



CITY OF SIGNAL HILL

2175 Cherry Avenue • Signal Hill, California 90755-3799

THE CITY OF SIGNAL HILL
WELCOMES YOU TO A REGULAR
CITY COUNCIL AS SUCCESSOR AGENCY MEETING
January 13, 2026

Final

To participate:

- In person Participation: Signal Hill Park Community Center, 1780 E, Hill Street Signal Hill, CA
- To make a general public comment or comment on a specific agenda item, you may also submit your comment, limited to 250 words or less, to the City Clerk at cityclerk@cityofsignalhill.org not later than 5:00 p.m. on Tuesday, January 13, 2026. Written comments will be provided electronically to the Authority and attached to the meeting minutes. Written comments will not be read into the record.

(1) CALL TO ORDER – 6:00 P.M.

(2) ROLL CALL

CHAIR HANSEN
VICE CHAIR HONEYCUTT
MEMBER COPELAND
MEMBER JONES
MEMBER WOODS

(3) CLOSED SESSION

(4) PUBLIC BUSINESS FROM THE FLOOR ON CLOSED SESSION ITEMS

(5) RECESS TO CLOSED SESSION

(6) RECONVENE REGULAR MEETING – 7:00 P.M.

(7) CLOSED SESSION REPORT

**(8) PUBLIC BUSINESS FROM THE FLOOR ON ITEMS NOT LISTED ON THE AGENDA
(SPEAKERS WILL BE GIVEN THREE MINUTES FOR EACH DISTINCT ITEM)**

(9) ADMINISTRATIVE OFFICER REPORTS

- a. ADOPT RECOGNIZED OBLIGATION PAYMENT SCHEDULE - JULY 1, 2026 TO JUNE 30, 2027 (ROPS FY 26-27AB)

Recommendation:

Adopt a resolution, entitled:

A RESOLUTION OF THE CITY COUNCIL AS SUCCESSOR AGENCY OF THE CITY OF SIGNAL HILL, CALIFORNIA, ADOPTING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) FY 26-27AB PURSUANT TO HEALTH AND SAFETY CODE §34177 AND TRANSMITTING THE ROPS FY 26-27AB TO THE LOS ANGELES COUNTY 4TH SUPERVISORIAL DISTRICT CONSOLIDATED OVERSIGHT BOARD FOR ITS REVIEW AND APPROVAL

(10) CONSENT CALENDAR

The following Consent Calendar items are expected to be routine and non-controversial. Items will be acted upon by the Successor Agency at one time without discussion. Any item may be removed by an Agency Member for discussion.

- a. ANNUAL ADOPTION OF THE CITY'S INVESTMENT POLICY FOR PUBLIC FUNDS AND RESOLUTIONS FOR PARTICIPATION IN THE CALIFORNIA FINANCE INTERGOVERNMENTAL TRUST (CALFIT) INVESTMENT POOL

Recommendation:

City Council:

Adopt a resolution, entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SIGNAL HILL, CALIFORNIA, ADOPTING ITS INVESTMENT POLICY FOR PUBLIC FUNDS

Successor Agency:

Adopt a resolution, entitled:

A RESOLUTION OF THE CITY COUNCIL AS SUCCESSOR AGENCY OF THE CITY OF SIGNAL HILL, CALIFORNIA, ADOPTING ITS INVESTMENT POLICY FOR PUBLIC FUNDS

- b. ANNUAL REPORT OF THE CITY COUNCIL AS SUCCESSOR AGENCY
- c. APPROVAL OF MEETING MINUTES

Recommendation:

Approve the meeting minutes.

(11) SUCCESSOR AGENCY AGENDA--NEW BUSINESS

MEMBER WOODS
MEMBER JONES
MEMBER COPELAND
VICE CHAIR HONEYCUTT
CHAIR HANSEN

(12) ADJOURNMENT

Tonight's meeting will be adjourned to the next regular meeting of the City Council as Successor Agency to be held on Tuesday, January 12, 2027, at 7:00 p.m., in the Council Chamber of City Hall, 2175 Cherry Avenue, Signal Hill, CA 90755.

PUBLIC PARTICIPATION

Routine matters are handled most quickly and efficiently if contact is made with the City department directly concerned. However, if you would like to request that a matter be presented for City Council consideration, you may do so by writing to the City Council, City Clerk, or City Manager. The deadline for agenda items is 12 noon on the Tuesday preceding the Council and Agency meetings. The complete agenda, including back up materials is available on the City website on the Friday preceding the meeting.

If you need special assistance beyond what is normally provided to participate in City meetings, the City will attempt to accommodate you in every reasonable manner. Please call the City Clerk's office at (562) 989-7305 at least 48 hours prior to the meeting to inform us of your particular needs and to determine if accommodation is feasible.



CITY OF SIGNAL HILL

2175 Cherry Avenue • Signal Hill, California 90755-3799

STAFF REPORT

1/13/2026

AGENDA ITEM

**TO: HONORABLE CHAIR
AND MEMBERS OF THE SUCCESSOR AGENCY**

**FROM: CARLO TOMAINO
CHIEF ADMINISTRATIVE OFFICER**

**BY: SIAMLU COX
FINANCE DIRECTOR**

**DEBBIE PACHECO
ACCOUNTING MANAGER**

**DANIEL BASULTO
SENIOR ACCOUNTANT**

SUBJECT: **ADOPT RECOGNIZED OBLIGATION PAYMENT SCHEDULE - JULY 1, 2026 TO JUNE 30, 2027 (ROPS FY 26-27AB)**

Summary:

Pursuant to AB1x 26, codified as Health and Safety Code Section 34172, the Signal Hill Redevelopment Agency was dissolved effective February 1, 2012. In accordance with Health and Safety Code Section 34177, the Recognized Obligation Payment Schedule (ROPS) process requires submission of an annual budget outlining proposed expenditures for the upcoming fiscal year. The ROPS Fiscal Year (FY) 26-27AB covers the period from July 1, 2026, to June 30, 2027. Staff is requesting that the City Council, as Successor Agency of the City of Signal Hill, adopt a resolution approving the ROPS and transmitting such to the Los Angeles County 4th Supervisorial District Consolidated Oversight Board for review and approval. Formal City Council action is required for the City to comply with the State law and associated requirements.

Recommendation:

Adopt a resolution, entitled:

A RESOLUTION OF THE CITY COUNCIL AS SUCCESSOR AGENCY OF THE CITY OF SIGNAL HILL, CALIFORNIA, ADOPTING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) FY 26-27AB PURSUANT TO HEALTH AND SAFETY CODE §34177 AND TRANSMITTING THE ROPS FY 26-27AB TO THE LOS ANGELES COUNTY 4TH SUPERVISORIAL DISTRICT CONSOLIDATED

OVERSIGHT BOARD FOR ITS REVIEW AND APPROVAL

Fiscal Impact:

The anticipated total funding for the ROPS FY 26-27AB covering July 1, 2026, to June 30, 2027, is \$13,491,021, including \$3,902,881 debt service reserves and \$796,950 in bond proceeds funding in ROPS 26-27B. The expenditures for the year cover \$2,800,000 for contractual obligations. The budget includes an administrative cost allowance of \$250,000. The budget includes the seventh payment on the City-Agency loan of \$3,100,000. Bond payments, reserves for bonds, continuing disclosure, and trustee fees total \$7,341,021.

Background:

Pursuant to AB1x 26, the City Council is the designated Successor Agency (SA) to the former Signal Hill Redevelopment Agency (SHRA). Under the revised schedule provided by the Supreme Court in upholding the constitutionality of AB1x 26, the dissolution of the SHRA became effective February 1, 2012. With the dissolution of the SHRA, the SA became responsible for payment of all enforceable obligations of the former SHRA and for disposal of the SHRA's assets.

Every Successor Agency is required to submit an Oversight Board (OB) approved ROPS on an annual basis. The State Department of Finance (DOF) reviews and approves the budget. If the SA needs to amend the budget for the payment of an enforceable obligation, HSC §34177.7(o)(1)E permits a one-time amendment to the budget during the fiscal year, provided it is submitted no later than October 1 of the given year.

The administrative cost allowance is capped at three percent of the actual property tax distributed to the Successor Agency by the County Auditor Controller (CAC) in the preceding fiscal year for payment of approved enforceable obligations. This amount is further reduced by the SA's administrative cost allowance and loan repayments made to the City during the preceding fiscal year, subject to a minimum of \$250,000, unless such amount is reduced by the OB or by agreement between the SA and the DOF. For the FY 26-27AB, the administrative cost allowance is \$250,000. This money is used to cover staff costs associated with SHRA dissolution activities.

Upon approval of ROPS FY 26-27AB, the ROPS would be submitted to the Los Angeles County 4th Supervisorial District Consolidated Oversight Board for review and approval at its meeting on January 20, 2026. State law requires that the approved ROPS be submitted to the DOF by February 2, 2026. The DOF will issue determinations on enforceable obligations by April 15, 2026; funds will be distributed on June 1, 2026. As required, the approved ROPS must be posted on the City's website. Additionally, SA staff must provide the adopted ROPS to the County Administrator, CAC and the DOF.

Failure to file the ROPS within the specified time frame can lead to significant legal actions and financial consequences. Creditors of the SA, DOF, and affected taxing entities may file a writ of mandate to compel the SA to adopt a ROPS. In addition, the SA may be subject to civil fines of \$10,000 per day for noncompliance. If the SA does not submit the ROPS within 10 days of the deadline, it may result in a 25% reduction on its maximum administrative cost allowance for the period covered by the delinquent ROPS. Furthermore, the DOF may instruct the CAC to withhold

payments to enforceable obligations, potentially disrupting the SA's ability to meet its financial commitments.

Under AB 1484, the DOF has five days to request review of an enforceable obligation listed on the ROPS schedule. The DOF is required to make a determination regarding the enforceable obligations, including the amounts and funding sources, no later than 45 days after the ROPS is submitted by an SA. In addition, AB 1484 provides the SA a five-day window to request an opportunity to meet and confer on additional disputed items once the SA has received the DOF determination. This process allows for clarification and resolution of discrepancies before finalizing the ROPS.

