that result in net savings to the City's residents.

Following work with the Budget Standing Committee that culminated a period of 18 months, a funding plan and policy was presented to Council at the November 14, 2022 meeting, adopting Resolution 2022-33, PERS Unfunded Accrued Liability Pay- Down Funding Policy.

This report provides the Budget Standing Committee with a follow-up discussion on the PERS Unfunded Actuarial Liability (UAL), and consideration of possible additional funding analysis.

Recommendation: Review and discuss the information in connection with the PERS Unfunded Actuarial Liability (UAL), and consideration of possible additional funding analysis.

E. Update to City's Credit Rating (Finance)

This report will provide an update on the City's Credit Rating.

Recommendation: Review and discuss the City's credit rating.

6. CLOSED SESSION

A. CONFERENCE WITH LABOR NEGOTIATOR (Administration)

City Negotiator:	Chet Simmons, City Manager
Employee Organization:	Teamsters Local 911
Authority:	Government Code Section 54957.6

B. CONFERENCE WITH LABOR NEGOTIATOR (Administration)

City Negotiator:	Chet Simmons, City Manager
Employee Organization:	Executive Management, Non-Represented
Authority:	Government Code Section 54957.6

C. CONFERENCE WITH LABOR NEGOTIATOR (Administration)

City Negotiator:	Chet Simmons, City Manager
Employee Organization:	Police Officers Association
Employees Authority:	Government Code Section 54957.6

7. ITEMS FROM STAFF AND THE COMMITTEE

At this time, Committee Members and Staff may also report on items not specifically described on the Agenda that are of interest to the community, provided no action or discussion is taken except to provide Staff direction to report back or to place the item on a future Agenda.

8. ADJOURNMENT

I hereby certify under penalty of perjury under the laws of the State of California, that the foregoing Agenda was posted at the Los Alamitos City Hall, 3191 Katella Ave. and online at www.cityoflosalamitos.org not less than 72 hours prior to the meeting.

Craig Koehler, Finance Director
Dated: November 2, 2023

MINUTES OF THE BUDGET STANDING COMMITTEE OF THE CITY OF LOS ALAMITOS

SPECIAL MEETING

Monday, October 9, 2023 – 4:30 p.m.

1. CALL TO ORDER

The Budget Standing Committee met for a Special Meeting at 4:34 p.m., Monday, October 9, 2023, Mayor Doby and Council Member Hasselbrink presiding.

2. ROLL CALL

Present:	Committee Members:	Mayor Doby Council Member Hasselbrink
Absent:	Committee Members:	None
Present:	Staff:	Chet Simmons, City Manager Craig Koehler, Finance Director Ron Noda, Deputy City Manager and Development Services Director

3. Oral Communications

None to report.

4. CONSENT CALENDAR

A. Approval of Minutes

Motion/Second: Doby/Hasselbrink
Unanimously Carried: The Budget Standing Committee approved the Minutes of the Special Meeting of September 11, 2023.

5. DISCUSSION ITEMS

A. Review and Discuss the Accelerated Warrant Report (Finance)

Staff provided the Committee with an overview of the proposed acceleration of the Warrant Report as recommended by the Budget Standing Committee. The Committee recommended forwarding the proposal to Council for approval. The change would be effective if approved beginning with the November Council meeting.

B. Review and Discuss Additional Staffing Needs (Finance)

The Committee received a request to add an additional Department Secretary to due increased workload and demands. The Committee recommended forwarding the request to the Council for approval.

C. Laserfiche for Police Department (Finance)

The Committee received a request to consider adding cloud-based Laserfiche technology for the Police Department. The Budget Standing Committee approved the purchase under the City Manager's approval authority.

D. Quimby In-Lieu Fees (Development Services)

Staff presented the Budget Standing Committee with a recommendation to update the In-Lieu Fees pursuant to the Quimby Act. The Committee recommended forwarding the proposed fees update to the Council for actions in connection with approval.

E. Community Center Roof Project (Development Services)

The Budget Standing Committee received an update on the damages to the Community Center building incurred from the storms in early 2023.
The committee recommended forwarding for Council approval the RFP bid award for the repairs not to exceed $1,790,952.

6. CLOSED SESSION

A. PUBLIC EMPLOYEE PERFORMANCE EVALUATION (Administration)
Title: City Manager
Authority: Government Code Section 54957

B. CONFERENCE WITH LABOR NEGOTIATOR

City Negotiator:	Chet Simmons, City Manager
Employee Organization:	Executive Management, Non-Represented
Authority:	Government Code Section 54957.6

7. ITEMS FROM STAFF AND THE COMMITTEE

None.

8. ADJOURNMENT

The meeting adjourned at 5:44 p.m.

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Craig Koehler, Finance Director

City of Los Alamitos
BUDGET STANDING COMMITTEE AGENDA REPORT

MEETING DATE: November 6, 2023 **ITEM NUMBER: 5A**

To: **Budget Standing Committee Members**

Presented By: **Craig Koehler, Director of Finance**

Subject: **Minimum Hourly Wage Increase Effective January 1, 2024**

SUMMARY

This report addresses the state-wide minimum wage increase that becomes effective January 1, 2024.

RECOMMENDATION

Recommend adoption of Resolution No. 2023-XX, entitled, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALAMITOS, CALIFORNIA, AMENDING AND RESTATING THE HOURLY RATE SCHEDULE EFFECTIVE JANUARY 1, 2024 AND REPEALING EXHIBIT B FROM RESOLUTION NO. 2022-31."

BACKGROUND

In 2016, Governor Jerry Brown signed Senate Bill 3 raising California's mandatory minimum wage to $15.00 per hour by 2022. The state saw its first increase in January 2017, as the mandatory minimum wage increased from $10.00 to $10.50 per hour. The mandatory minimum was increased in January 2018 from $10.50 to $11.00 per hour. Effective January 1, 2019, the mandatory minimum wage increased from $11.00 to $12.00 per hour. The mandatory minimum wage was increased in January 2020 from $12.00 to $13.00 per hour, and January 2021 from $13.00 to $14.00 per hour. The City's hourly rate schedule was updated to incorporate the 2022 minimum wage of $15.00 per hour, representing the final change reflected in Senate Bill 3. The 2023 minimum wage was further increased to $15.50 per hour per CPI.

DISCUSSION

Effective January 1, 2024, the state-mandated minimum wage will increase from $15.50 to $16.00 per hour. The City has five hourly classifications (Recreation Leader, Police Aid/Cadet, Police Investigator, Police Reserve, Account Clerk, Administrative Intern, and Receptionist) that must be adjusted to meet the State minimum wage. Other classifications may be impacted as a result of these changes, but staff will return with other proposed changes pending the compensation study results.

FISCAL IMPACT

Sufficient funds were budgeted for the part-time Salary accounts in the fiscal year 2023-24. Staff incorporated this scheduled wage increase into the original budget projections, so no budget amendment is necessary.

Attachment:

1. 2024 HOURLY RATE SCHEDULE
2. Exhibit A -2023-Minimum Wage Increase
3. Exhibit B- 2022 Minimum Wage Increase

CITY OF LOS ALAMITOS
HOURLY RATE SCHEDULE
Effective Januray 1, 2024

CLASS CODE	CLASSIFICATION TITLE	STEP A	STEP B	STEP C	STEP D	STEP E
905	Recreation Leader	16.00	16.80	17.64	18.52	19.45
921	Senior Recreation Leader	16.50	17.33	18.19	19.10	20.06
931	Recreation Specialist	17.33	18.20	19.11	20.06	21.06
955	Community Services Coordinator	19.95	20.95	21.99	23.09	24.25
910	Lifeguard	16.57	17.40	18.27	19.18	20.14
925	Water Safety Instructor I	17.57	18.45	19.37	20.34	21.36
935	Senior Lifeguard/Water Safety Instructor II	18.45	19.37	20.34	21.36	22.43
920	Police Aid/Cadet	16.00	16.80	17.64	18.52	19.45
945	Police Investigator	16.00	16.80	17.64	18.52	19.45
946	Police Reserve	16.00	16.80	17.64	18.52	19.45
965	Police Recruit	22.00				
970	Photo Enforcement Officer	28.79	30.23	31.74	33.33	35.00
983	Ermergency Services Coordinator	32.92	34.57	36.29	38.11	40.00
940	Account Clerk	16.00	16.80	17.64	18.52	19.45
941	Administrative Intern	16.00	16.80	17.64	18.52	19.45
944	Clerical Assistant	18.25	19.16	20.12	21.13	22.18
947	Receptionist	16.00	16.80	17.64	18.52	19.00
960	Maintenance Worker	19.30	20.27	21.28	22.34	23.46
948	Department Secretary	22.83	23.97	25.17	26.43	27.76
951	Deputy City Clerk	27.72	29.11	30.56	32.09	
971	Code Enforcement Officer	23.83	25.02	26.27	27.59	27.76
978	Senior Code Enforcement Officer	30.42	31.94	33.54	35.21	35.44
981	Special Projects Coordinator	38.20	40.11	42.12	44.22	46.44
982	Fiscal Sustainability Manager	47.44	52.18	56.92	61.03	66.40

RESOLUTION NO. 2023-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALAMITOS, CALIFORNIA, AMENDING AND RESTATING THE HOURLY RATE SCHEDULE EFFECTIVE JANUARY 1, 2024 AND REPEALING EXHIBIT B FROM RESOLUTION NO. 2022-31

WHEREAS, in 2016, Governor Jerry Brown signed Senate Bill 3 raising California's mandatory minimum wage to $15.50 per hour by 2022; and,

WHEREAS, effective January 1, 2024, the mandatory minimum will increase from $15.50 per hour to $16.00 per hour; and,

WHEREAS, the City's hourly rate schedule needs to be updated to incorporate the $16.00 per hour state-mandated minimum wage; and,

WHEREAS, effective January 1, 2024, this Resolution shall supersede and repeal Exhibit B from Resolution No. 2022-31.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LOS ALAMITOS DOES RESOLVE AS FOLLOWS:

SECTION 1. The City Council of the City of Los Alamitos, California, finds that the above recitals are true and correct.

SECTION 2. The City of Los Alamitos hourly rate schedule is hereby amended and restated, effective January 1, 2024, to read as set forth in Exhibit "A," attached hereto.

SECTION 3 The City Clerk shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 20th day of November, 2023.

____
Tanya Doby, Mayor

ATTEST:

____
Windmera Quintanar, MMC, City Clerk

APPROVED AS TO FORM:

____
Michael S. Daudt, City Attorney

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
CITY OF LOS ALAMITOS)

I, Windmera Quintanar, MMC, City Clerk, of the City of Los Alamitos, do hereby certify that the foregoing Resolution was adopted at a Regular meeting of the City Council held on the 20th day of November 2023, by the following vote, to wit:

AYEs: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:
ABSTAIN: COUNCILMEMBERS:

____
Windmera Quintanar, MMC, City Clerk

RESOLUTION NO. 2022-31

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALAMITOS, CALIFORNIA, AMENDING AND RESTATING THE HOURLY RATE SCHEDULE EFFECTIVE JANUARY 1, 2023 AND REPEALING EXHIBIT B FROM RESOLUTION NO. 2021-27

WHEREAS, in 2016, Governor Jerry Brown signed Senate Bill 3 raising California's mandatory minimum wage to $15.00 per hour by 2022; and,

WHEREAS, effective January 1, 2023, the mandatory minimum wage will increase from $15.00 to $15.50 per hour; and,

WHEREAS, the City's hourly rate schedule needs to be updated to incorporate the $15.50 per hour state mandated minimum wage; and,

WHEREAS, effective January 1, 2023, this Resolution shall supersede and repeal Exhibit B from Resolution No. 2021-27.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LOS ALAMITOS DOES RESOLVE AS FOLLOWS:

SECTION 1. The City Council of the City of Los Alamitos, California, finds that the above recitals are true and correct.

SECTION 2. The City of Los Alamitos hourly rate schedule is hereby amended and restated, effective January 1, 2023, to read as set forth in Exhibit "A," attached hereto.

SECTION 3 The City Clerk shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 14th day of November, 2022.