Previously under the dissolution bill (AB1x 26), the CAC was required to "certify" the ROPS. Under AB 1484, the CAC is authorized to review the ROPS and may object to any item or funding source. The CAC is required to submit notice to the DOF, the SA and the OB, 60 days prior to the distribution date before payment of funds. If the SA and OB dispute the rejected item, then the DOF is responsible for determining what will be included on the applicable ROPS.

Staff is requesting the City Council, as Successor Agency of the City of Signal Hill, to adopt the resolution approving the ROPS and transmitting such to the Los Angeles County 4th Supervisorial District Consolidated Oversight Board for its review and approval. The proposed actions are required to comply with the State law and requirements

Attachment(s):

- A. Successor Agency Resolution Adopting ROPS FY 26-27AB
- B. Exhibit A - ROPS FY 26-27AB

RESOLUTION NO. 2026-01-XX

A RESOLUTION OF THE CITY COUNCIL AS SUCCESSOR AGENCY OF THE CITY OF SIGNAL HILL, CALIFORNIA, ADOPTING A RECOGNIZED OBLIGATION PAYMENT SCHEDULE (ROPS) FY 26-27AB PURSUANT TO HEALTH AND SAFETY CODE §34177 AND TRANSMITTING THE ROPS FY 26-27AB TO THE LOS ANGELES COUNTY 4TH SUPERVISORIAL DISTRICT CONSOLIDATED OVERSIGHT BOARD FOR ITS REVIEW AND APPROVAL

WHEREAS, the City of Signal Hill is a municipal corporation and a charter city organized and existing under the Constitution of the State of California (“City”); and

WHEREAS, the Signal Hill Community Redevelopment Agency (“Redevelopment Agency”) is a public body, corporate and politic, organized and existing under the California Community Redevelopment Law (Health & Safety Code §33000 *et seq.*); and

WHEREAS, on December 29, 2011, the California Supreme Court issued its opinion in the case *California Redevelopment Association, et al. v. Ana Matosantos, etc., et al.*, Case No. S196861, and upheld the validity of Assembly Bill 1x26 (“AB1x26”); and

WHEREAS, the Court’s decision resulted in the implementation of AB1x26 which dissolves all the redevelopment agencies in the State of California as of February 1, 2012; and

WHEREAS, the City Council as Successor Agency was established for purposes of assisting with winding-down the Redevelopment Agency under AB1x26; and

WHEREAS, Health and Safety Code Section 34177(o)(1), requires Successor Agencies to submit an Oversight Board approved Recognized Obligation Payment Schedule (ROPS) on an annual basis; and

NOW, THEREFORE, the City Council as Successor Agency resolves as follows:

Section 1. The foregoing Recitals are true and correct and are incorporated herein.

Section 2. The ROPS, attached hereto and incorporated herein by reference as Exhibit "A", is hereby adopted pursuant to Health & Safety Code Section 34177.

Section 3. The Chief Administrative Officer of the Successor Agency or designee is hereby directed to forward this resolution along with the ROPS covering July 1, 2026 to June 30, 2027 called ROPS FY 26-27AB to the Los Angeles County 4th Supervisorial District Consolidated Oversight Board for its review and approval.

PASSED, APPROVED, AND ADOPTED this 13th day of January 2026.

CHAIR

ATTEST:

SECRETARY

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES)ss.
CITY OF SIGNAL HILL)

I, _____, Secretary of the Successor Agency of the City of Signal Hill, California, hereby certify that Resolution No. 2026-01-XX was adopted by the City Council as Successor Agency at a regular meeting held on the 13th day of January 2026 and that the same was adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

SECRETARY

**Recognized Obligation Payment Schedule (ROPS 26-27) - Summary
Filed for the July 1, 2026 through June 30, 2027 Period**

Successor Agency: Signal Hill

County: Los Angeles

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	26-27A Total (July - December)	26-27B Total (January - June)	ROPS 26-27 Total
A Enforceable Obligations Funded as Follows (B+C+D)	\$ 4,839,353	\$ -	\$ 4,839,353
B Bond Proceeds	796,950	-	796,950
C Reserve Balance	3,902,881	-	3,902,881
D Other Funds	139,522	-	139,522
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G)	\$ 8,640,818	\$ 10,850	\$ 8,651,668
F RPTTF	8,390,818	10,850	8,401,668
G Administrative RPTTF	250,000	-	250,000
H Current Period Enforceable Obligations (A+E)	\$ 13,480,171	\$ 10,850	\$ 13,491,021

Certification of Oversight Board Chairman:

Pursuant to Section 34177 (o) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named successor agency.

Name _____ Title _____

/s/ _____
Signature _____ Date _____

Signal Hill
Recognized Obligation Payment Schedule (ROPS 26-27) - ROPS Detail
July 1, 2026 through June 30, 2027

A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W
Item #	Project Name	Obligation Type	Agreement Execution Date	Agreement Termination Date	Payee	Description	Project Area	Total Outstanding Obligation	Retired	ROPS 26-27 Total	ROPS 26-27A (Jul - Dec)				26-27A Total	ROPS 26-27B (Jan - Jun)				26-27B Total		
											Fund Sources					Fund Sources						
											Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF	Bond Proceeds	Reserve Balance	Other Funds	RPTTF	Admin RPTTF		
								\$16,072,497		\$13,491,021	\$796,950	\$3,902,881	\$139,522	\$8,390,818	\$250,000	\$13,480,171	\$-	\$-	\$-	\$10,850	\$-	\$10,850
5	2006 Taxable Tax Allocation Parity Bonds, Series A	Bonds Issued On or Before 12/31/10	09/07/2006	10/01/2026	U.S. Bank National Association	Property Acquisition	Project No 1	3,488,971	N	\$3,488,971	-	3,488,971	-	-	-	\$3,488,971	-	-	-	-	\$-	
8	2011 Tax Allocation Parity Bonds	Bonds Issued After 12/31/10	03/25/2011	10/01/2026	U.S. Bank National Association	Construction of Library	Project No 1	796,950	N	\$796,950	796,950	-	-	-	-	\$796,950	-	-	-	-	\$-	
9	Trustee Fees	Fees	12/04/2001	10/01/2026	US Bank National Association	Trustee fees for Bonds	Project No 1	10,850	N	\$10,850	-	-	-	-	-	\$-	-	-	-	10,850	-	\$10,850
16	Owner Participation Agreement	Business Incentive Agreements	03/16/2011	03/16/2027	LBSH Parcel I LLC/ Office Depot	Tax Sharing	Project No 1	3,100,000	N	\$2,800,000	-	139,522	2,660,478	-	\$2,800,000	-	-	-	-	-	\$-	
21	Reimbursement Agreement	City/County Loan (Prior 06/28/11), Cash exchange	03/18/2008	10/01/2030	City of Signal Hill	Property Acquisition	Project No 1	3,131,476	N	\$3,100,000	-	-	3,100,000	-	\$3,100,000	-	-	-	-	-	\$-	
89	Administrative Cost Allowance	Admin Costs	07/01/2020	06/30/2027	City of Signal Hill	Administrative Cost Allowance	Project No 1	2,500,000	N	\$250,000	-	-	-	-	250,000	\$250,000	-	-	-	-	\$-	
101	2011 Tax Allocation Parity Bonds	Reserves	03/25/2011	10/01/2026	U.S. Bank National Association	Construction of Library	Project No 1	-	Y	\$-	-	-	-	-	\$-	-	-	-	-	-	\$-	
102	Contract Services - Financial	Fees	10/13/2000	06/30/2027	Harrell & Company Advisors	Continuing Disclosure	Project No 1	-	N	\$-	-	-	-	-	\$-	-	-	-	-	-	\$-	
115	2006 Taxable Tax Allocation Parity Bonds, Series A	Reserves	09/07/2006	10/01/2026	U.S. Bank National Association	Reserve for October 1 Debt Service	Project No 1	-	Y	\$-	-	-	-	-	\$-	-	-	-	-	-	\$-	
123	2017 Tax Allocation Refunding Parity Bonds	Refunding Bonds Issued After 6/27/12	12/14/2017	10/01/2026	U.S. Bank National Association	Refinance 2007 and 2009 Bonds	Project No. 1	3,044,250	N	\$3,044,250	-	413,910	-	2,630,340	-	\$3,044,250	-	-	-	-	\$-	
124	2017 Tax Allocation Refunding Parity Bonds	Reserves	12/14/2017	10/01/2026	U.S. Bank National Association	Refinance 2007 and 2009 Bonds	Project No. 1	-	Y	\$-	-	-	-	-	\$-	-	-	-	-	-	\$-	

Signal Hill
Recognized Obligation Payment Schedule (ROPS 26-27) - Report of Cash Balances
July 1, 2023 through June 30, 2024
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (I), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation.

A	B	C	D	E	F	G	H
ROPS 23-24 Cash Balances (07/01/23 - 06/30/24)		Fund Sources				Comments	
		Bond Proceeds		Reserve Balance	Other Funds		
		Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS RPTTF and Reserve Balances retained for future period(s)	Rent, grants, interest, etc.		
1	Beginning Available Cash Balance (Actual 07/01/23) RPTTF amount should exclude "A" period distribution amount.	27,331	950,318	4,144,556	74,548	1,205,743	
2	Revenue/Income (Actual 06/30/24) RPTTF amount should tie to the ROPS 23-24 total distribution from the County Auditor-Controller	74,905	94,136		139,522	13,287,271	
3	Expenditures for ROPS 23-24 Enforceable Obligations (Actual 06/30/24)	37,995	83,511	4,144,556	2,451	12,744,753	
4	Retention of Available Cash Balance (Actual 06/30/24) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)	64,241	960,943		72,097	1,171,613	
5	ROPS 23-24 RPTTF Prior Period Adjustment RPTTF amount should tie to the Agency's ROPS 23-24 PPA form submitted to the CAC		No entry required			576,648	
6	Ending Actual Available Cash Balance (06/30/24) C to F = (1 + 2 - 3 - 4), G = (1 + 2 - 3 - 4 - 5)	\$-	\$-	\$-	\$139,522	\$-	

Signal Hill
Recognized Obligation Payment Schedule (ROPS 26-27) - Notes
July 1, 2026 through June 30, 2027

Item #	Notes/Comments
5	
8	
9	
16	
21	
89	
101	
102	
115	
123	
124	



CITY OF SIGNAL HILL

2175 Cherry Avenue • Signal Hill, California 90755-3799

STAFF REPORT

1/13/2026

AGENDA ITEM

TO: HONORABLE CHAIR
AND MEMBERS OF THE SUCCESSOR AGENCY

FROM: CARLO TOMAINO
CHIEF ADMINISTRATIVE OFFICER

BY: SIAMLU COX
FINANCE DIRECTOR

DAVID CASTRO
MANAGEMENT ANALYST

SUBJECT: ANNUAL ADOPTION OF THE CITY'S INVESTMENT POLICY FOR PUBLIC FUNDS
AND RESOLUTIONS FOR PARTICIPATION IN THE CALIFORNIA FINANCE
INTERGOVERNMENTAL TRUST (CALFIT) INVESTMENT POOL

Summary:

The City's Investment Policy provides guidelines for the prudent investment of the City's available resources and outlines policies for maximizing the efficiency of the City's cash management process. The ultimate goal of an Investment Policy is to enhance the economic status of the City while protecting its pooled cash. In accordance with California Government Code Section 53646(a), an annual rendering of the City's Investment Policy shall be presented to the City Council for consideration. Staff does not propose changes to the Investment Policy at this time. In addition, the City Council, as Successor Agency, will consider adoption of a companion policy addressing Successor Agency funds. The City is also providing an introduction of a new investment option under Government Code 53601, that includes the ability to invest in joint powers authority local government investment pools (part of the City's current investment policy), and to become a participant in the California Finance Intergovernmental Trust (CALFIT) investment pool.

Strategic Plan Goal(s):

Goal No. 1 Financial Stability: Ensure the City's long-term financial stability and resilience.

Goal No. 5 High-Functioning Government: Strengthen internal communication, recruitment, retention, systems, and processes to increase the effectiveness and efficiency of City services.

Recommendation:

City Council:

Adopt a resolution, entitled:

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SIGNAL HILL, CALIFORNIA,
ADOPTING ITS INVESTMENT POLICY FOR PUBLIC FUNDS

Successor Agency:

Adopt a resolution, entitled:

A RESOLUTION OF THE CITY COUNCIL AS SUCCESSOR AGENCY OF THE CITY OF SIGNAL
HILL, CALIFORNIA, ADOPTING ITS INVESTMENT POLICY FOR PUBLIC FUNDS

Fiscal Impact:

There is no fiscal impact associated with the proposed recommendations. Becoming a participant in CALFIT would allow the City of Signal Hill to access professional investment management services cost-effectively, with the goal of further diversifying its portfolio within the parameters of the California Government Code while protecting principal, meeting liquidity needs, and enhancing investment returns over time.

Background:

The primary objective of the City's Investment Policy is to provide a framework of approved securities in which the City can legally invest. The Investment Policy drives the City's cash, treasury, and investment management functions and serves as a guide for setting and achieving program objectives, defining rules, establishing benchmarks, and reducing exposure to risk. Staff would also note that rating agencies pay close attention to the City's Investment Policy and portfolio in determining its credit rating, which is a key element when seeking financing options.

The Investment Policy is based on State of California Government Code Sections 53600 through 53609 and 53630 through 53686. These laws, as well as guidelines set forth by the Association of Public Treasurers of the United States and Canada, the California Municipal Treasurers Association (CMTA), and the Government Finance Officers Association (GFOA), have aided City staff in policy development. The State laws and established guidelines encompass a broad array of allowable investments and investment standards to suit the different needs of California's local agencies.

Annual adoption of the City's Investment policy provides an opportunity to regularly review the policy to ensure its consistency with the overall objectives of safety, liquidity, and yield, as well as its relevance to current law and economic trends. The Investment Policy applies to the City's Pooled Investment Portfolio, Bond Proceeds Portfolio, and the Special Districts Portfolio. These portfolios encompass all funds under the oversight of the City Treasurer or approved designee.

The Investment Policy is more conservative than what is allowed by State law as it further restricts the percentage of allowable credit investments (Appendix C of Exhibit A to the Resolutions). Currently, the Finance Department presents the Schedule of Investments on a monthly basis. This level of disclosure exceeds the quarterly reporting requirement by the State. The City's banking investment broker also reviews the policy periodically to ensure compliance with applicable State statutes and also provides recommendations for strategic changes to position the portfolio in a way that maximizes yield while maintaining safety and liquidity.

Staff intends to continue presenting the Investment Policy annually for adoption and will continue to present the monthly Schedule of Investments. Staff does not recommend changes to the Investment Policy at this time.

California Finance Intergovernmental Trust (CALFIT):

CALFIT is a pooled investment option created under a joint exercise of powers agreement among California public agencies. CALFIT is a high-quality, short-term investment option that offers public agencies a convenient way to invest in highly liquid, investment-grade securities, carefully selected to optimize yields while prioritizing safety and liquidity. This investment option is an allowable option within the City's current investment policy, very similar to the California Asset Management Program (CAMP) and Local Agency Investment Fund (LAIF).

CALFIT will strengthen and diversify the City's investment portfolio in accordance with the safety, liquidity, and yield hierarchy. Key features that align with the City's investment goals include:

- Stable Net Asset Value (NAV): The pool is designed to maintain a stable NAV of \$1.00 per share, which is critical for principal preservation.
- High Rating: CALFIT is rated AAA by S&P Global, reflecting the highest degree of safety for principal invested.
- Liquidity: The pool offers same-day liquidity for redemptions submitted by 11:00 a.m. PT.
- Financial Structure: Dividends accrue daily and are paid monthly, with no transaction fees, ensuring efficient cash management.
- Local Focus: Formed in California by California government agencies and managed by a California-based investment firm, Chandler Asset Management, Inc.

Conclusion:

The annual adoption of the Investment Policy ensures that the City remains in compliance with State law while maintaining a conservative framework that prioritizes the safety of public funds. Furthermore, the City intends to become a participant in the CALFIT investment pool, providing an additional high-quality, liquid investment option. This strategic expansion of the City's investment options supports long-term financial stability by diversifying the portfolio and enhancing earnings potential without compromising principal or liquidity. Staff recommends that the City Council and

1/13/2026

Successor Agency adopt the provided resolutions and authorizing the City's participation in the CALFIT program.

Reviewed for Fiscal Impact:

Siamlu Cox

Attachment(s):

- A. City Council Investment Resolution
- B. Successor Agency Investment Resolution
- C. Investment Policy 2025
- D. CALFIT One Pager
- E. CALFIT Information Statement
- F. CALFIT Joint Exercise of Powers Agreement
- G. CALFIT Stable Value Pool Fact Sheet as of November 30, 2025

RESOLUTION NO. 2026-01 -XXXX

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
SIGNAL HILL, CALIFORNIA, ADOPTING ITS
INVESTMENT POLICY FOR PUBLIC FUNDS**

WHEREAS, the City of Signal Hill has a fiduciary responsibility to maximize the productive use of assets entrusted to its care and to invest and manage those public funds wisely and prudently; and

WHEREAS, the City of Signal Hill has an equal obligation to be aware of the social and political impacts of its investments, and subsequently to act responsibly in making its financial decisions; and

WHEREAS, the City of Signal Hill shall strive to make investments that benefit the local area and are consistent with municipal plans and policies.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Signal Hill, California that the Investment Policy as described in Exhibit A, attached hereto and incorporated herein by reference as though fully set forth, is hereby adopted as the Investment Policy of the City of Signal Hill.

PASSED, APPROVED, AND ADOPTED at a regular meeting of the City Council, of the City of Signal Hill, California on this 13th day of January, 2026.

TINA HANSEN
MAYOR

ATTEST:

DARITZA PEREZ
CITY CLERK

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss.
CITY OF SIGNAL HILL)

I, DARITZA PEREZ, City Clerk of the City of Signal Hill, California, hereby certify that Resolution No. 2026-01-XXXX was adopted by the City Council of the City of Signal Hill, California, at a regular meeting held on the 13th day of January, 2026, and that the same was adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

DARITZA PEREZ
CITY CLERK

RESOLUTION NO. 2026-01-XX

**A RESOLUTION OF THE CITY COUNCIL AS SUCCESSOR
AGENCY OF THE CITY OF SIGNAL HILL, CALIFORNIA,
ADOPTING ITS INVESTMENT POLICY FOR PUBLIC
FUNDS**

WHEREAS, the City Council as Successor Agency has a fiduciary responsibility to maximize the productive use of assets entrusted to its care and to invest and manage those public funds wisely and prudently; and

WHEREAS, the City Council as Successor Agency has an equal obligation to be aware of the social and political impacts of its investments, and subsequently to act responsibly in making its financial decisions; and

WHEREAS, the City Council as Successor Agency shall strive to make investments that benefit the local area and are consistent with municipal plans and policies.

NOW, THEREFORE, BE IT RESOLVED, by the City Council as Successor Agency of the City of Signal Hill, California that the Investment Policy as described in Exhibit A, attached hereto and incorporated herein by reference as though fully set forth, is hereby adopted as the Investment Policy of the Successor Agency of the City of Signal Hill.

PASSED, APPROVED AND ADOPTED at a regular meeting of the City Council as Successor Agency on this 13th day of January, 2026.

TINA HANSEN
CHAIR

ATTEST:

STEPHANIE SMITH
AGENCY SECRETARY

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) ss.
SIGNAL HILL SUCCESSOR AGENCY)

I, Tina Knapp, Secretary of the City Council as Successor Agency of the City of Signal Hill, California, hereby certify that Resolution No. 2026-01-XX was adopted by the City Council as Successor Agency at a regular meeting held on the 13th day of January, 2026, and that the same was adopted by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

STEPHANIE SMITH
SECRETARY
CITY COUNCIL AS SUCCESSOR AGENCY

CITY OF SIGNAL HILL STATEMENT OF INVESTMENT POLICY

PURPOSE

The purpose of this statement is to comply with the requirements of California Government Code Section 53646 and to provide clear guidance for the investment of all monies of the City of Signal Hill.

INVESTMENT OBJECTIVES

The investment of the funds of the City of Signal Hill is directed to the goals of safety, liquidity, and high yield. The authority governing investments for municipal governments and units of local government such as the Signal Hill Successor Agency is set forth in the Government Code, Sections 53601, et. seq.