____
Shelley Hasselbrink, Mayor

ATTEST:

____
Windmera Quintanar, MMC, City Clerk

APPROVED AS TO FORM:

____
Michael S. Daudt, City Attorney

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
CITY OF LOS ALAMITOS)

I, Windmera Quintanar, MMC, City Clerk, of the City of Los Alamitos, do hereby certify that the foregoing Resolution was adopted at a Regular meeting of the City Council held on the 14th day of November 2022, by the following vote, to wit:

AYEs: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:
ABSTAIN: COUNCILMEMBERS:

____
Windmera Quintanar, MMC, City Clerk

City of Los Alamitos
BUDGET STANDING COMMITTEE AGENDA REPORT

MEETING DATE: November 6, 2023 **ITEM NUMBER: 5B**

To: **Budget Standing Committee Members**

Presented By: **Craig Koehler, Director of Finance**

Subject: **Investment Policy Update**

SUMMARY

This report provides the Budget Standing Committee with an update on the City's Investment Policy and consideration of amendments for allowable investments per the State Government Code.

RECOMMENDATION

Review and discuss the City's Investment Policy and consideration of amendments for allowable investments per the State Government Code.

BACKGROUND

The Investment Policy provides the guidelines for prudent investment of the City's reserve cash and outlines the policies essential to ensuring the safety and financial strength of the City's investment portfolio. The City's Investment Policy is reviewed on an annual basis for submission and approval by the City Council.

The City's investment portfolio consists primarily of Certificates of Deposit, U.S. Government Agency Securities and investment in the Local Agency Investment Fund (State Investment Pool - LAIF). It should be noted that City's permitted investments are more restrictive than the State guidelines.

The City's primary objectives, in order of priority, remain as follows:

1. Safety of principal,
2. Liquidity, and
3. Yield.

While investment risk is associated with any investment activity, there is also an opportunity risk related to inactivity. The goals and objectives will be to actively manage the City's idle cash to earn a greater yield while prioritizing safety and liquidity.

DISCUSSION

The Investment Policy is reviewed and presented to the Council each year. The last report was dated September 19, 2022. Attached is a copy of the Council report and current Investment

Policy (Attachment 1).

Within the constraints of the investment guidelines, the investment portfolio has increased from $11.8 million (March 2020) to $27.4 million in a little over three years (March 2020 to June 2023), and has resulted in approximately a half a million dollars in investment revenue (before adjustments).

To maximize the City's earnings potential on its investment portfolio and be in compliance with investment guidelines as promulgated by the California Debt Advisory Committee (CDIAC), it is recommended that the Investment Policy be amended to expand the allowable investment instruments to be in line with State Government Code, with the noted excluded exceptions.

Attached is the California Allowable Investments as of January 1, 2023, as defined by CDIAC (Attachment 2).

The proposed additional allowable investment instruments and changes include:

- Commercial Paper Non-Pooled Funds up to a maximum of 270 days or less (change from current 180 days).

This change could add approximately 20 basis points (from 5.60% for 180 days to 5.80% for 270 days). The resulting change could increase the interest generated from the $1 million commercial paper portfolio holdings. More importantly, it would provide broader access to some larger AAA issuers and result in more secure holdings.

- Joint Powers California Asset Management Program Pool (CAMP).

The California Asset Management Program (CAMP) has existed since 1989. The investment option is for agencies with known cash flows to have the opportunity to optimize interest earnings. The current seven-day yield for CAMP is 5.55% versus LAIF at 3.59%. Since LAIF is slower to adjust to the market than the CAMP index, the resulting change to include investment in CAMP would add over 200 basis points to provide more significant earnings potential. For example, a CAMP portfolio balance of $2 million would result in approximately $40,000 in additional annual interest earnings. The CAMP pool would be used with LAIF to provide an additional investment portfolio tool to maximize interest earnings.

As previously defined, allowable investment instruments specifically exclude reverse repurchase agreements, derivatives, options, futures, zero coupon bonds, inverse floaters, range notes, first mortgages or trust deeds, collateralized mortgage obligations (CMOs), limited partnerships, real estate investment trusts (REIT's), open-end mutual funds, closed-end mutual funds, mutual funds with a weighted average maturity greater than 180 days, unregulated and/or uninsured investment pools, common stock, preferred stock, commodities, precious metals, securities with high price volatility, limited marketability (less than three active bidders), securities that may default on interest payments and any other speculative investment deemed inappropriate under the Prudent Investor standard, all having terms of five years or less to maintain liquidity. A draft policy has been redlined to reflect the proposed changes (Attachment 3).

The City currently utilizes three SEC-licensed brokers, including a Minority Business Enterprise (MBE) firm, for obtaining investments under the City's investment guidelines and policy to provide diversity and control to the investment portfolio (Attachment 4).

Next Steps

If the BSC approves the recommendations, staff will present a draft resolution (Attachment 5) for Council consideration requesting changes to amend the City’s Investment Policy to be consistent with the State Government Code, with the noted exceptions.

FISCAL IMPACT

There is no direct fiscal impact on allowing the requested changes, but there is the potential for increased interest earnings with the expansion of available investment options under the State Government Code.

Attachment:
1. Investment Policy - 9.19.22
2. Allowable Investments CDIAC January 2023
3. Investment Policy Redlined
4. Authorized Investment Brokers
5. Resolution 2023-XX - Annual Investment Policy

RESOLUTION NO. 2022-28

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALAMITOS, CALIFORNIA, ADOPTING THE STATEMENT OF INVESTMENT POLICY DATED SEPTEMBER 2022

WHEREAS, Government Code 53646(a) (2) states that the treasurer of a local agency may annually present a statement of investment policy to the legislative body; and,

WHEREAS, it is the City's policy to annually adopt the Statement of Investment Policy; and,

WHEREAS, the Statement of Investment Policy is intended to provide guidelines for the prudent investment of the City's temporarily idle cash and to outline the policies for maximizing the efficiency of the City's cash management system.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LOS ALAMITOS DOES RESOLVE AS FOLLOWS:

SECTION 1. The City Council of the City of Los Alamitos, California, finds that the above recitals are true and correct.

SECTION 2. The City Council of the City of Los Alamitos hereby adopts the Statement of Investment Policy, dated September 2022 attached hereto as Exhibit "A."

SECTION 3. The City Clerk shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 19th day of September, 2022.

____
Shelley Hasselbrink, Mayor

ATTEST:

____
Windmera Quintanar, MMC, City Clerk

APPROVED AS TO FORM:

____
Michael S. Daudt, City Attorney

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
CITY OF LOS ALAMITOS)

I, Windmera Quintanar, MMC, City Clerk, of the City of Los Alamitos, do hereby certify that the foregoing Resolution was adopted at a Regular meeting of the City Council held on the 19th day of September 2022, by the following vote, to wit:

AYES:	COUNCILMEMBERS:	Doby, Chirco, Hasselbrink, Nefulda
NOES:	COUNCILMEMBERS:	None
ABSENT:	COUNCILMEMBERS:	None
ABSTAIN:	COUNCILMEMBERS:	None

____
Windmera Quintanar, MMC, City Clerk

City of Los Alamitos

Statement of Investment Policy
September 2022

This Statement of Investment Policy ("Policy"), as set forth by the City of Los Alamitos ("City"), provides the guidelines for prudent investment of the City's idle or reserve cash and outlines the policies essential to ensuring the safety and financial strength of the City's investment portfolio.

This Policy is based on the principles of prudent money management and conforms to all applicable Federal and State Laws governing the investment of public funds. In instances in which the Policy is more restrictive than Federal or State Law, the Policy will supersede.

1. Purpose: This statement sets forth policies which shall govern the investment of the City's funds. It will be used by the City Treasurer and other City officials and staff, as well as all other third-party providers of investment or investment related services. Its purpose is to direct the prudent investment and protection of the City's funds and investment portfolio, in compliance with the requirements of California Government Code Section 53600 et. seq.

2. Application: It is intended that this policy cover all short-term operating funds and investment activities under the direct authority of the City. These funds are described in the City's annual financial report and include:

General Fund
Special Revenue Funds
Capital Projects Funds
Internal Service Funds

Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

This investment policy does not apply to Bond Proceeds. California Government Code Section 5922(d) authorizes bond, certificates of participation notes and other debt issue proceeds to be invested in accordance with the related offering documentation. This Code Section recognizes the unique needs and objectives of such proceeds.

3. Regulation:

A. Investment Objectives

It is the policy of the City to invest public funds in a manner which will provide for the preservation of capital while meeting the daily cash flow requirements of the City, and attaining a reasonable rate of return within an acceptable and defined level of risk.

The Policy has three primary objectives in order of priority:

Preservation of Capital (Safety) – The protection of principal is the foremost consideration when undertaking investment decisions that affect public funds. The objective is to mitigate credit risk and interest rate risk.
Credit Risk is the risk of loss of principal due to the failure of the security issuer. Credit Risk can be mitigated by:
Limiting investments to the safest types of securities.
Pre-qualifying accountants, auditors, financial institutions, broker/dealers, financial advisors and other outside consultants with which the City does business.
Diversifying the investment portfolio so that potential losses are minimized
Interest Rate Risk is the risk that the market value of securities will fall due to a rise in general market interest rates. It is the policy of the City to hold individual securities to maturity in an effort to meet liquidity demands. Interest rate risk can be mitigated by:
Holding individual securities to maturity - Structuring the investment portfolio so that securities mature to meet cash flow requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
Employing a laddering strategy whereby staggering maturities of individual securities so that bonds come due in increments assuring an overall liquidity pattern.
Limiting maturities of individual securities and the average maturity of the overall portfolio.
Liquidity – the investment portfolio shall remain sufficiently liquid to meet all daily cash flow and operating requirements that may be reasonably expected or anticipated.
Yield – the investment portfolio shall be designed with the objective of attaining a benchmark rate of return throughout budgetary and economic cycles, consistent with the primary objectives of safety and liquidity.

B. Legal and Policy Constraints

The authority governing investments for municipal government agencies is set forth in the California Government Code Section 53600, et. seq. In all instances, the City of Los Alamitos shall comply with the requirements of state law.

In addition to the requirements of state law, it is the investment philosophy of the City to make investment decisions based on an overall passive management style that embodies a prudent investor standard and purchases investments with the intent to hold until maturity.

Accordingly, the City's conservative philosophy prohibits active trading and speculation; i.e., the purchase of securities with the intent to profit from favorable market changes in market prices or market conditions. Leveraging or borrowing money for the purpose of investing is specifically prohibited. However, the City may elect to sell a security prior to its maturity and record a capital gain or loss in order to improve the quality, liquidity, or yield of the portfolio in response to market conditions or City needs.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

C. Safekeeping of Securities

To protect against fraud or embezzlement or losses caused by collapse of an individual securities dealer, all securities owned by the City shall be held in safekeeping by a third-party bank trust department. Designated third party shall act as agents for the City under the terms of a custody agreement. All trades executed by a dealer will settle delivery vs. payment (DVP) through the City's safekeeping agent. Investment officials shall be bonded to protect the public against possible embezzlement or malice. Securities held in custody for the City shall be independently audited on an annual basis to verify investment holdings.

D. Maturity and Term

California Government Code Section 53601 states that except as otherwise allowed:

No investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement authorized by this section, which at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment.

The City of Los Alamitos administers funds according to cash flow requirements. As a result, there is a core of funds that are not necessary for the daily operational needs of the City for paying expenses. From time-to-time market conditions of fixed income markets present opportunities for higher interest rates on high grade securities with a low-risk exposure. It is in the best interest of the City of Los Alamitos to practice a fully diversified investment plan that will ensure safety, liquidity, and the increase of acceptable yield from these situations.

To the extent possible, the City of Los Alamitos will attempt to match its investments with anticipated cash flow requirements.

Maturities of investments will be selected based on liquidity requirements to minimize interest rate risk and maximize earnings. Current and expected yield curve analysis will be monitored and the portfolio will be invested accordingly.