The primary objective of the investment policy of the City of Signal Hill is safety. Most investments will be highly liquid. Maturities will be selected to anticipate cash needs, thereby avoiding the need for forced liquidation. Within the constraints of safety and liquidity, the highest and best yield will be sought.

INVESTMENT PHILOSOPHY

The City's investment philosophy is to invest conservatively in order to minimize risk. Investments shall be made in the context of the Prudent Investor Rule for trustees of local government money, which is defined in Government Code Section 53600.3:

When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

- Diversification of the portfolio by investment type,
- Quality standards for securities issuers,
- Limits on the maximum maturity of investments,
- Passive investment strategy of purchasing investments with the intent to hold them until maturity.

The City's passive investment strategy will not prohibit the city from selling a security prior to its maturity and recording a gain or loss in order to improve the quality, liquidity, or yield of the portfolio in response to market conditions or City needs.

However, the City philosophy prohibits speculation, i.e., the purchase of securities with the intent of profit from favorable changes in market prices or market conditions. Leveraging or borrowing money for the purpose of investing is specifically prohibited.

LEGAL AND POLICY CONSTRAINTS

The City of Signal Hill does not purchase or sell securities on margin.

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

The City of Signal Hill shall transact business only with banks, savings and loans, broker/dealers, and authorized investment pools. The broker/dealers should be primary dealers regularly reporting to the New York Federal Reserve Bank. Exceptions will be made only upon written authorization by the Director of Finance. Investment staff shall investigate dealers who wish to do business with the City to determine if they are adequately capitalized, have pending legal action against the firm or the individual broker and make markets in the securities appropriate to the City's needs.

For Repurchase Agreements, the acceptable collateral is U.S. Treasury Issues or Federal Agency Issues (i.e., FNMA, FHLB, FFCB, GNMA). A statement showing the type of collateral being utilized must be forwarded.

SAFEKEEPING OF SECURITIES

The City of Signal Hill shall have a safekeeping financial institution as an independent third party custodian of securities. Collateral should always be at safekeeping. The City shall not purchase from or sell securities to the financial institution responsible for safekeeping of the City's securities. Securities at safekeeping shall be registered and held in the City's name.

FIVE YEAR LIMITATION ON INVESTMENT FUNDS OF THE CITY

Effective January 1, 1989, the Government Code, Section 53601 states:

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 Signal Hill 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 conditions of the fixed income markets present

opportunities for high interest rates on high grade securities with a low risk exposure. It is in the best interests of the City of Signal Hill to practice a fully diversified investment plan that will ensure safety, liquidity, and the increase of acceptable yield from these situations.

It should be noted that at no time will more than 50% of the City of Signal Hill's funds be invested longer than two years. Purchases greater than five years are not allowed. The security must be a U.S. Treasury Note or Bond, a Federal National Mortgage Association (FNMA) debenture, or a Federal Home Loan Bank (FHLB) debenture, or a Medium Term Corporate Note.

INVESTMENT AUTHORITY

Authority to Make Investments

The City's Charter delegated all the Treasurer's duties to the Director of Finance. As such, the Director of Finance is authorized to make investments on behalf of the City of Signal Hill. Such investments shall only be limited to the instruments authorized under California Government Code Sections 53601 and 53635 and further described in Appendix "A".

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 Director of Finance, a listing which limits transfers of funds to preauthorized bank accounts only. The listing will also contain the names of the City staff authorized to request such transfers and will be updated, in writing, for all changes of authorized staff and bank accounts as necessary.

Deposits

Money must be deposited in state or national banks, state or federal savings associations, or state or federal credit unions in the state. It may be in inactive deposits, active deposits or interest-bearing active deposits. The deposits cannot exceed the amount of the bank's or 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. State law also allows as an eligible security, first trust deeds having a value of 150% of the total amount of the deposits. A third class of collateral is letters of credit drawn on the Federal Home Loan Bank (FHLB).

The investment officer may at his 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.

From time to time certain institutions ask to reduce the existing certificate of deposit from \$250,000 to \$247,000. This is so the accrued interest on the deposit will also be insured. It is to the City's advantage to reduce the principal deposit to the lower lever for full insurance coverage of principal and accrued interest if the financial institution requests the reduction and if there is no penalty assessed for the reduction. If funds are to be collateralized, the acceptable collateral is 110% of the deposit in government securities.

INVESTMENTS

The following is a list of investments authorized by the Government Code:

- U.S. Treasury issues
- Federal Agency issues
- Certificates of Deposit
- Bankers Acceptances
- Commercial Paper
- Medium Term Corporate Notes
- Negotiable Certificates of Deposit
- Municipal and State obligations
- Mutual Funds
- Repurchase Agreements
- Reverse Repurchase Agreements
- Supranationals
- Local Agency Investment Fund (LAIF)
- County Pooled Funds
- Joint Powers Authority Local Government Investment Pools
- Passbook Savings/Money Market
- Financial Futures/Options

A description of these investments is listed in Appendix A.

The following types of investments can be used by the City of Signal Hill:

- U.S. Treasury issues
- Federal Agency issues
- Bankers Acceptances
- Certificates of Deposit
- Negotiable Certificates of Deposit
- Local Agency Investment Fund (LAIF)
- Passbook Savings Account
- Money Market Account
- County Pooled Funds
- Joint Powers Authority Local Government Investment Pools
- Repurchase Agreements
- Commercial Paper
- Medium Term Corporate Notes
- Municipal and State obligations

Mutual Funds
Supranationals

BOND PROCEEDS

Bond proceeds may be invested pursuant to the Bond Indenture Agreement which is approved at the time such bonds are issued.

The following types of investments cannot be used by the City of Signal Hill:

Financial Futures and Financial Options
Reverse Repurchase Agreements
Purchase of Securities on Margin
Guaranteed Small Business Administration (SBA) notes

REPORTING

In accordance with California Government Code Section 53646 (b)(d), (1) The Finance Director may render a quarterly report to the City Manager and City Council. The quarterly report shall be so submitted within 30 days following the end of the quarter covered by the report. Except as provided in subdivisions (e) and (f), this report shall include the type of investment, issuer, date of maturity, par and dollar amount invested on all securities, investments and moneys held by the local agency, and shall additionally include a description of any of the local agency's funds, investments, or programs, that are under the management of contracted parties, including lending programs. With respect to all securities held by the local agency, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund, the report shall also include a current market value as of the date of the report, and shall include the source of this same evaluation. (2) The quarterly report shall state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance. (3) The quarterly report shall include a statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available. (4) In the quarterly report, a subsidiary ledger of investments may be used in accordance with accepted accounting practices. (c) Pursuant to subdivision (b), the Finance Director shall report whatever additional information or data may be required by the legislative body of the local agency. (d) The City Council may elect to require the report.

POLICY REVIEW

Annual Statement of Investment Policy

In accordance with California Government Code Section 53646 (a), the Finance Director of the local agency may annually render to the City Manager and City Council a statement of investment policy, which the legislative body of the local agency shall consider at a public

meeting. Any change in the policy shall also be considered by the City Council at a public meeting.

Periodic Review

To ensure a statement that is consistent with any new relevant legislation and financial trends, the Director of Finance or City Treasurer shall periodically report to the City Council and City Manager proposed changes and amendments to this document for review and approval.

APPENDIX A

DEPOSITORY SERVICES

Active deposits are demand or checking accounts with 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. The criteria for investments in Certificates of Deposit are described in Appendix B.

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 obligation 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 Intermediate Credit Bank (FIC) debentures, Small Business Administration (SBA) notes, Government National Mortgage Association (GNMA) notes, and Student Loan Association (SALLMAE) notes.

CERTIFICATE 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), Federal Savings and Loan Insurance Corporation (FSLIC), 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 with 105% Letters of Credit (L.C.).

NEGOTIABLE CERTIFICATES OF DEPOSIT are large-denomination CDs issued in \$1 million increments. These securities have average trades in the secondary market of \$5 million to \$10 million. They are issued at face value and typically pay interest at maturity, if maturing in less than 12 months. CDs which mature beyond this range pay interest semi-annually. Negotiable CDs are issued by U.S. banks (domestic CDs), U.S. branches of foreign banks (Yankee CDs) and thrifts. There is an active secondary market for negotiable domestic and Yankee CDs. However, the negotiable thrift CD secondary market is limited. Yields on CDs exceed those on U.S. treasuries and agencies of similar maturities. This higher yield compensates the investor for accepting the risk of reduced liquidity and the risk that the issuing bank might fail. State law does not require the collateralization of negotiable CDs.

BANKERS ACCEPTANCES are short term credit arrangements to enable businesses to obtain funds to finance commercial transactions. They are time drafts drawn on a bank by an exporter or importer to obtain funds to pay for specific merchandise. By its acceptance, the bank becomes primarily liable for the payment of the draft at maturity. An acceptance is a high grade negotiable instrument. Bankers acceptances cannot exceed a maturity of 180 days. The interest is calculated on a 360 day discount basis similar to Treasury Bills. Local Agencies cannot invest more than forty percent of their surplus money in bankers acceptances.

COMMERCIAL PAPER is a short term unsecured promissory note issued by a corporation to raise working capital. These negotiable instruments may be purchased at a discount to par value or interest bearing. Commercial paper is issued by corporation such as General Motors Acceptance Corporation (GMAC), Shearson-American Express, Bank of America, Wells Fargo Bank, etc. Commercial paper cannot exceed a maturity of 270 days.

Local agencies are permitted by state law to invest in commercial paper of "prime" quality of the highest ranking or of the highest letter and numerical rating as provided by Moody's Investor's Service, Inc. or Standard and Poor's Corporation. Purchases of eligible commercial paper may not exceed 270 days maturity nor exceed fifteen percent of the local agency's surplus funds. An additional ten percent (for a total of 25%) can be invested in Commercial Paper provided the average maturity of invested funds in commercial paper does not exceed 30 days. The City may not purchase more than 10% of the outstanding commercial paper and the medium-term notes of any single issuer.

MEDIUM TERM CORPORATE NOTES are unsecured promissory notes issued by a corporation organized and operating in the United States. These are negotiated instruments and are traded in the secondary market. Medium Term Corporate Notes (MTN) can be defined as extended maturity commercial paper. Corporations use these MTN's to raise capital. Examples of MTN issuers are General Electric, GMAc, Citibank, Wells Fargo Bank, etc.

Local agencies are restricted by the Government Code to investments in corporations rated in the top three note categories by a single nationally recognized rating service. Further

restrictions are a maximum term of five years to maturity and total investments in Medium Term Corporate Notes may not exceed thirty percent of the local agency's surplus money.

MUNICIPAL BONDS including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the State or by a department, board, agency, or authority of the State.

Section 53601(c) of the State of California Government code permits local agencies to invest registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from are venue producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.

Investments also include bonds, notes, warrants, or other evidences of indebtedness of a local agency within California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

In addition, these securities must be:

- Maturities not exceeding five years from the date of trade settlement;
- Rated in at least the "A" category or its equivalent or better by a NRSRO;
- No more than five percent (5%) of the City's total portfolio shall be invested in anyone municipal issuer; and
- Cannot exceed thirty percent (30%) of the agency's investment portfolio.

REPURCHASE AGREEMENTS AND REVERSE REPURCHASE AGREEMENTS are short term investment transactions. Banks buy temporarily idle funds from a customer by selling him U.S. Government or other securities with a contractual agreement to repurchase the same securities on a future date. Repurchase agreements are typically for one to ten days in maturity. The customer receives interest from the bank. The interest rate reflects both the prevailing demand for Federal Funds and the maturity of the repo. Some banks will execute repurchase agreements for a minimum of \$250,000, but most banks have a minimum of \$500,000. A reverse repurchase agreement (Reverse Repo) is exactly what the name implies. The City of Signal Hill invests periodically in repurchase agreements, but as a matter of policy the City of Signal Hill does not invest in reverse repurchase agreements.

SUPRANATIONALS is an organization formed by a group of countries through an international treaty with specific objectives such as promoting economic development. Supranational organizations also issue debt in the United States. The most commonly recognized debt is issued by the International Bank for Reconstruction and Development (IBRD or World Bank).

Section 53601 (q) of the State of California Government Code allows local agencies to invest in bonds issued by one of the three supranationals: World Bank, International Finance Corporation (IFC) and Inter-American Development Bank (IADB), which were

established by international treaties, incorporated into U.S. federal law by Congressional Acts and headquartered in Washington D.C. Currently, these entities carry the highest credit ratings (AAA) based on their financial structure, policies, performance and capital support from shareholders.

These investments must meet the following criteria:

- Maturity of five years or less;
- Eligible for purchase and sale within the US;
- In a rating category of "AA" or its equivalent or better by a nationally recognized statistical rating organization (NRSRO); and
- No more than ten percent (10%) of the City's total portfolio shall be invested in any one issuer of supranational obligations; and
- Cannot exceed 30 percent (30%) of the agency's investment portfolio.

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 \$75 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 via a check or warrant.

The State keeps an amount for reasonable costs of making the investments, not to exceed one-quarter of one percent of the earnings.

COUNTY POOLED FUNDS is similar to the State of California Local Agency Investment Fund (LAIF). Los Angeles County has two pools, one of which is offered to municipal governments. The pool is administered by an outside contracted professional cash management firm, Discount Corporation of New York.

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 monthly via check, warrant, or direct deposit to the agency's County Pooled Fund account. The County keeps an amount for reasonable administrative costs of the pool.

The advantage of the County Pool Investment Fund is the high level of liquidity and safety. There are no restrictions to number of transactions or dollar amounts of deposits. The funds deposited by a local agency in the County Pooled Funds cannot be attached by the County.

JOINT POWERS AUTHORITY LOCAL GOVERNMENT INVESTMENT POOLS are similar in nature to State of California Local Agency Investment Fund (LAIF) and/or County Pools. They are referred to in the Government Code 53601, P, as "shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (r), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities

owned by the joint powers authority". To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment advisor that meets all of the following criteria:

- (1) The adviser is registered or exempt from registration with the Securities and Exchange Commission.
- (2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive.
- (3) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

MUTUAL FUNDS are referred to in the Government Code, Section 53601, L, as "shares of beneficial interest issued by diversified management companies". The Mutual Fund must be restricted by its by-laws to the same investments as the local agency by the Government Code. These investments are Treasury issues, Federal Agency issues, State of California and City (within California) debt obligation, Bankers Acceptances, Commercial Paper, Certificates of Deposit, Negotiable Certificates of Deposit, Repurchase Agreements, Reverse Repurchase Agreements, Financial Futures and Financial Options and Medium Term Corporate Notes.

The quality rating restrictions in each investment category applicable to the local agency also apply to the Mutual Fund. Investments in Mutual Funds may not exceed 20% of the local agency's surplus money and no more than 50% may be invested in any one Mutual Fund.

A further restriction is that the purchase price of share of mutual funds shall not include any sales commission.

FINANCIAL FUTURES AND FINANCIAL OPTIONS are forward contracts for securities. The government code states that a local agency may incur future contracts/options for any of the investment securities enumerated in Section 53601, a-m. Due to the volatility of trading in financial futures, the City of Signal Hill does not invest in financial futures or financial options.

APPENDIX B

INVESTMENT CRITERIA FOR FINANCIAL INSTITUTIONS

The City of Signal Hill requires that each financial institution submit current financial statements which are evaluated by staff prior to the investment of funds. The following criteria are used:

The institution must have been in business at least three years.

The institution must submit audited financial statements.

The institution must have assets of at least \$50 million and a net worth to liability ratio of 3.5% to 1.

Investments of less than 180 days to maturity can use a net worth asset ratio of 3.0% to 1.

Investments in Credit Unions require Equity (net worth) to Asset Value of 5.0%. The loan balance to share draft ratio is compared to industry standards, but should not exceed 90%. The City may invest funds for a period up to 120 days in institutions with a Regular Reserve to Loan Balance ration of at least 3.25%. For longer periods of time, the ratio must be at least 4.0%.

In addition, examination is made of the Reserve for Loan Losses category to evaluate the financial trend of the institution's asset base. When available, data is evaluated regarding the level of non-performing assets (i.e., loans no longer paying interest and/or principal in the amount called for in the original contract agreement). Comparison is made of institution ratio values to the industry averages.

Under deposits, if data is available, the City tracks the ratio of \$250,000 certificates of deposit (brokered money) to the total deposit base. A percent greater than 50% is an area of concern.

Whenever possible, the use of several years' financial data is evaluated to present a trend of activity in the institution.

It is also required that interest be paid on a monthly basis, current law only requires quarterly payments. No more than \$250,000 is placed in any savings and loan, small bank, or credit union. A small bank is defined as a banking institution with assets under \$500 million.

APPENDIX C

INVESTMENT LIMITATIONS

PERMITTED INVESTMENT TYPE	MINIMUM CREDIT RATING	PORTFOLIO MAXIMUM	ISSUER LIMIT	MATURITY LIMIT
U.S. Treasury	N/A	None	None	5 years
Federal Agency	N/A	None	None	5 years
Passbook Savings Account	N/A	None	10%	N/A
Money Market Account	N/A	None	10%	N/A
Bankers Acceptance	A1 or P1	40%	10%	180 days
Commercial Paper	A1 or P1	25%	10%	270 days
Medium Term Corporate Notes	AA	30%	10%	5 years
Municipal and State obligations	A	30%	5%	5 years
Time Certificate of Deposit	N/A	30%	10%	1 year
Negotiable CD	A or A2 ²	30%	10%	5 years
Supranationals	AA	30%	10%	5 years
Brokered Certificate of Deposit	N/A	30%	N/A	5 years
LAIF	N/A	None	None	N/A
County Pools	N/A	None	None	N/A
Joint Powers Authority Pools	N/A	None	None	N/A ⁶
Mutual Funds	Multiple ¹	20%	10% ⁴	N/A ⁵

¹ City/Agency may not purchase instruments issued by the SBA or GNMA.
² Negotiable Certificates of Deposit must be issued by institutions which have lone term debt rated A or higher by Standard & Poors or A2 or higher by Moody's; and/or have sort term debt rated at least A1 by Standard & Poors or P1 by Moody's.
³ The LAIF has a maximum investment limit per investing entity of \$65,000,000. The combined City/Agency limit is \$150,000,000.
⁴ Multiple - must receive the highest ranking by not less than two nationally recognized statistical rating agencies (i.e. Lipper Analytical; Morningstar) or retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million.
⁵ Multiple - Must receive the highest ranking by no less than two nationally recognized statistical rating agencies (i.e. Upper Analytical, Morningstar) or retain an investment advisor who is registered with the SEC (or exempt from registration) and has assets under management in excess of \$500 million.
⁶ Certain Joint Powers Authority Pools may have a maximum investment limit. The California Asset Management Program (CAMP) has an internal limit that a Shareholder can not be more than 10% of the total fund

CalFIT Stable Value Pool

A California-based solution for California local governments



The Stable Value Pool seeks to deliver safety¹, liquidity and competitive returns for investors seeking to diversify their most liquid funds.

Pool Features

- Stable net asset value of **\$1.00 per share**
- **Same-day liquidity** for redemptions submitted **by 11 a.m. PT**
- No account **minimum or maximum**
- **Unlimited** number of accounts
- **Accrues income daily**, pays monthly
- **Formed in California**, by California government agencies, and managed by a California-based investment firm.
- **60-day** weighted average maturity (WAM) limit³



GASB 79 Compliant



**Rated AAA by
S&P Global²**

Joining is Easy

1. Fill out the digital application at **www.calfitfund.com**
2. Track and submit your account forms on the CalFIT Enrollment Hub
3. Sign and send your enrollment package via DocuSign

Contact Information

Mia Corral Brown

Regional Director
Chandler Asset Management

(858) 226-1504
mcorral@chandlerasset.com

Neil Murthy

Senior Relationship Manager
Chandler Asset Management

(858) 245-4869
amurthy@chandlerasset.com

Carlos Oblites

Senior Investment Pool Strategist
Chandler Asset Management

(415) 798-5586
coblites@chandlerasset.com

¹ While our conservative investment approach promotes safety, investing in securities carries varying degrees of risk and we cannot guarantee safety of principal.