Market risk, the risk of market value fluctuations due to changes in the general level of interest rates, is mitigated by limiting the weighted average maturity of the portfolio along with a laddered structure. The weighted average maturity of the pooled portfolio should not exceed three years. At least 30% of the portfolio should have a maturity of 1 year or less with the balance of the portfolio laddered with maturities ranging from 1 to 5 years.

No securities can be purchased with a maturity greater than five years without the prior approval of the City Council.

E. Investment Authority

The City Treasurer is authorized to make investments on behalf of the City of Los Alamitos. Such investments shall only be limited to the instruments authorized under California Government Code Sections 53601 and 53635 and further described in Appendix A and B.

All investments of the City of Los Alamitos shall be approved by the City Manager, or their designee.

No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the City Treasurer.

Officers and employees of the City of Los Alamitos involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the City Treasurer any material financial interests in financial institutions that conduct business with the City of Los Alamitos, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City of Los Alamitos, particularly with regard to the time of purchases and sales. The City Treasurer shall make similar disclosures to the City Council. Under no circumstances shall investment officers or employees accept gifts, trips, or any type of gratuity from individuals or institutions engaged in investment practices with the City of Los Alamitos.

F. Transfer of Investment Funds

The transferring of investment funds will be carried out exclusively by use of telephonic or electronic wire transfers. Each entity with which the City does business shall receive, in writing from the City Treasurer, a listing which limits transfers of funds to preauthorized bank accounts only. The listing will also contain the names of City staff authorized to request such transfers and will be updated, in writing, for all changes of authorized staff and bank accounts, as necessary.

G. Deposits

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

The bank or savings and loan must secure the active and inactive deposits with eligible securities having a market value of 110% of the total amount of the deposits. The investment officer may, at his/her discretion, waive security for that portion of a deposit which is insured pursuant to federal law. Currently, the first $250,000 of a deposit is federally insured. It is the City's policy to waive this collateral requirement for the first $250,000 because it is possible to receive a higher rate.

The City will not maintain a deposit that is above the FDIC insured level. This will include the accrued interest on the deposit.

H. Permitted Investments

Investments shall be made only in those instruments specifically authorized by California State laws (Government Code Sections 53600-53609), and to no greater an extent than those authorized by those laws.

The City's specific permitted investment guidelines are listed in Appendix A, with the noted restricted instruments A Glossary and a summary of the State of California Statues Applicable to Municipal Investments and is provided in Appendix B and C.

State and Federal laws notwithstanding, any investment not specifically described herein including, but not limited to, reverse repurchase agreements, derivatives, options, futures, zero coupon bonds, inverse floaters, range notes, first mortgages or trust deeds, collateralized mortgage obligations (CMO's), limited partnerships, real estate investments trusts (REIT's), open-end mutual funds, closed-end mutual funds, mutual funds with a weighted average maturity greater than 180 days, unregulated and/or uninsured investment pools, common stock, preferred stock, commodities, precious metals, securities with high price volatility, limited marketability (less than three active bidders), securities that may default on interest payments and any other speculative investment deemed inappropriate under the Prudent Investor standard are strictly prohibited. In addition, any investment transaction that might impair public confidence in the City of Los Alamitos government is to be avoided.

I. Diversification

The City of Los Alamitos shall diversify its investments by security type and institution. The City recognizes diversification is an investment strategy that will mitigate risk in the investment portfolio. The City's investment portfolio shall be diversified to avoid incurring unreasonable and avoidable risks with regard to specific investment types. Within investment types, the City shall also maintain a mix of securities to avoid concentrations within individual financial institutions, geographic areas, industry types and maturities. The City will only invest in fixed rate securities.

J. Performance Standards

The investment portfolio shall be designed with the objective of obtaining a rate of return, throughout budgetary and economic cycles, commensurate with investment risk constraints and cash flow needs.

Since the weighted average maturity of the pooled portfolio cannot exceed three years, the investment portfolio shall be designed to attain a market-average rate of return comparable to the Merrill Lynch 1-5 Year Federal Agency Index, on a total return basis, excluding the funds maintained in money market accounts.

K. Reporting

In accordance with California Government Code Sections 53607 and 53646, the City Treasurer and the City Manager shall render quarterly reports to the City Council showing: (a) type of investment; (b) institution; (c) date of maturity; (d) amount of deposit; (e) current market value for all securities with a maturity of more than twelve (12) months; (f) rate of interest on each security; and (g) such other data as the City Council may, from time to time, specify. (This section is applicable when the City Treasurer has invested in other types of securities other than LAIF.)

The City Treasurer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

L. Policy Review

1. Annual Statement of Investment Policy

The City Treasurer and the City Manager shall annually render to the City Council a Statement of Investment Policy which Statement shall be adopted by the City Council.

2. Periodic Review

To ensure a statement which is consistent with any new relevant legislation and financial trends, the City Treasurer shall periodically report to the City Council proposed changes and amendments to this document for review and approval. In any event, all changes in state law affecting this policy shall be considered incorporated immediately upon their effective date unless otherwise adopted earlier by action of the City Council.

M. Qualified Dealers

The City of Los Alamitos shall purchase authorized investments either directly from the issuer or shall be purchased either from an institution licensed from the State as a broker dealer, as defined in the Corporations Code, or from a member of the federally regulated securities exchange, from a national or state chartered bank, from a savings association or federal association, or from a brokerage firm designated as a primary or regional government dealer.

The City Treasurer will maintain a list of financial institutions formally authorized to provide investment services. The City Treasurer shall formally authorize investment brokers to provide investment services to the City. Investment Brokers may be Primary Dealers or Regional Brokers and licensed to do business in the State of California. Brokers must complete a broker questionnaire which includes proof of Financial Industry Regulatory Authority (FINRA) certification, proof of State registration and execute a certification that the Broker's employees and supervisory personnel have read and understand the City's Investment Policy. The City Treasurer may conduct periodic reviews of the approved list of investment brokers and may remove a firm from the approval list at any time due to any failure to comply with any of the above criteria, failure to execute a transaction, any change in broker/dealer staff, or any action, event or failure to act which, in the sole discretion of the City Treasurer, is materially adverse to the best interest of the City of Los Alamitos.

APPENDIX A -Permitted Investments

DEPOSITORY SERVICES

Active deposits are demand or checking accounts which receive revenues and pay disbursements.

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

Inactive deposits are Certificates of Deposit issued in any amount for periods of time as short as fourteen days and as long as several years. Interest must be calculated on a 360 day basis, actual number of days.

Passbook savings account is similar to an inactive deposit except not for a fixed term. The interest rate is much lower than Certificates of Deposit, but the savings account allows for flexibility. Funds can be deposited and withdrawn according to daily operational needs.

INVESTMENT SECURITIES

U.S. Treasury Issues are direct obligations of the United States Government. These issues are called bills, notes, and bonds. The maturity range of new issues is from 13 weeks (T-Bills) to 30 years (T-Bonds). These are highly liquid and are considered the safest investment security.

Federal Agency Issues are issued by direct U. S. Government agencies or quasi-government agencies. These issues are guaranteed directly or indirectly by the United States Government. Examples of these securities are Federal Home Loan Bank (FHLB) notes, Federal National Mortgage Association (FNMA) notes, Federal Farm Credit Bank (FFCB) notes, Federal Home Loan Mortgage Corporation (FHLMC) notes, Federal Intermediate Credit Bank (FICB) debentures, Small Business Administration (SBA) notes, Government National Mortgage Association (GNMA) notes, and Student Loan Association (SALLMAE) notes.

Certificates of Deposit are investments for inactive funds issued by banks, savings and loans, and credit unions. Investments of $250,000 are insured respectively by Federal Deposit Insurance Corporation (FDIC), and the National Credit Union Share Insurance Fund (NCUSIF). Certificates of Deposit can be issued from 14 days to several years in maturity allowing the City investment of funds to be matched to cash flow needs. For deposits exceeding $250,000 , the financial institution is required to collateralize the investment with 110% government securities. The City does not accept 150% collateral (First Trust Deeds) or 105% Letters of Credit (L.C.).

A **Non-Negotiable Certificate of Deposit** is a promissory note issued by a depository institution (such as a bank, credit union, a saving association, etc.) that usually carries a penalty for early withdrawal and does not have a CUSIP.

Negotiable Certificates of Deposit are issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank and are assigned a CUSIP.

Local Agency Investment Fund (LAIF) is a special fund in the State Treasury which local agencies may use to deposit funds for investment. There is no minimum investment period and the minimum transaction is $5,000, in multiples of $1,000 above that, with a maximum of $50 million for any agency. It offers high liquidity because deposits can be converted to cash in twenty-four hours and no interest is lost. All interest is distributed to those agencies participating on a proportionate share determined by the amounts deposited and the length of time they are deposited. Interest is paid quarterly by electronic deposit to a designated bank account.

The State keeps an amount for reasonable costs of making the investments. State law provides that administrative costs are not to exceed 5% of quarterly earnings of the fund. However, if the 13-week Daily Treasury Bill Rate on the last day of the fiscal year is below 1%, then administrative costs shall not exceed 8% of quarterly earnings of the fund for the subsequent fiscal year.

Local Agency Bonds are bonds issued by other local agencies, maximum maturity 5 years, no maximum specified percentage of portfolio, no minimum quality requirements, Government Code 53601(a).

State Obligations – CA and others are obligations issued by California and other states, maximum maturity 5 years, no maximum specified percentage of portfolio, no minimum quality requirements, Government Code 53601(c)(d).

California Local Agency Obligations are obligations issued by local agencies within California, maximum maturity 5 years, no maximum specified percentage of portfolio, no minimum quality requirements, Government Code 53601(e).

Bankers' Acceptances are a negotiable piece of paper that functions like a post-dated check. A bank, rather than an account holder, guarantees the payment. Banker's acceptances (also known as bills of exchange) are used by companies as a relatively safe form of payment for large transactions. BAs can also be short-term debt instruments, similar to U.S. Treasury bills, that trade at a discount to face value, maximum maturity 180 days, specified at 40% maximum percentage of portfolio, no minimum quality requirements, Government Code 53601(g).

Placement Service Deposits are deposit placement services, which enables funds to be placed in demand deposit accounts, money market deposit accounts, or both, maximum maturity 5 years, specified 50% maximum percentage of portfolio, no minimum quality requirements, Government Code 53601.8 and 53635.8.

Placement Service Certificates of Deposit are certificates of deposit placed by a service on behalf of banks and credit unions that are FDIC or NCUA insured, 5 years maximum maturity, specified 50% maximum percentage of portfolio, no minimum quality requirements, Government Code 53601.8 and 53635.8.

Collaterized Bank Deposits are protected public funds backed by a collateriztion agreement to protect the principal in the event of failure by the financial institution, maximum maturity 5 years, no maximum specified percentage of portfolio, no minimum quality requirements, Government Code 53630 et seq, and 53601(n).

Mortgage Pass-Through and Asset-Backed Securities are pools of fixed-income securities backed by a package of assets. A servicing intermediary collects the monthly payments from issuers and, after deducting a fee, remits or passes them through to the holders of the pass-through security or entities who have invested in it). A pass-through security is also known as a "pay-through security" or a "pass-through certificate "though technically the certificate is the evidence of interest or participation in a pool of assets that signifies the transfer of payments to investors; it's not the security itself; maturity maximum maturity 5 years or less; specified maximum of 20% of portfolio; AA rating or better; Government Code 53061(o).

Commercial Paper Non- Pooled Funds (under $100 million investments) – are short-term money market instruments that is used for obtaining short-term funding secured by a promissory note; maximum maturity 180 days or less, specified maximum of 25% of portfolio, rating of highest letter by NRSRO, Government Code 53601(h)(2)(c).

Medium Term Notes – are securities that are collaterized in an amount equal to their full outstanding principal amount; maximum maturity 5 years or less, specified maximum 30% of portfolio, A rating or better, Government Code 53601(k).

County Pooled Investment Funds are investments that are combined in a pool from all participating members and share in the performance of the pooled money; generally large county pools like Orange County Investment Pool (OCIP), no specified maturity but would default to 5 years maximum, no maximum specified percentage of portfolio, no minimum quality requirements, Government Code 27133.