² S&P Global AAA Rating: S&P evaluates a number of factors, including credit quality, market price, exposure, and management. Visit SPGlobal.com/Ratings for more information and ratings methodology.

³ Weighted Average Maturity: Calculated by the final maturity for a security held in the portfolio and the interest rate reset date. This is a way to measure a fund's sensitivity to potential interest rate changes.

©2025 Chandler Asset Management, Inc. An SEC-Registered Investment Adviser providing investment advisory services to local government investment pools and separate accounts. This document has been prepared for informational purposes only and should not be construed as a recommendation of any security, strategy, or investment product nor an offer or solicitation for the purchase or sale of any financial instrument. All investments mentioned herein may have varying levels of risk and may not be suitable for every investor. Chandler and its employees do not offer tax or legal advice. Individuals and organizations should consult with their own tax and/or legal advisors before making any tax or legal related investment decisions. Additional information is available upon request. For Institutional Use Only.



CalFIT®

An Investment Pool for California Public Investors

Information Statement

TABLE OF CONTENTS

1	Introduction	0
2	CalFIT Stable Value Pool Summary.....	0
3	Stable Value Pool General Objectives	1
4	Transparency.....	2
5	Eligible Participants.....	2
6	Stable Value Pool Investment Policy.....	2
6.1	Investment Objectives	3
6.2	Authorized Investments	3
6.3	Delivery and Custody.....	7
7	Shares; Interests of Participants.....	7
8	Investment Risks	8
8.1	Interest Rate Risks	8
8.2	Credit Risks.....	8
8.3	Stable Net Asset Value Risks	8
8.4	Investment Not Insured or Guaranteed	8
9	Board	8
10	Investment Adviser & Administrator.....	9
11	Custodian	9
12	Independent Auditors.....	10
13	How to Become a Participant	10
14	Purchase of Shares; Investments	10
14.1	Investment Procedures.....	10
15	Redemption of Shares; Withdrawals; Transfers	11
15.1	Payment Procedures.....	12
16	Portfolio Transactions.....	12
17	Valuation of Stable Value Pool Shares.....	12
17.1	Computation of Yields.....	13
18	Income Allocations.....	13
19	Retained Reserves	14
20	CalFIT Expenses.....	14
20.1	Expense payments	14
21	Reports to Participants	15

**Stable Value Pool Information Statement
California Fixed Income Trust (“CalFIT”)**

Adopted: September 8, 2025

1 INTRODUCTION

The purpose of this Information Statement is to provide information to Participants (as defined herein) in connection with the purchase of Shares (as defined herein) in the Stable Value Pool (referred to in the Joint Exercise of Powers Agreement as the “Stable NAV Portfolio.”) This Information Statement for the Stable Value Pool describes certain provisions of the JPA Agreement (as defined herein) for CalFIT and the Investment Policy for the Stable Value Pool. Participants interested in the purchase of Shares in the Stable Value Pool should review the full terms of the JPA Agreement and the Investment Policy for the Stable Value Pool described herein, located at www.calfitfund.com. Capitalized terms not otherwise defined herein shall have the meanings set forth in the JPA Agreement.

The contents of this Information Statement should not be considered to be legal, tax or investment advice, and Participants should consult with their own counsel and advisers as to all matters concerning investment in the Stable Value Pool.

2 CALFIT STABLE VALUE POOL SUMMARY

The California Fixed Income Trust, doing business as CalFIT, is a California joint powers authority created pursuant to Title 1, Division 7, Chapter 5 of the California Government Code (commencing with Section 6500), known as the Joint Exercise of Powers Act (Act) and the JPA Agreement referenced below.

The Act provides that two or more public agencies (as defined herein, Public Agencies) that have the authority to invest funds in their treasuries may, by agreement, jointly exercise that common power and create a joint powers authority separate from such Public Agencies to exercise such common power and to act as administrator of the agreement. Under this authority, CalFIT was created pursuant to a Joint Exercise of Powers Agreement (JPA Agreement) dated as of July 22, 2025, between the Founding Members (as defined in the JPA Agreement).

The Act authorizes a joint powers authority, such as CalFIT, to issue shares of beneficial interest in authorized investments to participating Public Agencies (collectively referred to herein, as Participants and individually, as a Participant). See “**Eligible Participants**.” The JPA Agreement sets forth the terms of the investment program known as the CalFIT Investment Program, including the establishment of Pools in which Participants purchase shares of beneficial interest issued by CalFIT in authorized investments that are owned by CalFIT. The Stable Value Pool is the initial Pool established by CalFIT.

The purpose of CalFIT is to consolidate investment activities of the Participants and thereby reduce duplication, take advantage of economies of scale, and perform governmental functions more efficiently through the CalFIT Investment Program.

Information Statement

As a joint powers authority, CalFIT provides a professionally managed pooled investment program for Participants. See "**Investment Adviser & Administrator**." Pursuant to the JPA Agreement, CalFIT is governed by a Board. See "**Board**."

The Shares in the Stable Value Pool have not been, and are not required to be, registered under any federal or state securities law. CalFIT has not been, and is not required to be, registered under the Investment Company Act of 1940, as amended. Accordingly, CalFIT and its Stable Value Pool are not subject to the provisions of that Act, including the protective rules relating to registered money market funds and other types of mutual funds.

3 STABLE VALUE POOL GENERAL OBJECTIVES

CalFIT provides a professionally managed pooled investment program for Participants. The general objective of the Stable Value Pool is to generate additional investment income for the Participants while maintaining safety and liquidity. The Stable Value Pool is managed by the Board to comply with the requirements of California law.

As described below, the investment objectives of the Stable Value Pool are to preserve principal, provide daily liquidity, earn a competitive rate of return, comply with GASB 79, and strive to maintain a stable Net Asset Value ("NAV") of \$1.00. The Stable Value Pool accrues net income daily and pays net income on a pro rata basis monthly.

CalFIT has established that the Stable Value Pool will have a maximum dollar-weighted average maturity ("WAM") of 60 days and a maximum weighted average life ("WAL") of 120 days. Ten percent of the Stable Value Pool's total assets must be liquid daily, and thirty percent must be liquid weekly at the time of the most recent security purchase per GASB 79. The Investment Policy created by CalFIT for the Stable Value Pool establishes the investment objectives, policies and restrictions that are designed to facilitate the achievement of these objectives. The full Investment Policy is included below.

The Investment Adviser for the Stable Value Pool will seek to maintain a 'AAAm' rating from S&P Global Ratings or the equivalent on the Stable Value Pool. According to S&P Global Ratings, a fund rated 'AAAm' demonstrates extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk. 'AAAm' is the highest principal stability fund rating assigned by S&P Global Ratings.¹

The investment objectives of the Stable Value Pool in order of priority are:

- **Safety:** Safety of principal is the foremost objective of the investment program. The Stable Value Pool is managed to emphasize the preservation of principal while maintaining a stable NAV of \$1.00.
- **Liquidity:** The Stable Value Pool is managed to provide daily liquidity to its Participants. See above for description of the maximum WAM and WAL for investments in the Stable Value Pool.
- **Competitive Returns:** The Stable Value Pool is managed to generate competitive returns taking into account the investment risk constraints for safety and liquidity needs.

¹ <https://www.spglobal.com/ratings/en/products/principle-stability-fund-ratings>

Information Statement

No assurances can be given that the investment objectives of the Stable Value Pool will be achieved.

4 TRANSPARENCY

CalFIT seeks to provide transparency to Participants in the Stable Value Pool by allowing Participants to readily obtain portfolio and account information. CalFIT will offer dedicated Participant support with a technology platform. Historical and current performance data, net asset value (NAV), weighted average maturity (WAM), and weighted average life (WAL) are published and available to Participants on the CalFIT website. Portfolio holdings are published no later than quarterly. Participant account information and expense ratios are also published and available to Participants on the CalFIT website no later than quarterly.

5 ELIGIBLE PARTICIPANTS

Any Public Agency that has the authority to invest funds in its treasury in statutorily permitted investments, including but not limited to Section 53601 of the California Government Code, and meets the requirements described in the next paragraph is eligible to become a Participant of the CalFIT Investment Program and is eligible to purchase shares in the Stable Value Pool.

Each Participant must be a "Public Agency", as that term is defined in Section 6509.7 of the Act, which, as of the date of this Information Statement, is defined as "the federal government or any federal department or agency, this state, another state or any state department or agency, a county, county board of education, county superintendent of schools, city, public corporation, public district, or regional transportation commission of the State of California or another state, a federally recognized Indian tribe, or any joint powers authority formed pursuant to this article by any of these agencies," and includes "a nonprofit corporation whose membership is confined to public agencies or public officials." Each Participant must also be a political subdivision of a state, or an agency, authority, or instrumentality of the United States, a state of any political subdivision of a state.

6 STABLE VALUE POOL INVESTMENT POLICY

Funds in the Stable Value Pool are required to be invested by the Investment Adviser in investments permitted by California law and this Investment Policy as established by CalFIT. As required by California law, funds in the Stable Value Pool will be invested by the Investment Adviser in accordance with the prudent investor standard of the California Government Code.

The Stable Value Pool shall be invested to comply with Section 53635 of California Government Code, which applies to a local agency that is a county, a city and a county, or other local agency that pools money in deposits or investments with other agencies, and with the relevant provisions of Section 53601 of California Government Code. Each Participant is responsible for monitoring its investments to ensure its own compliance with California Government Code. Moreover, each Participant is responsible for ensuring compliance with its own internal policies and restrictions on investments. None of the CalFIT, the Administrator, the Investment Adviser, the Custodian, or any other agents of CalFIT shall be responsible for such monitoring or compliance.

Information Statement

6.1 INVESTMENT OBJECTIVES

As listed above in the section titled “Stable Value Pool General Objectives,” the objectives of the Stable Value Pool are to preserve principal, provide daily liquidity, manage investment risks, earn a competitive market rate of return, comply with California law and GASB 79, and strive to maintain a stable Net Asset Value (NAV) of \$1.00.

The Stable Value Pool shall have a maximum dollar-weighted average maturity (WAM) of 60 days and a maximum weighted average life (WAL) of 120 days. Ten percent (10%) of the Stable Value Pool’s total assets must be daily liquid and thirty percent (30%) must be weekly liquid at the time of the most recent security purchase per GASB 79.