Public Bank Obligations are obligations issued by a public bank or financial institution, in which a state, municipality, or public actors are the owners. It is an enterprise under government control. Prominent among current public banking models are the Bank of North Dakota, the German public bank system, and many nations' postal bank systems, maximum maturity 5 years, no specified percentage of portfolio, no minimum quality requirements, Government Code 53601(r), 53635(c), and 57603.

CUSIP (Committee on Uniform Security Identification Procedures) is a nine-character alphanumeric code that identifies a North American financial security for the purposes of facilitating clearing and settlement of trades.

FIGURE 1

ALLOWABLE INVESTMENT INSTRUMENTS PER STATE GOVERNMENT CODE (AS OF JANUARY 1, 2023)[A] APPLICABLE TO ALL LOCAL AGENCIES[B]

See "Table of Notes for Figure 1" on the next page for footnotes related to this figure.

INVESTMENT TYPE	MAXIMUM MATURITY[C]	MAXIMUM SPECIFIED % OF PORTFOLIO[D]	MINIMUM QUALITY REQUIREMENTS	GOV'T CODE SECTIONS
Local Agency Bonds	5 years	None	None	53601(a)
U.S. Treasury Obligations	5 years	None	None	53601(b)
State Obligations— CA And Others	5 years	None	None	53601(c) 53601(d)
CA Local Agency Obligations	5 years	None	None	53601(e)
U.S Agency Obligations	5 years	None	None	53601(f)
Bankers' Acceptances	180 days	40%[E]	None	53601(g)
Commercial Paper—Non-Pooled Funds[F] (under $100,000,000 of investments)	270 days or less	25% of the agency's money[G]	Highest letter and number rating by an NRSRO[H]	53601(h)(2)(c)
Commercial Paper—Non-Pooled Funds (min. $100,000,000 of investments)	270 days or less	40% of the agency's money[G]	Highest letter and number rating by an NRSRO[H]	53601(h)(2)(c)
Commercial Paper— Pooled Funds[I]	270 days or less	40% of the agency's money[G]	Highest letter and number rating by an NRSRO[H]	53635(a)(1)
Negotiable Certificates of Deposit	5 years	30%[J]	None	53601(i)
Non-negotiable Certificates of Deposit	5 years	None	None	53630 et seq.
Placement Service Deposits	5 years	50%[K]	None	53601.8 and 53635.8
Placement Service Certificates of Deposit	5 years	50%[K]	None	53601.8 and 53635.8
Repurchase Agreements	1 year	None	None	53601(j)
Reverse Repurchase Agreements and Securities Lending Agreements	92 days[L]	20% of the base value of the portfolio	None[M]	53601(j)
Medium-Term Notes[N]	5 years or less	30%	"A" rating category or its equivalent or better	53601(k)
Mutual Funds And Money Market Mutual Funds	N/A	20%	Multiple[P,Q]	53601(l) and 53601.6(b)
Collateralized Bank Deposits[R]	5 years	None	None	53630 et seq. and 53601(n)
Mortgage Pass-Through and Asset-Backed Securities	5 years or less	20%	"AA" rating category or its equivalent or better	53601(o)
County Pooled Investment Funds	N/A	None	None	27133
Joint Powers Authority Pool	N/A	None	Multiple[S]	53601(p)
Local Agency Investment Fund (LAIF)	N/A	None	None	16429.1
Voluntary Investment Program Fund[T]	N/A	None	None	16340
Supranational Obligations[U]	5 years or less	30%	"AA" rating category or its equivalent or better	53601(q)
Public Bank Obligations	5 years	None	None	53601(r), 53635(c) and 57603

TABLE OF NOTES FOR FIGURE 1

[A] Sources: Sections 16340, 16429.1, 27133, 53601, 53601.6, 53601.8, 53630 et seq., 53635, 53635.8, and 57603.

[B] Municipal Utilities Districts have the authority under the Public Utilities Code Section 12871 to invest in certain securities not addressed here.

[C] Section 53601 provides that the maximum term of any investment authorized under this section, unless otherwise stated, is five years from the settlement date. However, the legislative body may grant express authority to make investments either specifically or as a part of an investment program approved by the legislative body that exceeds this five year remaining maturity limit. Such approval must be issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit.

[D] Percentages apply to all portfolio investments regardless of source of funds. For instance, cash from a reverse repurchase agreement would be subject to the restrictions.

[E] No more than 30 percent of the agency's money may be in bankers' acceptances of any one commercial bank.

[F] Includes agencies defined as a city, a district, or other local agency that do not pool money in deposits or investment with other local agencies, other than local agencies that have the same governing body.

[G] Local agencies, other than counties or a city and county, may purchase no more than 10 percent of the outstanding commercial paper and medium-term notes of any single issuer.

[H] Issuing corporation must be organized and operating within the U.S., have assets in excess of $500 million, and debt other than commercial paper must be in a rating category of "A" or its equivalent or higher by a nationally recognized statistical rating organization, or the issuing corporation must be organized within the U.S. as a special purpose corporation, trust, or LLC, have program wide credit enhancements, and have commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical rating agency.

[I] Includes agencies defined as 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. Local agencies that pool exclusively with other local agencies that have the same governing body must adhere to the limits set forth in Section 53601(h)(2)(C).

[J] No more than 30 percent of the agency's money may be in negotiable certificates of deposit that are authorized under Section 53601(i).

[K] Effective January 1, 2020, no more than 50 percent of the agency's money may be invested in deposits, including certificates of deposit, through a placement service as authorized under 53601.8 (excludes negotiable certificates of deposit authorized under Section 53601(i)). On January 1, 2026, the maximum percentage of the portfolio reverts back to 30 percent. Investments made pursuant to 53635.8 remain subject to a maximum of 30 percent of the portfolio.

[L] Reverse repurchase agreements or securities lending agreements may exceed the 92-day term if the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity dates of the same security.

[M] Reverse repurchase agreements must be made with primary dealers of the Federal Reserve Bank of New York or with a nationally or state chartered bank that has a significant relationship with the local agency. The local agency must have held the securities used for the agreements for at least 30 days.

[N] "Medium-term notes" are defined in Section 53601 as "all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States."

[O] No more than 10 percent invested in any one mutual fund. This limitation does not apply to money market mutual funds.

[P] A mutual fund must receive the highest ranking by not less than two nationally recognized rating agencies or the fund must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of $500 million, and has at least five years' experience investing in instruments authorized by Sections 53601 and 53635.

[Q] A money market mutual fund must receive the highest ranking by not less than two nationally recognized statistical rating organizations or retain an investment advisor registered with the SEC or exempt from registration and who has not less than five years' experience investing in money market instruments with assets under management in excess of $500 million.

[R] Investments in notes, bonds, or other obligations under Section 53601(n) require that collateral be placed into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, among other specific collateral requirements.

[S] A joint powers authority pool must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of $500 million, and has at least five years' experience investing in instruments authorized by Section 53601, subdivisions (a) to (o).

[T] Local entities can deposit between $200 million and $10 billion into the Voluntary Investment Program Fund, upon approval by their governing bodies. Deposits in the fund will be invested in the Pooled Money Investment Account.

[U] Only those obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less.

City of Los Alamitos

Statement of Investment Policy
November~~September~~ 2023~~2~~

This Statement of Investment Policy ("Policy"), as set forth by the City of Los Alamitos ("City"), provides the guidelines for prudent investment of the City's idle or reserve cash and outlines the policies essential to ensuring the safety and financial strength of the City's investment portfolio.

This Policy is based on the principles of prudent money management and conforms to all applicable Federal and State Laws governing the investment of public funds. In instances ~~in which~~where the Policy is more restrictive than Federal or State Law, the Policy will supersede.

1. Purpose: This statement sets forth policies ~~which~~ that shall govern the investment of the City's funds. It will be used by the City Treasurer and other City officials and staff, as well as all other third-party providers of investment or ~~investment related~~investment-related services. Its purpose is to direct the prudent investment and protection of the City's funds and investment portfolio~~,~~ in compliance with the requirements of California Government Code Section 53600 et. seq.

2. Application: It is intended that this policy cover all short-term operating funds and investment activities under the direct authority of the City. These funds are described in the City's annual financial report and include:

General Fund
Special Revenue Funds
Capital Projects Funds
Internal Service Funds

Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

This investment policy does not apply to Bond Proceeds. California Government Code Section 5922(d) authorizes bond, certificates of participation notes and other debt issue proceeds to be invested in accordance with the related offering documentation. This Code Section recognizes the unique needs and objectives of such proceeds.

3. Regulation:

A. Investment Objectives

It is the policy of the City to invest public funds in a manner which will provide for the preservation of capital while meeting the daily cash flow requirements of the City, and attaining a reasonable rate of return within an acceptable and defined level of risk.

The Policy has three primary objectives in order of priority:

Preservation of Capital (Safety) – The protection of principal is the foremost consideration when undertaking investment decisions that affect public funds. The objective is to mitigate credit risk and interest rate risk.
Credit Risk is the risk of loss of principal due to the failure of the security issuer. Credit Risk can be mitigated by:
Limiting investments to the safest types of securities.
Pre-qualifying accountants, auditors, financial institutions, broker/dealers, financial advisors, and other outside consultants with which the City does business.
Diversifying the investment portfolio so that potential losses are minimized
Interest Rate Risk is the risk that the market value of securities will fall due to a rise in general market interest rates. It is the policy of the City to hold individual securities to maturity in an effort to meet liquidity demands. Interest rate risk can be mitigated by:
Holding individual securities to maturity - Structuring the investment portfolio so that securities mature to meet cash flow requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
Employing a laddering strategy whereby staggering maturities of individual securities so that bonds come due in increments assuring an overall liquidity pattern.
Limiting maturities of individual securities and the average maturity of the overall portfolio.
Liquidity – the investment portfolio shall remain sufficiently liquid to meet all daily cash flow and operating requirements that may be reasonably expected or anticipated.
Yield – the investment portfolio shall be designed with the objective of attaining a benchmark rate of return throughout budgetary and economic cycles, consistent with the primary objectives of safety and liquidity.

B. Legal and Policy Constraints

The authority governing investments for municipal government agencies is ~~set forth in~~outlined in the California Government Code Section 53600, et. seq. In all instances, the City of Los Alamitos shall comply with the requirements of state law.

In addition to the requirements of state law, it is the investment philosophy of the City to make investment decisions based on an overall passive management style that embodies a prudent investor standard and purchases investments with the intent to hold until maturity.

Accordingly, the City’s conservative philosophy prohibits active trading and speculation~~;~~, i.e., the purchase of securities with the intent to profit from favorable market changes in market prices or market conditions. Leveraging or borrowing money for the purpose of investing is ~~specifically~~ expressly prohibited. However, the City may elect to sell a security prior to its maturity and record a capital gain or loss in order to improve the quality, liquidity, or yield of the portfolio in response to market conditions or City needs.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

C. Safekeeping of Securities

To protect against fraud or embezzlement or losses caused by collapse of an individual securities dealer, all securities owned by the City shall be held in safekeeping by a third-party bank trust department. Designated third party shall act as agents for the City under the terms of a custody agreement. All trades executed by a dealer will settle delivery vs. payment (DVP) through the City's safekeeping agent. Investment officials shall be bonded to protect the public against possible embezzlement or malice. Securities held in custody for the City shall be independently audited on an annual basis to verify investment holdings.

D. Maturity and Term

California Government Code Section 53601 states that except as otherwise allowed:

No investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement authorized by this section, which at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment.

The City of Los Alamitos administers funds according to cash flow requirements. As a result, there is a core of funds that are not necessary for the daily operational needs of the City for paying expenses. From time-to-time market conditions of ~~fixed income~~fixed-income markets present opportunities for higher interest rates on ~~high grade~~high-grade securities with ~~a~~ low-risk exposure. It is in the best interest of the City of Los Alamitos to practice a fully diversified investment plan that will ensure safety, liquidity, and the increase of acceptable yield from these situations.

To the extent possible, the City of Los Alamitos will attempt to match its investments with anticipated cash flow requirements.

Maturities of investments will be selected based on liquidity requirements to minimize interest rate risk and maximize earnings. Current and expected yield curve analysis will be monitored, and the portfolio will be invested accordingly.

Market risk, the risk of market value fluctuations due to changes in the general level of interest rates, is mitigated by limiting the weighted average maturity of the portfolio along with a laddered structure. The weighted average maturity of the pooled portfolio should not exceed three years. At least 30% of the portfolio should have a maturity of 1 year or less, with the balance of the portfolio laddered with maturities ranging from 1 to 5 years.

No securities can be purchased with a maturity greater than five years without the prior approval of the City Council.

E. Investment Authority

The City Treasurer is authorized to make investments on behalf of the City of Los Alamitos. Such investments shall only be limited to the instruments authorized under California Government Code Sections 53601 and 53635 and further described in Appendix A and B.

All investments of the City of Los Alamitos shall be approved by the City Manager, or their designee.

No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the City Treasurer.

Officers and employees of the City of Los Alamitos involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the City Treasurer any material financial interests in financial institutions that conduct business with the City of Los Alamitos, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City of Los Alamitos, particularly with regard to the time of purchases and sales. The City Treasurer shall make similar disclosures to the City Council. Under no circumstances shall investment officers or employees accept gifts, trips, or any type of gratuity from individuals or institutions engaged in investment practices with the City of Los Alamitos.

F. Transfer of Investment Funds

The transferring of investment funds will be carried out exclusively by use of telephonic or electronic wire transfers. Each entity with which the City does business shall receive, in writing from the City Treasurer, a listing which limits transfers of funds to preauthorized bank accounts only. The listing will also contain the names of City staff authorized to request such transfers and will be updated, in writing, for all changes of authorized staff and bank accounts, as necessary.

G. Deposits

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

The bank or savings and loan must secure the active and inactive deposits with eligible securities having a market value of 110% of the total amount of the deposits. The investment officer may, at his/her discretion, waive security for that portion of a deposit ~~which~~ that is insured pursuant to federal law. Currently, the first $250,000 of a deposit is federally insured. It is the City's policy to waive this collateral requirement for the first $250,000 because it is possible to receive a higher rate.

The City will not maintain a deposit that is above the FDIC insured level. This will include ~~the~~ the accrued interest on the deposit.

H. Permitted Investments

Investments shall be made only in those instruments specifically authorized by California State laws (Government Code Sections 53600-53609), and to no greater an extent than those authorized by those laws.

The City's specific permitted investment guidelines are listed in Appendix A, with the noted restricted instruments A Glossary and a summary of the State of California ~~Statues Applicable~~statutes applicable to Municipal Investments and is provided in Appendix B and C.

State and Federal laws notwithstanding, any investment not ~~specifically~~ explicitly described herein including, but not limited to, reverse repurchase agreements, derivatives, options, futures, zero coupon bonds, inverse floaters, range notes, first mortgages or trust deeds, collateralized mortgage obligations (CMO's), limited partnerships, real estate investments trusts (REIT's), open-end mutual funds, closed-end mutual funds, mutual funds with a weighted average maturity ~~greater~~ more than 180 days, unregulated and/or uninsured investment pools, common stock, preferred stock, commodities, precious metals, securities with high price volatility, limited marketability (less than three active bidders), securities that may default on interest payments and any other speculative investment deemed inappropriate under the Prudent Investor standard are strictly prohibited. In addition, any investment transaction that might impair public confidence in the City of Los Alamitos government ~~is to~~must be avoided.

I. Diversification

The City of Los Alamitos shall diversify its investments by security type and institution. The City recognizes diversification is an investment strategy that will mitigate risk in the investment portfolio. The City's investment portfolio shall be diversified to avoid incurring unreasonable and avoidable risks with regard to specific investment types. Within investment types, the City shall also maintain a mix of securities to avoid concentrations within individual financial institutions, geographic areas, industry types and maturities. The City will only invest in fixed rate securities.

J. Performance Standards

The investment portfolio shall be designed with the objective of obtaining a rate of return~~,~~ throughout budgetary and economic cycles~~,~~ commensurate with investment risk constraints and cash flow needs.

Since the weighted average maturity of the pooled portfolio cannot exceed three years, the investment portfolio shall be designed to attain a market-average rate of return comparable to the Merrill Lynch 1-5 Year Federal Agency Index, on a total return basis, excluding the funds maintained in money market accounts.

K. Reporting

In accordance with California Government Code Sections 53607 and 53646, the City Treasurer and the City Manager shall render ~~quarterly~~ quarterly reports to the City Council showing: (a) type of investment; (b) institution; (c) date of maturity; (d) amount of deposit; (e) current market value for all securities with a maturity of more than twelve (12) months; (f) rate of interest on each security; and (g) such other data as the City Council may, from time to time, specify. (This section is applicable when the City Treasurer has invested in other types of securities other than LAIF.)

The City Treasurer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

L. Policy Review

1. Annual Statement of Investment Policy

The City Treasurer and the City Manager shall annually render to the City Council a Statement of Investment Policy, which Statement shall be adopted by the City Council.

2. Periodic Review

To ensure a statement ~~which~~ that is consistent with any new relevant legislation and financial trends, the City Treasurer shall periodically report to the City Council proposed changes and amendments to this document for review and approval. In any event, all changes in state law affecting this policy shall be considered incorporated immediately upon their effective date unless otherwise adopted earlier by action of the City Council.

M. Qualified Dealers

The City of Los Alamitos shall purchase authorized investments either directly from the issuer or shall be purchased either from an institution licensed ~~from~~ by the State as a ~~broker dealer~~broker-dealer, as defined in the Corporations Code, or from a member of the federally regulated securities exchange, from a national or ~~state chartered~~state-chartered bank, from a savings association or federal association, or ~~from~~ a brokerage firm designated as a primary or regional government dealer.

The City Treasurer will maintain a list of financial institutions formally authorized to provide investment services. The City Treasurer shall formally authorize investment brokers to provide investment services to the City. Investment Brokers may be Primary Dealers or Regional Brokers and licensed to do business in the State of California. Brokers must complete a broker questionnaire which includes proof of Financial Industry Regulatory Authority (FINRA) certification, and proof of State registration and execute a certification that the Broker's employees and supervisory personnel have read and understand the City's Investment Policy. The City Treasurer may conduct periodic reviews of the approved list of investment brokers and may remove a firm from the approval list at any time due to any failure to comply with any of the above criteria, failure to execute a transaction, any change in broker/dealer staff, or any action, event or failure to act which, in the sole discretion of the City Treasurer, is materially adverse to the best interest of the City of Los Alamitos.

APPENDIX A -Permitted Investments

DEPOSITORY SERVICES

Active deposits are demand or checking accounts which receive revenues and pay disbursements.

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

Inactive deposits are Certificates of Deposit issued in any amount for periods of time as short as fourteen days and as long as several years. Interest must be calculated on a 360 day basis, actual number of days.

Passbook savings account is similar to an inactive deposit except not for a fixed term. The interest rate is much lower than Certificates of Deposit, but the savings account allows for flexibility. Funds can be deposited and withdrawn according to daily operational needs.

INVESTMENT SECURITIES

U.S. Treasury Issues are direct obligations of the United States Government. These issues are called bills, notes, and bonds. The maturity range of new issues is from 13 weeks (T-Bills) to 30 years (T-Bonds). These are highly liquid and are considered the safest investment security.

Federal Agency Issues are issued by direct U. S. Government agencies or quasi-government agencies. These issues are guaranteed directly or indirectly by the United States Government. Examples of these securities are Federal Home Loan Bank (FHLB) notes, Federal National Mortgage Association (FNMA) notes, Federal Farm Credit Bank (FFCB) notes, Federal Home Loan Mortgage Corporation (FHLMC) notes, Federal Intermediate Credit Bank (FICB) debentures, Small Business Administration (SBA) notes, Government National Mortgage Association (GNMA) notes, and Student Loan Association (SALLMAE) notes.

Certificates of Deposit are investments for inactive funds issued by banks, savings and loans, and credit unions. Investments of $250,000 are insured respectively by Federal Deposit Insurance Corporation (FDIC), and the National Credit Union Share Insurance Fund (NCUSIF). Certificates of Deposit can be issued from 14 days to several years in maturity, allowing the City investment of funds to be matched to cash flow needs. For deposits exceeding $250,000 , the financial institution is required to collateralize the investment with 110% government securities. The City does not accept 150% collateral (First Trust Deeds) or 105% Letters of Credit (L.C.).

A **Non-Negotiable Certificate of Deposit** is a promissory note issued by a depository institution (such as a bank, credit union, a saving association, etc.) that usually carries a penalty for early withdrawal and does not have a CUSIP.

Negotiable Certificates of Deposit are issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank and are assigned a CUSIP.

Local Agency Investment Fund (LAIF) is a special fund in the State Treasury which local agencies may use to deposit funds for investment. There is no minimum investment period and the minimum transaction is $5,000, in multiples of $1,000 above that, with a maximum of $50 million for any agency. It offers high liquidity because deposits can be converted to cash in twenty-four hours and no interest is lost. All interest is distributed to those agencies participating on a proportionate share determined by the amounts deposited and the length of time they are deposited. Interest is paid quarterly by electronic deposit to a designated bank account.

The State keeps an amount for reasonable costs of making the investments. State law provides that administrative costs are not to exceed 5% of quarterly earnings of the fund. However, if the 13-week Daily Treasury Bill Rate on the last day of the fiscal year is below 1%, then administrative costs shall not exceed 8% of quarterly earnings of the fund for the subsequent fiscal year.

Local Agency Bonds are bonds issued by other local agencies, maximum maturity 5 years, no maximum specified percentage of portfolio, no minimum quality requirements, Government Code 53601(a).

State Obligations – CA and others are obligations issued by California and other states, maximum maturity 5 years, no maximum specified percentage of portfolio, no minimum quality requirements, Government Code 53601(c)(d).

California Local Agency Obligations are obligations issued by local agencies within California, maximum maturity 5 years, no maximum specified percentage of portfolio, no minimum quality requirements, Government Code 53601(e).

Bankers' Acceptances are a negotiable piece of paper that functions like a post-dated check. A bank, rather than an account holder, guarantees the payment. Banker's acceptances (also known as bills of exchange) are used by companies as a relatively safe form of payment for large transactions. BAs can also be short-term debt instruments, similar to U.S. Treasury bills, that trade at a discount to face value, maximum maturity 180 days, specified at 40% maximum percentage of portfolio, no minimum quality requirements, Government Code 53601(g).

Placement Service Deposits are deposit placement services, which enables funds to be placed in demand deposit accounts, money market deposit accounts, or both, maximum maturity 5 years, specified 50% maximum percentage of portfolio, no minimum quality requirements, Government Code 53601.8 and 53635.8.

Placement Service Certificates of Deposit are certificates of deposit placed by a service on behalf of banks and credit unions that are FDIC or NCUA insured, 5 years maximum maturity, specified 50% maximum percentage of portfolio, no minimum quality requirements, Government Code 53601.8 and 53635.8.

Collaterized Bank Deposits are protected public funds backed by a collateriztion agreement to protect the principal in the event of failure by the financial institution, maximum maturity 5 years, no maximum specified percentage of portfolio, no minimum quality requirements, Government Code 53630 et seq, and 53601(n).

Mortgage Pass-Through and Asset-Backed Securities are pools of fixed-income securities backed by a package of assets. A servicing intermediary collects the monthly payments from issuers and, after deducting a fee, remits or passes them through to the holders of the pass-through security or entities who have invested in it). A pass-through security is also known as a "pay-through security" or a "pass-through certificate "though technically the certificate is the evidence of interest or participation in a pool of assets that signifies the transfer of payments to investors; it's not the security itself; maturity maximum maturity 5 years or less; specified maximum of 20% of portfolio; AA rating or better; Government Code 53061(o).

Commercial Paper Non- Pooled Funds (under $100 million investments) – are short-term money market instruments that is used for obtaining short-term funding secured by a promissory note; maximum maturity 270~~180~~ days or less, specified maximum of 25% of portfolio, rating of highest letter by NRSRO, Government Code 53601(h)(2)(c).