The Investment Adviser for the Stable Value Pool will seek to maintain a rating in the highest rating category by a nationally recognized statistical rating organization (NRSRO), reflecting the highest underlying credit quality and relatively short-term maturity profile.

The investment objectives of the Stable Value Pool, in order of priority, are:

- **Safety** - Safety of principal is the foremost objective of the investment program. The Stable Value Pool is managed to emphasize the preservation of principal while maintaining a stable NAV of \$1.00.
- **Liquidity** - The Stable Value Pool will be managed to provide daily liquidity to its Participants. See above for description of the maximum WAM and WAL for investments in the Stable Value Pool.
- **Competitive Returns** – The Stable Value Pool is managed to generate competitive returns, taking into account the investment risk constraints for safety and liquidity needs.

No assurance can be given that the investment objectives of the Stable Value Pool will be achieved.

6.2 AUTHORIZED INVESTMENTS

The Stable Value Pool’s investments are governed by California Government Code, Sections 53635 and 53600 et seq. and shall comply with GASB 79. Within the investments permitted by the Code, the Board of Trustees (Board) of CalFIT has established these guidelines which in some cases may be more restrictive. The Board may amend or revise this investment policy from time to time in accordance with the JPA Agreement.

At the time of the investment’s maturity or liquidation, such funds shall be reinvested only as provided in the current policy. Percentage holding limits and minimum credit requirements listed in this section apply at the time the security is purchased. Maturity date is measured from the date of trade settlement.

In the event that a security owned by the Stable Value Pool is downgraded below the requirements of this investment policy, making the security ineligible for additional purchases, the Investment Adviser shall evaluate the circumstances and, at its sole discretion, make a determination to hold or sell the affected securities based upon a review of the issuer’s financial condition, credit outlook, the security’s remaining term to maturity, and other relevant considerations.

1. U.S. Treasuries and other government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest. There are no

Information Statement

limits on the dollar amount or percentage that the Stable Value Pool may invest in U.S. Treasuries, provided that:

- The maximum maturity is 397 days for fixed rate obligations and 762 days for variable rate obligations.

2. Federal Agencies or United States Government-Sponsored Enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises. There are no limits on the dollar amount or percentage that the Stable Value Pool may invest in Federal Agency or Government-Sponsored Enterprises (GSEs), provided that:

- The maximum maturity is 397 days for fixed rate obligations and 762 days for variable rate obligations.

3. Municipal Securities include obligations of the State of California and any local agency within the State of California, provided that:

- The maximum maturity is 397 days
- The securities are rated in a rating category of "A" or the equivalent or higher by at least one NRSRO.

4. Municipal Securities (Registered treasury notes or bonds) of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.

- The maximum maturity is 397 days
- The securities are rated in a rating category of "A" or the equivalent or higher by at least one NRSRO.

5. Banker's Acceptances, provided that:

- The maximum maturity is 180 days.
- They are issued by institutions which have short-term debt obligations rated "A-1" or the equivalent or higher by at least one NRSRO; or long-term debt obligations which are rated in a rating category of "A" or the equivalent or higher by at least one NRSRO.
- No more than 40% of the Stable Value Pool may be invested in Banker's Acceptances.
- No more than 5% of the Stable Value Pool may be invested in any single issuer.

6. Commercial Paper, provided that the securities are issued by an entity that meets all of the following conditions in either paragraph (a) or (b) and other requirements specified below:

- a. Securities issued by corporations:
 - (i) A corporation organized and operating in the United States with assets more than \$500 million.
 - (ii) The securities are rated "A-1" or the equivalent or higher by at least one NRSRO.
 - (iii) If the issuer has other debt obligations, they must be rated in a rating category of "A" or the equivalent or better by at least one NRSRO.

Information Statement

- b. Securities issued by other entities:
 - (i) The issuer is organized within the United States as a special purpose corporation, trust, or limited liability company.
 - (ii) The securities must have program-wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond.
 - (i) The securities are rated "A-1" or the equivalent or higher by at least one NRSRO.
- The maximum maturity is 270 days.
- No more than 40% of the Stable Value Pool may be invested in Commercial Paper.
- No more than 5% of the Stable Value Pool may be invested in any single issuer of commercial paper.

7. Negotiable Certificates of Deposit (NCDs) issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank, provided that:

- The maximum maturity is 397 days.
- Any amount above the FDIC insured limit must be issued by institutions which have short-term debt obligations rated "A-1" or the equivalent or higher by at least one NRSRO; or long-term obligations rated in a rating category of "A" or the equivalent or higher by at least one NRSRO.
- No more than 30% of the total portfolio may be invested in NCDs.
- No more than 5% of the Stable Value Pool may be invested in any single issuer.

8. Repurchase Agreements collateralized with securities authorized under sections 1 and 2 of the authorized investments in this investment policy, without regard to maturity date, maintained at a level of at least 102% of the notional value of the Repurchase Agreement. Since the market value of the underlying collateral is subject to daily fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought to at least 102% by the next business day. There are no limits on the dollar amount or percentage that the Stable Value Pool may invest in repurchase agreements, provided that:

- The maximum maturity is one year.
- Securities used as collateral for Repurchase Agreements will be delivered to an acceptable third party custodian.
- Repurchase Agreements are subject to a tri-party Master Repurchase Agreement between the Stable Value Pool, custodian and the provider of the repurchase agreement.
- The repurchase agreement counterparty must be a primary dealer as defined by the Federal Reserve Bank of New York.
- The repurchase agreement counterparty or its parent must have a short-term credit rating of "A-1" or the equivalent or higher by a NRSRO (or its long-term equivalent category.)

9. Corporate Medium Term Notes (MTNs) where the issuer is a corporation 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, provided that:

- The maximum maturity is 397 days.
- The securities are rated in a rating category of "A" or the equivalent or higher by at least one NRSRO.

Information Statement

- No more than 30% of the total portfolio may be invested in MTNs.
- No more than 5% of the Stable Value Pool may be invested in any single issuer.

10. Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations from issuers not defined in sections 1, 2 and 6 of the Authorized Investments section of this policy, provided that:

- The maximum maturity is 397 days.
- The securities are rated in a rating category of "AA" or the equivalent or higher by a NRSRO.
- No more than 20% of the Stable Value Pool may be invested in these securities.
- No more than 5% of the Stable Value Pool may be invested in any single private label Asset-Backed or Commercial Mortgage security issuer.

11. Money Market Mutual Funds that are registered with the Securities and Exchange Commission under the Investment Company Act of 1940, provided that:

- The money market mutual fund must have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of \$500 million.
- The money market mutual fund must have attained the highest ranking or the highest letter and numerical rating provided by at least two (2) NRSROs.
- The money market mutual fund must strive to maintain a net asset value of \$1.00.
- No more than 20% of the Stable Value Pool may be invested in money market mutual funds.
- No more than 20% of the Stable Value Pool may be invested in the shares of any one money market mutual fund.

12. Supranationals that are US dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, provided that:

- The maximum maturity is 397 days.
- The securities are rated in a rating category of "AA" or the equivalent or higher by a NRSRO.
- No more than 30% of the total portfolio may be invested in these securities.
- No more than 10% of the Stable Value Pool may be invested in any single issuer.

13. Prohibited Investment Vehicles and Practices

- State law notwithstanding, any investments not specifically described herein are prohibited, including, but not limited to futures and options.
- In accordance with Government Code, Section 53601.6, investment in inverse floaters, range notes, or mortgage derived interest-only strips is prohibited.
- Investment in any security that could result in a zero interest accrual if held to maturity is prohibited. Under a provision sunsetting on January 1, 2026, securities backed by the U.S. Government that could result in a zero- or negative-interest accrual if held to maturity are permitted.
- Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited.
- Purchasing or selling securities on margin is prohibited.
- The use of reverse repurchase agreements, securities lending or any other form of borrowing or leverage is prohibited.

Information Statement

- The purchase of foreign currency denominated securities is prohibited.
- The purchase of a security with a forward settlement date exceeding 45 days from the time of the investment is prohibited.

6.3 DELIVERY AND CUSTODY

1. **Delivery-versus-Payment (DVP):** Investment transactions shall be conducted on a delivery-versus-payment basis.
2. **Custody:** All cash and securities in the Stable Value Pool shall be held in the Stable Value Pool's name by a third party custodian, acting as agent for the Stable Value Pool under the terms of a custody agreement executed by the bank and the Stable Value Pool. All investment transactions will require a trade ticket or acknowledgment generated from the trade. A monthly report will be received by the Stable Value Pool from the custodian listing all securities held in safekeeping with current market data and other information.

The only exceptions to the foregoing shall be: (i) money market mutual funds (ii) repurchase agreements, since these securities are not deliverable. Each Participant, by its investment in the Stable Value Pool, is certifying that it is legally authorized to make such investment. Participants should consult with their legal counsel and/or advisors regarding the legality of investment funds in the Stable Value Pool.

7 SHARES; INTERESTS OF PARTICIPANTS

The JPA Agreement provides that the beneficial interests of the Participants in the assets of the Stable Value Pool and the earnings thereon are divided into "Shares." "Shares" means the unit used to denominate and measure the respective pro rata beneficial interests of the Participants in a Pool within the CalFIT Investment Program, including the Stable Value Pool. As required by Section 6509.7 of the Act, each Share shall represent an equal proportionate interest in the Investment Property within a Pool, including the Stable Value Pool. The JPA Agreement provides that the number of Shares that may be used to measure and represent the proportionate allocation of beneficial interests among the Participants in a Pool, including the Stable Value Pool, is unlimited. All Shares in a Pool, including the Stable Value Pool, shall be of one class representing equal distribution and liquidation, and other rights. The beneficial interests measured by the Shares shall not entitle a Participant to preference, preemptive, appraisal, conversion, or exchange rights of any kind with respect to the CalFIT Investment Program or the Investment Property held in the applicable Pool, including the Stable Value Pool. Title to the Investment Property held in the applicable Pool, including the Stable Value Pool, of every description is vested in CalFIT. The Participants shall have no interest in the Investment Property held in the applicable Pool, including the Stable Value Pool, other than the beneficial interests conferred hereby and measured by their Shares, and they shall have no right to call for any partition or division of any property, profits, rights, or interests of CalFIT.