Medium Term Notes – are securities that are collaterized in an amount equal to their full outstanding principal amount; maximum maturity 5 years or less, specified maximum 30% of portfolio, A rating or better, Government Code 53601(k).

County Pooled Investment Funds are investments that are combined in a pool from all participating members and share in the performance of the pooled money; generally large county pools like Orange County Investment Pool (OCIP), no specified maturity but would default to 5 years maximum, no maximum specified percentage of portfolio, no minimum quality requirements, Government Code 27133.

Joint Powers Authority Pool – California Asset Management Program are investments that are combined in a qualified pool from all participating members and share in the performance of the pooled money; generally large county pools like Orange County Investment Pool (OCIP), no specified maturity but would default to 5 years maximum, no maximum specified percentage of portfolio, no minimum quality requirements, Government Code 53601 (p).

Public Bank Obligations are obligations issued by a public bank or financial institution~~,~~ in which a state, municipality, or public actors are the owners. It is an enterprise under government control. Prominent among current public banking models are the Bank of North Dakota, the German public bank system, and many nations' postal bank systems, maximum maturity 5 years, no specified percentage of portfolio, no minimum quality requirements, Government Code 53601(r), 53635(c), and 57603.

CUSIP (Committee on Uniform Security Identification Procedures) is a nine-character alphanumeric code that identifies a North American financial security for the purposes of facilitating clearing and settlement of trades.

City of Los Alamitos
Authorized Investment Brokers
9/26/23

Time Value Investments Inc. (TVI)
Chris Bateman, Vice President
255 B Street, Suite 207
Idaho Falls, ID 83402
T 877-707-7787
F 206-417-6000
chrisbatemen@timevalueinv.com
www.timevalueinv.com

MBS Securities (MBS)
Peter Yanez, Director
2400 East Commercial Blvd., Ste 812
Ft. Lauderdale, FL 33308
T 855-928-0111
pyanez@mssecurities.com

Great Pacific Securities (GPS)
Parker Swoish, Vice President
A Minority Business Enterprise (MBE)
151 Kalmus Drive, Suite H-8
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T 714-619-3000
C 714-383-3832
F 714-619-3019
Operations Contacts: Elaine Adoum,
Alexandra Connell, Christine Lin
(714) 619-3015
pswoish@greatpac.com
ops@greatpac.com

RESOLUTION NO. 2023-XX

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALAMITOS, CALIFORNIA, ADOPTING THE STATEMENT OF INVESTMENT POLICY DATED NOVEMBER 2023

WHEREAS, Government Code 53646(a) (2) states that the treasurer of a local agency may annually present a statement of investment policy to the legislative body; and,

WHEREAS, it is the City's policy to annually adopt the Statement of Investment Policy; and,

WHEREAS, the Statement of Investment Policy is intended to provide guidelines for the prudent investment of the City's temporarily idle cash and to outline the policies for maximizing the efficiency of the City's cash management system.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF LOS ALAMITOS DOES RESOLVE AS FOLLOWS:

SECTION 1. The City Council of the City of Los Alamitos, California, finds that the above recitals are true and correct.

SECTION 2. The City Council of the City of Los Alamitos hereby adopts the Statement of Investment Policy, dated November 2023 attached hereto as Exhibit "A."

SECTION 3. The City Clerk shall certify as to the adoption of this Resolution.

PASSED, APPROVED, AND ADOPTED this 20th day of November , 2023.

____
Tanya Doby, Mayor

ATTEST:

____
Windmera Quintanar, MMC, City Clerk

APPROVED AS TO FORM:

____
Michael S. Daudt, City Attorney

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss
CITY OF LOS ALAMITOS)

I, Windmera Quintanar, MMC, City Clerk, of the City of Los Alamitos, do hereby certify that the foregoing Resolution was adopted at a Regular meeting of the City Council held on the 20th day of November 2023, by the following vote, to wit:

AYEs: COUNCILMEMBERS:
NOES: COUNCILMEMBERS:
ABSENT: COUNCILMEMBERS:
ABSTAIN: COUNCILMEMBERS:

Windmera Quintanar, MMC, City Clerk

City of Los Alamitos
BUDGET STANDING COMMITTEE AGENDA REPORT

MEETING DATE: November 6, 2023 ITEM NUMBER: 5C

To: **Budget Standing Committee Members**

Presented By: **Craig Koehler, Director of Finance**

Subject: **Consideration of Amendment to City's Authorized Check Signers**

SUMMARY

This report provides the Budget Standing Committee with an update of the City's authorized check signers.

RECOMMENDATION

Review and discuss the City's authorized check signers and consider a change to add City Treasurer.

BACKGROUND

Currently, the City has three authorized check signers for its various bank accounts: Windmera Quintanar as City Clerk, Chet Simmons as City Manager, and Craig Koehler as City Treasurer. The City Clerk and City Manager are currently being used for facsimile signatures for the warrant and any payroll-issued checks. The City Clerk was added as a signer due to the staff turnover.

DISCUSSION

Resolution 2022-29 changed the City Treasurer designation from Chet Simmons (acting City Treasurer) to Craig Koehler, effective September 19, 2022. However, the facsimile signatures were kept the same when the City Treasurer designation was made in September 2022.

A change to add the City Treasurer to replace the City Clerk now serves as an additional administrative change to be in line with other governmental jurisdictions. The proposed change would result in the City Treasurer and City Manager as check signatories and would create additional efficiency measures. Adequate internal controls are also in place, as permanent staff have been added to the Finance Department.

FISCAL IMPACT

There is no fiscal impact with this proposed change.

Attachment: None

City of Los Alamitos
BUDGET STANDING COMMITTEE AGENDA REPORT

MEETING DATE: November 6, 2023 **ITEM NUMBER: 5D**

To: **Budget Standing Committee Members**

Presented By: **Craig Koehler, Director of Finance**

Subject: **PERS Additional Discretionary Payment / Trust Analysis**

SUMMARY

Since the adoption of the City's Fiscal Sustainability Plan, the Budget Standing Committee and the Los Alamitos City Council have been exploring different methods of maximizing investment opportunities that result in net savings to the City's residents.

Following work with the Budget Standing Committee that culminated a period of 18 months, a funding plan and policy was presented to Council at the November 14, 2022 meeting, adopting Resolution 2022-33, PERS Unfunded Accrued Liability Pay-Down Funding Policy.

This report provides the Budget Standing Committee with a follow-up discussion on the PERS Unfunded Actuarial Liability (UAL), and consideration of possible additional funding analysis.

RECOMMENDATION

Review and discuss the information in connection with the PERS Unfunded Actuarial Liability (UAL), and consideration of possible additional funding analysis.

BACKGROUND

At the November 14, 2022, Council Meeting, Council adopted Resolution 2022-23, PERS Unfunded Accrued Liability Pay-Down Funding Policy, an UAL funding payment plan utilizing 12-year funding, with an estimated savings of $2.2 million, requiring additional ADP payment of $260,000 annually.

DISCUSSION

In connection with the adoption of Resolution 2022-33, the UAL ADP of $260,000 was added to the Budget for FY23-24, and the first payment was made in July. With the recent report of CalPERS's investment underperformance of -6.1% versus 6.8% expected rate of return, staff requested that PFM provide additional analysis to consider funding the City's 415 Trust with the established annual ADP of $260,000.

As of the most recent valuation report dated June 30, 2022, the City's classic pension plans have a combined UAL of $27.4 million, with Miscellaneous UAL at $12.4 million and Safety UAL at $14.9 million. This includes the recent balance increases attributed primarily to the underperformance of the CalPERS investment, as noted above. CalPERS historical returns over the past 30 years have ranged from -24.0% to 21.7%, with an average of 8.0%. For the past five years, they have averaged 6.3%.

According to CalPERS annual investment report for June 30, 2022, the book value of their investments was $439 billion compared to a market value of $487 billion. It included a wide range of investments, including US treasuries, foreign and domestic bonds, asset-back securities, equities, and real estate holdings. Even though the equities and real estate holdings had market values that exceeded the book value, they represent 58% of the overall investment portfolio that is associated and subject to greater volatility that typically carries a higher risk.

For the current analysis, PFM was asked to review trust funding at two different monthly levels, $50,000 and $100,000. The first scenario assumes 68 payments of $50,000, and the second scenario uses 34 payments of $100,000 that were set aside in the trust growing at assumed investment rates using the latest PARS investment portfolio manager, HighMark. Capital Management data, rates ranging from 7.28 for 1-year to 5.42% for ten years.

Scenario 1 ($50,000 monthly trust funding) results in a cash flow savings of $1.4 million, NPV of $322,000, and assumes a payment of $5.7 million (accumulated trust value) paid to CalPERS in 2037, resulting in 100% UAL payoff.

Scenario 2 ($100,000 monthly trust funding) results in slightly more cash flow savings of $1.8 million, NPV of $455,000, and assumes a one-time payment to CalPERS of $5.9 million in 2036 (accumulated trust value), with reduced payments in the next two years and also clearing the UAL in 2038. The main difference between the two scenarios is more significant cash flow savings and NPV for Scenario 2, but requires more significant ongoing cash flow commitment.

Next Steps:

1. Staff recommends continued analysis of trust funding incorporating the above scenarios, or other combinations, in conjunction with the established policy of annual ADP of $260K to reach the City’s UAL funding goals and bring back additional discussions with the BSC in early 2024 to align with the next budget cycle.
2. Update the contract and authorized personnel for PARS Trust in anticipation of potential funding to reduce the City’s obligation and reach the UAL paydown goals.

FISCAL IMPACT

If approved, the additional UAL funding would require additional cash flow commitment that would be added to the subsequent budget discussions.

Attachment: None

City of Los Alamitos
BUDGET STANDING COMMITTEE AGENDA REPORT

MEETING DATE: November 6, 2023 **ITEM NUMBER: 5E**

To: **Budget Standing Committee Members**

Presented By: **Craig Koehler, Director of Finance**

Subject: **Update to City's Credit Rating**

SUMMARY

This report will provide an update on the City's Credit Rating.

RECOMMENDATION

Review and discuss the City's credit rating.

BACKGROUND

Municipalities have credit ratings in connection with the issuance of general obligation bond issues.

DISCUSSION

On October 5, 2023, Standard and Poor's (S&P Global) released its current list of all 'AAA' rated municipalities. We are happy to report that Los Alamitos has received an "AAA" rating. The next credit review for Los Alamitos is scheduled for 2025.

FISCAL IMPACT

There is no direct fiscal impact associated with this report. However, the 'AAA' rating helps further to solidify the City's financial status and position.

Attachment: 1. S&P Global 'AAA' Rated U.S Municipalities

'AAA' Rated U.S. Municipalities: Current List

October 5, 2023

PRIMARY CREDIT ANALYSTS

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SECONDARY CONTACT

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U.S. municipalities rated 'AAA': Current list

As of Oct. 2, 2023

This list was prepared by individuals on behalf of the USPF Group of S&P Global Ratings and is current as of Oct. 2, 2023. For the most up to date, accurate, and complete information on any credit ratings referenced in this list, please visit www.standardandpoors.com.

Organization	State	Rating	Outlook
Hoover	Alabama	AAA	Stable
Huntsville	Alabama	AAA	Stable
Pelham	Alabama	AAA	Stable
Chandler	Arizona	AAA	Stable
Gilbert	Arizona	AAA	Stable
Scottsdale	Arizona	AAA	Stable
Tempe	Arizona	AAA	Stable
Alameda	California	AAA	Stable
Arcadia	California	AAA	Stable
Beverly Hills	California	AAA	Stable
Burbank	California	AAA	Stable
Burlingame	California	AAA	Stable
Camarillo	California	AAA	Stable
Campbell	California	AAA	Stable
Carlsbad	California	AAA	Stable
Cerritos	California	AAA	Stable
Claremont	California	AAA	Stable
Corte Madera Town	California	AAA	Stable
Dublin	California	AAA	Stable
El Paso De Robles	California	AAA	Stable
El Segundo	California	AAA	Stable
Emeryville	California	AAA	Stable
Encinitas	California	AAA	Stable
Fountain Valley	California	AAA	Stable
Glendora	California	AAA	Stable

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U.S. municipalities rated 'AAA': Current list (cont.)

As of Oct. 2, 2023

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Organization	State	Rating	Outlook
Irvine	California	AAA	Stable
Lake Forest	California	AAA	Stable
Larkspur	California	AAA	Stable
Los Alamitos	California	AAA	Stable
Malibu	California	AAA	Stable
Manhattan Beach	California	AAA	Stable
Mill Valley	California	AAA	Stable
Milpitas	California	AAA	Stable
Mission Viejo	California	AAA	Stable
Morgan Hill	California	AAA	Stable
Mountain View (City of)	California	AAA	Stable
Newport Beach	California	AAA	Stable
Orinda	California	AAA	Stable
Palo Alto	California	AAA	Stable
Pasadena	California	AAA	Stable
Piedmont	California	AAA	Stable
Poway	California	AAA	Stable
Rancho Santa Margarita	California	AAA	Stable
San Anselmo Town	California	AAA	Stable
San Bruno	California	AAA	Stable
San Carlos	California	AAA	Stable
San Francisco City and County	California	AAA	Stable
San Juan Capistrano	California	AAA	Stable
San Mateo	California	AAA	Stable
San Ramon	California	AAA	Stable
Santa Clarita	California	AAA	Stable
Saratoga	California	AAA	Stable
Sausalito	California	AAA	Stable
Simi Valley	California	AAA	Stable
South San Francisco	California	AAA	Stable
Sunnyvale	California	AAA	Stable
West Hollywood	California	AAA	Stable
Yorba Linda	California	AAA	Stable
Arvada	Colorado	AAA	Stable

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U.S. municipalities rated 'AAA': Current list (cont.)

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Organization	State	Rating	Outlook
Boulder	Colorado	AAA	Stable
Centennial	Colorado	AAA	Stable
Cherry Hills Village	Colorado	AAA	Stable
Denver City and County	Colorado	AAA	Stable
Avon	Connecticut	AAA	Stable
Berlin Town	Connecticut	AAA	Stable
Bethel	Connecticut	AAA	Stable
Branford	Connecticut	AAA	Stable
Brookfield Town	Connecticut	AAA	Stable
Canton Town	Connecticut	AAA	Stable
Cheshire	Connecticut	AAA	Stable
Cromwell	Connecticut	AAA	Stable
East Hampton	Connecticut	AAA	Stable
Easton Town	Connecticut	AAA	Stable
Fairfield Town	Connecticut	AAA	Stable
Farmington Town	Connecticut	AAA	Stable
Glastonbury Town	Connecticut	AAA	Stable
Greenwich	Connecticut	AAA	Stable
Guilford	Connecticut	AAA	Stable
Haddam Town	Connecticut	AAA	Stable
Hebron	Connecticut	AAA	Stable
Middletown	Connecticut	AAA	Stable
Monroe	Connecticut	AAA	Stable
New Fairfield	Connecticut	AAA	Stable
Newtown	Connecticut	AAA	Stable
North Haven	Connecticut	AAA	Stable
Norwalk	Connecticut	AAA	Stable
Orange Town	Connecticut	AAA	Stable
Ridgefield Town	Connecticut	AAA	Stable
Simsbury	Connecticut	AAA	Stable
South Windsor	Connecticut	AAA	Stable
Stafford	Connecticut	AAA	Stable
Stonington Town	Connecticut	AAA	Stable
Tolland	Connecticut	AAA	Stable

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U.S. municipalities rated 'AAA': Current list (cont.)

As of Oct. 2, 2023

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Organization	State	Rating	Outlook
Town of Redding	Connecticut	AAA	Stable
West Hartford	Connecticut	AAA	Stable
Windsor Town	Connecticut	AAA	Stable
Boca Raton	Florida	AAA	Stable
Coral Gables	Florida	AAA	Stable
Coral Springs	Florida	AAA	Stable
Davie	Florida	AAA	Stable
Fort Lauderdale	Florida	AAA	Stable
Key Biscayne Village	Florida	AAA	Stable
Palm Beach Town	Florida	AAA	Stable
Palmetto Bay	Florida	AAA	Stable
Pinecrest Village	Florida	AAA	Stable
Tampa	Florida	AAA	Stable
Weston	Florida	AAA	Stable
Alpharetta	Georgia	AAA	Stable
Brookhaven	Georgia	AAA	Stable
Johns Creek	Georgia	AAA	Stable
Milton	Georgia	AAA	Stable
Peachtree City	Georgia	AAA	Stable
Roswell	Georgia	AAA	Stable
Sandy Springs	Georgia	AAA	Stable
Smyrna	Georgia	AAA	Stable
Suwanee	Georgia	AAA	Stable
Algonquin Village	Illinois	AAA	Stable
Bannockburn Village	Illinois	AAA	Stable
Buffalo Grove Village	Illinois	AAA	Stable
Clarendon Hills	Illinois	AAA	Stable
Crystal Lake	Illinois	AAA	Stable
Downers Grove Village	Illinois	AAA	Stable
Elmhurst	Illinois	AAA	Stable
Glen Ellyn Village	Illinois	AAA	Stable
Glencoe Village	Illinois	AAA	Stable
Green Oaks Village	Illinois	AAA	Stable
Hinsdale	Illinois	AAA	Stable

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U.S. municipalities rated 'AAA': Current list (cont.)

As of Oct. 2, 2023

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Organization	State	Rating	Outlook
Inverness Village	Illinois	AAA	Stable
Lake Zurich Village	Illinois	AAA	Stable
Lakewood Village	Illinois	AAA	Stable
Lincolnshire Vill	Illinois	AAA	Stable
Naperville	Illinois	AAA	Stable
Northbrook Village	Illinois	AAA	Stable
Northfield Village	Illinois	AAA	Stable
Vernon Hills Village	Illinois	AAA	Stable
Village of Schaumburg	Illinois	AAA	Stable
Wheaton	Illinois	AAA	Stable
Willowbrook	Illinois	AAA	Stable
West Des Moines	Iowa	AAA	Stable
Lenexa	Kansas	AAA	Stable
Merriam	Kansas	AAA	Stable
Overland Park	Kansas	AAA	Stable
Shawnee	Kansas	AAA	Stable
Bar Harbor Town	Maine	AAA	Stable
Cape Elizabeth	Maine	AAA	Stable
Falmouth	Maine	AAA	Stable
Harpswell	Maine	AAA	Stable
Kennebunk Town	Maine	AAA	Stable
Kennebunkport	Maine	AAA	Stable
Portland	Maine	AAA	Stable
Raymond Town	Maine	AAA	Stable
South Portland	Maine	AAA	Stable
York Town	Maine	AAA	Stable
Bowie	Maryland	AAA	Stable
Mayor and Council of Rockvilla	Maryland	AAA	Stable
Acton Town	Massachusetts	AAA	Stable
Andover	Massachusetts	AAA	Stable
Arlington	Massachusetts	AAA	Stable
Ashland	Massachusetts	AAA	Stable
BarnStable	Massachusetts	AAA	Stable
Bedford Town	Massachusetts	AAA	Stable

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U.S. municipalities rated 'AAA': Current list (cont.)

As of Oct. 2, 2023

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Organization	State	Rating	Outlook
Belmont Town	Massachusetts	AAA	Stable
Bolton Town	Massachusetts	AAA	Stable
Boston	Massachusetts	AAA	Stable
Boxborough Town	Massachusetts	AAA	Stable
Boxford	Massachusetts	AAA	Stable
Brewster Town	Massachusetts	AAA	Stable
Brookline	Massachusetts	AAA	Stable
Burlington	Massachusetts	AAA	Stable
Cambridge	Massachusetts	AAA	Stable
Canton Town	Massachusetts	AAA	Stable
Chatham	Massachusetts	AAA	Stable
Chelmsford Town	Massachusetts	AAA	Stable
Chilmark Town	Massachusetts	AAA	Stable
City of Watertown	Massachusetts	AAA	Stable
Cohasset Town	Massachusetts	AAA	Stable
Danvers Town	Massachusetts	AAA	Stable
Dartmouth	Massachusetts	AAA	Stable
Dedham	Massachusetts	AAA	Stable
Dennis	Massachusetts	AAA	Stable
Duxbury Town	Massachusetts	AAA	Stable
Edgartown Town	Massachusetts	AAA	Stable
Falmouth Town	Massachusetts	AAA	Stable
Foxborough Town	Massachusetts	AAA	Stable
Franklin Town	Massachusetts	AAA	Stable
Great Barrington	Massachusetts	AAA	Stable
Groton Town	Massachusetts	AAA	Stable
Hadley	Massachusetts	AAA	Stable
Hamilton Town	Massachusetts	AAA	Stable
Harvard Town	Massachusetts	AAA	Stable
Harwich	Massachusetts	AAA	Stable
Hingham Town	Massachusetts	AAA	Stable
Holliston	Massachusetts	AAA	Stable
Hopkins Town	Massachusetts	AAA	Stable
Ipswich Town	Massachusetts	AAA	Stable

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U.S. municipalities rated 'AAA': Current list (cont.)

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Organization	State	Rating	Outlook
Lenox	Massachusetts	AAA	Stable
Lexington Town	Massachusetts	AAA	Stable
Lincoln Town	Massachusetts	AAA	Stable
Littleton	Massachusetts	AAA	Stable
Manchester-By-The-Sea	Massachusetts	AAA	Stable
Marblehead Twn	Massachusetts	AAA	Stable
Marion Town	Massachusetts	AAA	Stable
Marlborough	Massachusetts	AAA	Stable
Mashpee Town	Massachusetts	AAA	Stable
Mattapoisett	Massachusetts	AAA	Stable
Medway	Massachusetts	AAA	Stable
Milton	Massachusetts	AAA	Stable
Natick	Massachusetts	AAA	Stable
Needham	Massachusetts	AAA	Stable
Newbury	Massachusetts	AAA	Stable
Newburyport	Massachusetts	AAA	Stable
Newton	Massachusetts	AAA	Stable
North Andover	Massachusetts	AAA	Stable
Northampton	Massachusetts	AAA	Stable
Norwell Town	Massachusetts	AAA	Stable
Orleans Town	Massachusetts	AAA	Stable
Reading	Massachusetts	AAA	Stable
Sherborn	Massachusetts	AAA	Stable
Shrewsbury	Massachusetts	AAA	Stable
Somerville	Massachusetts	AAA	Stable
Southborough	Massachusetts	AAA	Stable
Stow Town	Massachusetts	AAA	Stable
Sudbury	Massachusetts	AAA	Stable
Topsfield	Massachusetts	AAA	Stable
Wakefield Town	Massachusetts	AAA	Stable
Wenham Town	Massachusetts	AAA	Stable
West Newbury	Massachusetts	AAA	Stable
Westborough Town	Massachusetts	AAA	Stable
Westford Town	Massachusetts	AAA	Stable

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U.S. municipalities rated 'AAA': Current list (cont.)

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Organization	State	Rating	Outlook
Weston	Massachusetts	AAA	Stable
Westwood	Massachusetts	AAA	Stable
Winchester	Massachusetts	AAA	Stable
Woburn	Massachusetts	AAA	Stable
Birmingham	Michigan	AAA	Stable
Bloomfield Charter Township	Michigan	AAA	Stable
Bloomfield Hills	Michigan	AAA	Stable
Cascade Charter Township	Michigan	AAA	Stable
Farmington Hills	Michigan	AAA	Stable
Grosse Pointe	Michigan	AAA	Stable
Grosse Pointe Farms	Michigan	AAA	Stable
Northville Charter Township	Michigan	AAA	Stable
Novi	Michigan	AAA	Stable
Rochester	Michigan	AAA	Stable
Springfield Charter Township	Michigan	AAA	Stable
Troy	Michigan	AAA	Stable
Village of Grosse Pointe Shores A Michigan City	Michigan	AAA	Stable
West Bloomfield Charter Township	Michigan	AAA	Stable
Apple Valley	Minnesota	AAA	Stable
Arden Hills	Minnesota	AAA	Stable
Blaine	Minnesota	AAA	Stable
Bloomington	Minnesota	AAA	Stable
Burnsville	Minnesota	AAA	Stable
Chanhassen	Minnesota	AAA	Stable
City of Dellwood	Minnesota	AAA	Stable
Cottage Grove	Minnesota	AAA	Stable
Deephaven	Minnesota	AAA	Stable
Eagan	Minnesota	AAA	Stable
Eden Prairie	Minnesota	AAA	Stable
Edina	Minnesota	AAA	Stable
Excelsior	Minnesota	AAA	Stable
Falcon Heights	Minnesota	AAA	Stable
Inver Grove Heights	Minnesota	AAA	Stable

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Organization	State	Rating	Outlook
Maple Grove	Minnesota	AAA	Stable
Mendota Heights	Minnesota	AAA	Stable
Minneapolis	Minnesota	AAA	Stable
Minnetonka Beach	Minnesota	AAA	Stable
Plymouth	Minnesota	AAA	Stable
Prior Lake	Minnesota	AAA	Stable
Rochester	Minnesota	AAA	Stable
Roseville	Minnesota	AAA	Stable
Savage	Minnesota	AAA	Stable
Shoreview	Minnesota	AAA	Stable
St Louis Park	Minnesota	AAA	Stable
St Paul	Minnesota	AAA	Stable
Victoria	Minnesota	AAA	Stable
Wayzata (City of)	Minnesota	AAA	Stable
Woodbury	Minnesota	AAA	Stable
Clayton	Missouri	AAA	Stable
Creve Coeur	Missouri	AAA	Stable
Frontenac	Missouri	AAA	Stable
Lincoln	Nebraska	AAA	Stable
Nashua	New Hampshire	AAA	Stable
Portsmouth	New Hampshire	AAA	Stable
Salem Town	New Hampshire	AAA	Stable
Allendale Boro	New Jersey	AAA	Stable
Avalon Boro	New Jersey	AAA	Stable
Bernardsville Borough	New Jersey	AAA	Stable
Branchburg Township	New Jersey	AAA	Stable
Cranbury Township	New Jersey	AAA	Stable
Madison Boro	New Jersey	AAA	Stable
Mahwah Township	New Jersey	AAA	Stable
Marlboro Township	New Jersey	AAA	Stable
Mendham Township	New Jersey	AAA	Stable
Montclair Township	New Jersey	AAA	Stable
Montvale Boro	New Jersey	AAA	Stable
Montville Township	New Jersey	AAA	Stable

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U.S. municipalities rated 'AAA': Current list (cont.)

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Organization	State	Rating	Outlook
New Providence Boro	New Jersey	AAA	Stable
Oakland Boro	New Jersey	AAA	Stable
Old Tappan Boro	New Jersey	AAA	Stable
Plainsboro Township	New Jersey	AAA	Stable
Princeton	New Jersey	AAA	Stable
Ridgewood Village	New Jersey	AAA	Stable
Saddle River Boro	New Jersey	AAA	Stable
Sea Girt Borough	New Jersey	AAA	Stable
Summit	New Jersey	AAA	Stable
Upper Freehold Township	New Jersey	AAA	Stable
Warren Township (Somerset County)	New Jersey	AAA	Stable
West Windsor Township	New Jersey	AAA	Stable
Westfield Town	New Jersey	AAA	Stable
Woodcliff Lake Boro	New Jersey	AAA	Stable
Albuquerque	New Mexico	AAA	Stable
Bedford Town	New York	AAA	Stable
Brookhaven Town	New York	AAA	Stable
Greenburgh Town	New York	AAA	Stable
Huntington Town	New York	AAA	Stable
Ocean Beach Village	New York	AAA	Stable
Old Brookvill Village	New York	AAA	Stable
Plandome Village	New York	AAA	Stable
Rockville Centre	New York	AAA	Stable
Saltaire Village	New York	AAA	Stable
Town of Southampton	New York	AAA	Stable
Upper Brookville	New York	AAA	Stable
Village of Laurel Hollow	New York	AAA	Stable
Village of Southampton	New York	AAA	Stable
Apex Town	North Carolina	AAA	Stable
Asheville	North Carolina	AAA	Stable
Carrboro Town	North Carolina	AAA	Stable
Cary	North Carolina	AAA	Stable
Chapel Hill	North Carolina	AAA	Stable
Charlotte	North Carolina	AAA	Stable

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Organization	State	Rating	Outlook
Concord	North Carolina	AAA	Stable
Cornelius	North Carolina	AAA	Stable
Durham	North Carolina	AAA	Stable
Fuquay-Varina Town	North Carolina	AAA	Stable
Garner Town	North Carolina	AAA	Stable
Greensboro	North Carolina	AAA	Stable
High Point	North Carolina	AAA	Stable
Holly Springs Town	North Carolina	AAA	Stable
Huntersville Town	North Carolina	AAA	Stable
Indian Trail	North Carolina	AAA	Stable
Morrisville	North Carolina	AAA	Stable
Raleigh	North Carolina	AAA	Stable
Town of Davidson	North Carolina	AAA	Stable
Wake Forest	North Carolina	AAA	Stable
Wilmington	North Carolina	AAA	Stable
Winston-Salem	North Carolina	AAA	Stable
Columbus	Ohio	AAA	Stable
Dublin	Ohio	AAA	Stable
Genoa Township	Ohio	AAA	Stable
Grandview Heights	Ohio	AAA	Stable
Hudson	Ohio	AAA	Stable
Indian Hill Village	Ohio	AAA	Stable
New Albany	Ohio	AAA	Stable
Powell	Ohio	AAA	Stable
Rossford	Ohio	AAA	Stable
Upper Arlington	Ohio	AAA	Stable
Westerville	Ohio	AAA	Stable
Westlake	Ohio	AAA	Stable
Worthington	Ohio	AAA	Stable
Wyoming	Ohio	AAA	Stable
Oklahoma City	Oklahoma	AAA	Stable
Lake Oswego	Oregon	AAA	Stable
Tigard	Oregon	AAA	Stable
Buckingham Township (Bucks County)	Pennsylvania	AAA	Stable

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Organization	State	Rating	Outlook
Lower Merion Township	Pennsylvania	AAA	Stable
Manheim Township	Pennsylvania	AAA	Stable
Montgomery Township	Pennsylvania	AAA	Stable
Barrington Town	Rhode Island	AAA	Stable
Little Compton Town	Rhode Island	AAA	Stable
Portsmouth Town	Rhode Island	AAA	Stable
Charleston	South Carolina	AAA	Stable
Greenville	South Carolina	AAA	Stable
Mount Pleasant	South Carolina	AAA	Stable
Bartlett	Tennessee	AAA	Stable
Brentwood	Tennessee	AAA	Stable
Chattanooga	Tennessee	AAA	Stable
Franklin	Tennessee	AAA	Stable
Germantown	Tennessee	AAA	Stable
Knoxville	Tennessee	AAA	Stable
Addison	Texas	AAA	Stable
Alamo Heights	Texas	AAA	Stable
Allen	Texas	AAA	Stable
Amarillo	Texas	AAA	Stable
Arlington	Texas	AAA	Stable
Austin	Texas	AAA	Stable
Bellaire	Texas	AAA	Stable
Bunker Hill Village	Texas	AAA	Stable
Carrollton	Texas	AAA	Stable
Cedar Park	Texas	AAA	Stable
Colleyville	Texas	AAA	Stable
Coppell	Texas	AAA	Stable
Deer Park	Texas	AAA	Stable
Farmers Branch	Texas	AAA	Stable
Flower Mound	Texas	AAA	Stable
Frisco	Texas	AAA	Stable
Grand Prairie	Texas	AAA	Stable
Highland Village	Texas	AAA	Stable
Irving	Texas	AAA	Stable

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U.S. municipalities rated 'AAA': Current list (cont.)

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Organization	State	Rating	Outlook
Katy	Texas	AAA	Stable
Keller	Texas	AAA	Stable
Lewisville	Texas	AAA	Stable
Mansfield	Texas	AAA	Stable
McKinney	Texas	AAA	Stable
Piney Point Village	Texas	AAA	Stable
Plano	Texas	AAA	Stable
Richardson	Texas	AAA	Stable
Round Rock	Texas	AAA	Stable
San Antonio	Texas	AAA	Stable
Shavano Park	Texas	AAA	Stable
Southlake	Texas	AAA	Stable
Spring Valley Village	Texas	AAA	Stable
Sugar Land	Texas	AAA	Stable
University Park	Texas	AAA	Stable
West Lake Hills	Texas	AAA	Stable
West University Place	Texas	AAA	Stable
Westlake Town	Texas	AAA	Stable
Alexandria	Virginia	AAA	Stable
Charlottesville	Virginia	AAA	Stable
Chesapeake	Virginia	AAA	Stable
Fairfax	Virginia	AAA	Stable
Falls Church	Virginia	AAA	Stable
Herndon	Virginia	AAA	Stable
Leesburg	Virginia	AAA	Stable
Manassas	Virginia	AAA	Stable
Norfolk	Virginia	AAA	Stable
Poquoson	Virginia	AAA	Stable
Purcellville Town	Virginia	AAA	Stable
Suffolk	Virginia	AAA	Stable
Vienna Town	Virginia	AAA	Stable
Virginia Beach	Virginia	AAA	Stable
Williamsburg	Virginia	AAA	Stable
Winchester	Virginia	AAA	Stable

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Organization	State	Rating	Outlook
Bellevue	Washington	AAA	Stable
Camas	Washington	AAA	Stable
Edmonds	Washington	AAA	Stable
Issaquah	Washington	AAA	Stable
Kenmore	Washington	AAA	Stable
Kirkland	Washington	AAA	Stable
Lacey	Washington	AAA	Stable
Newcastle	Washington	AAA	Stable
Redmond	Washington	AAA	Stable
Renton	Washington	AAA	Stable
Seattle	Washington	AAA	Stable
Woodway	Washington	AAA	Stable
Maple Bluff Village	Wisconsin	AAA	Stable
Middleton Town	Wisconsin	AAA	Stable
Shorewood Hills	Wisconsin	AAA	Stable

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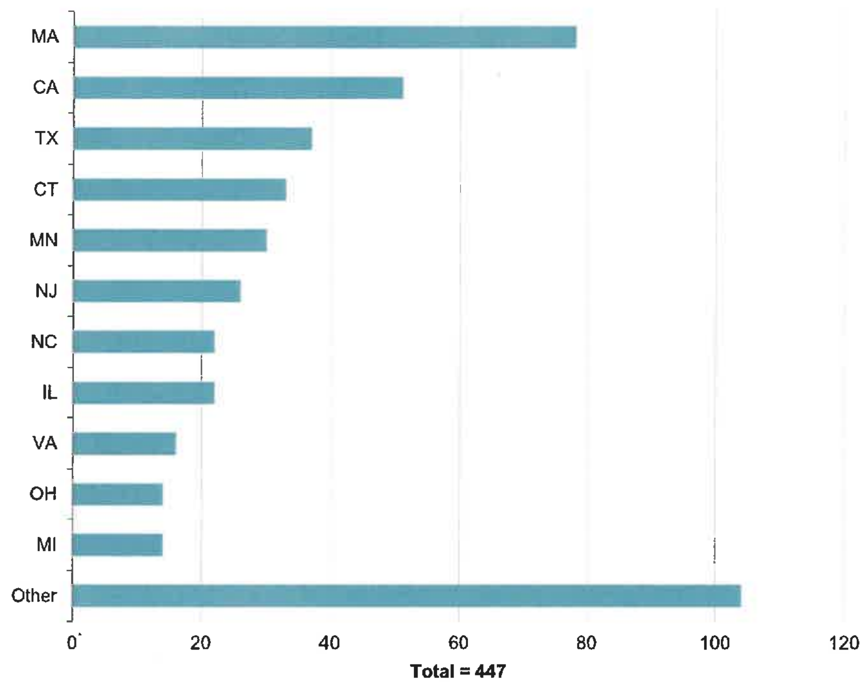
Distribution of 'AAA' U.S. municipalities ratings
As of Oct. 2, 2023



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