In its discretion, CalFIT may from time to time allocate Shares in addition to the then allocated Shares to such Participant for such amount and such type of consideration (including without limitation income from the investment of Investment Property held in the applicable Pool, including the Stable Value Pool) at such time(s) (including without limitation each Business Day in accordance with the maintenance of a constant net asset value per Shares as set forth in the JPA Agreement for constant net asset value Pools, such as the

Information Statement

Stable Value Pool), and on such terms as CalFIT may deem best. In connection with any allocation of Shares, CalFIT may allocate fractional Shares. From time to time, CalFIT may adjust the total number of Shares allocated without thereby changing the proportionate beneficial interests in the Investment Property held in the applicable Pool, including the Stable Value Pool. Reductions or increases in the number of allocated Shares may be made in order to maintain a constant net asset value per Share for constant net asset value Pools, such as the Stable Value Pool. Shares shall be allocated and redeemed as one hundredths (1/100ths) of a Share or any multiple thereof.

8 INVESTMENT RISKS

Participants should specifically consider the following risks before deciding to purchase Shares of the Stable Value Pool. The following summary does not purport to be comprehensive or definitive of all risk factors.

8.1 INTEREST RATE RISKS

The prices of the fixed-income securities in the Stable Value Pool will rise and fall in response to changes in the interest rates paid by similar securities. Generally, when interest rates rise, prices of fixed-income securities fall. However, market factors, such as demand for particular fixed-income securities, may cause the price of certain fixed-income securities to fall while the price of other securities rise or remain unchanged. Interest rate changes have a greater effect on the price of fixed-income securities with longer maturities. The Investment Adviser will seek to manage this risk by purchasing short-term securities.

8.2 CREDIT RISKS

Credit risk is the possibility that an issuer of a fixed-income security held in the Stable Value Pool will default on the security by failing to pay interest or principal when due. If an issuer defaults, Participants in the Stable Value Pool will lose money. The Investment Adviser will seek to manage this risk by purchasing high-quality securities as determined by one or more Nationally Recognized Statistical Ratings Organizations and/or the Investment Adviser's credit research team. The Investment Policy for the Stable Value Pool contains a description of the minimum credit quality for each category of eligible investment in the Stable Value Pool.

8.3 STABLE NET ASSET VALUE RISKS

Although the Stable Value Pool is managed to maintain a stable NAV of \$1.00 per Share, there is no guarantee that it will be able to do so.

8.4 INVESTMENT NOT INSURED OR GUARANTEED

An investment in the Stable Value Pool is neither insured nor guaranteed by the Federal Deposit Insurance Corporation or any other government agency.

9 BOARD

Pursuant to the JPA Agreement, the management of CalFIT is governed by a Board (Board). The Board supervises CalFIT and its affairs and acts as the liaison between the Participants, the Custodian, the Administrator, the Investment Adviser and all service providers.

Information Statement

The Board approved the Investment Policy for the Stable Value Pool and may approve amendments to such Investment Policy from time to time. Upon the Board's approval of any amendment to the Investment Policy for the Stable Value Pool, the amended Investment Policy will be posted to the website of CalFIT.

See www.calfitfund.com for a description of the current Trustees and officers of CalFIT.

10 INVESTMENT ADVISER & ADMINISTRATOR

Pursuant to an agreement with CalFIT, Chandler Asset Management, Inc. ("Chandler") serves as the Investment Adviser and Administrator for the CalFIT Investment Program.

As Investment Adviser, Chandler provides investment services to CalFIT, including the Stable Value Pool. Chandler is an investment advisory firm headquartered in San Diego, CA and is registered with the Securities and Exchange Commission as an investment adviser under the Investment Advisers Act of 1940.

As Administrator, Chandler services all Participant accounts in the CalFIT Investment Program, including all Participant accounts in the Stable Value Pool, determines and allocates income of the CalFIT Investment Program, provides certain written confirmation of the investment and withdrawal of funds by Participants, provides administrative personnel and facilities to CalFIT, determines the NAV of the Stable Value Pool on a daily basis, and performs all related administrative services for CalFIT. At least quarterly, the Administrator provides the Board with a detailed evaluation of the performance of the CalFIT Investment Program, including the Stable Value Pool, based upon a number of factors. This evaluation includes a comparative analysis of the investment results of the CalFIT Investment Program, including the Stable Value Pool, in relation to industry standards such as the performance of comparable money market mutual funds and various indexes of money market securities.

11 CUSTODIAN

Pursuant to an agreement with U.S. Bank, U.S. Bank serves as Custodian and depository for the CalFIT Investment Program.

As Custodian, U.S. Bank acts as directed custodian for the CalFIT Investment Program, including the Stable Value Pool, and serves, in accordance with California law, as the depository in connection with the direct investment and withdrawal mechanisms of the CalFIT Investment Program. The Custodian does not participate in the investment decision making process of the CalFIT Investment Program.

The Custodian shall hold the Investment Property in its capacity as Custodian on behalf of CalFIT. Such Investment Property shall be custodial property of the Custodian and shall not be, or be deemed to be, an asset of the Custodian.

Within fifteen (15) days after the end of each month, the Custodian shall send statements providing the closing balance in the CalFIT account at the end of such month and the transactions performed in the account during such month to the Administrator and CalFIT.

Information Statement

12 INDEPENDENT AUDITORS

An independent certified public accounting firm has been engaged to audit the annual financial statements of CalFIT. The audit will contain statements of assets and liabilities, of operations, and of changes in net assets. The opinion of the independent certified public accountant on such financial statements is based on an examination of the books and records of CalFIT made in accordance with generally accepted accounting principles ("GAAP"). The fiscal year ends each June 30.

13 HOW TO BECOME A PARTICIPANT

See "**Eligible Participant**" to determine if you are eligible to be a Participant in the CalFIT Investment Program. Any prospective Participants seeking to purchase Shares in the Stable Value Pool should review the JPA Agreement and this Information Statement, as well as the Investment Policy (included in the Information Statement) for the Stable Value Pool, and then simply complete the CalFIT Registration Packet found on the CalFIT website (located at www.calfitfund.com). In order to become a Participant in the CalFIT Investment Program, Participants may apply for CalFIT Member status pursuant to Article 2.1 of the Joint Exercise of Powers Agreement, or may also become a Participant and invest without becoming a Member of CalFIT.

There is no limit on the number of subaccounts that can be opened by a Participant. The Administrator will notify the prospective Participant of its approval of the Registration Forms and the account number(s) assigned. The Administrator reserves the right to reject any Registration in its discretion. Investment in the Stable Value Pool may be effectuated through the CalFIT Participant Portal or by calling 1 844 915-5700. Secure online access will be available to Participants with respect to their accounts. Information with respect to the Stable Value Pool, including yield information, up-to-date account information, and a transaction history will be available online. Confirmations of each subscription (purchase of Shares) and redemption (sale of Shares and withdrawal of funds) of funds will be available online to a Participant within one business day of the transaction.

14 PURCHASE OF SHARES; INVESTMENTS

Participants may purchase Shares in the Stable Value Pool by Automated Clearing House ("ACH") transfer or wire transfer from the Participant to the Custodian, as described in the Investment Procedures set forth below. CalFIT does not charge a fee for receipt of wire or ACH subscriptions. However, a Participant's bank may charge a fee for ACH or wiring funds.

There is no maximum or minimum amount that must be invested in the Stable Value Pool nor is there any maximum or minimum limitations on the aggregate amount of the investment funds that any Participant may have invested at any one time with CalFIT.

14.1 INVESTMENT PROCEDURES

1. The Participant shall communicate to the Administrator via either the CalFIT Participant Portal or phone call, indicating the amount to be invested in the Stable Value Pool and indicating in which account of the Stable Value Pool the investment is to be made. The Participant shall instruct its bank depository to wire or electronically

Information Statement

transfer Investment Funds to the applicable account at the Custodian for the purchase of investments to be held by the Custodian in such Account.

2. The Administrator shall receive the notice described in (I) from the Participant.
3. Investments received by the Custodian by 11:00 a.m. PT will be used to purchase Shares in the Stable Value Pool.
4. If Investment Funds for which notification of investment has been given are not received by the end of the business day on which such notification is given, the Administrator shall deduct the value of such Investment Funds (including any earning income) from the Participant's balance if previously credited.
5. In the event that a purchase notification is received, but the corresponding wire or ACH is not received, the Participant may incur a penalty. This penalty shall be deducted from the Participant's account.
6. The Participant is prohibited from requesting payments from amounts credited to its balance in the Stable Value Pool until such Investment Funds are received by the Custodian from the Participant.

These Investment Procedures may be amended from time to time pursuant to the JPA Agreement provided, however, the Administrator will only change the times set forth above after consulting with the Custodian.

15 REDEMPTION OF SHARES; WITHDRAWALS; TRANSFERS

Redemptions of Shares from the Stable Value Pool may be made via ACH or wire transfer from the Custodian to the Participant, as described in the Payment Procedures set forth below. Shares in the Stable Value Pool will be redeemed in the amount of the withdrawal assuming a NAV of \$1.00 per Share.

There is no maximum or minimum amount that must be invested in the Stable Value Pool nor are there any maximum or minimum limitations on the aggregate amount of the investment funds that any Participant may have invested at any one time with CalFIT.

Each Participant, by its investment in any Pool, including the Stable Value Pool, agrees that CalFIT may temporarily suspend the right of redemption or postpone the date of payment for redeemed Shares for the whole or any part of any period: (i) during which trading in securities generally on the New York Stock Exchange or over-the-counter market shall have been suspended or minimum prices or maximum daily charges shall have been established on such exchange or market; (ii) if a general banking moratorium shall have been declared by Federal, state, or the State of New York or State of California authorities or during a suspension of payments by banks in the State of California; (iii) during which there shall have occurred any state of war or national emergency; (iv) during which any financial emergency or other crisis the effect of which on the financial markets of the United States is such as to make it impracticable (a) to dispose of the Investment Property because of the substantial losses that might be incurred or (b) to determine the Investment Property Value in accordance with the Valuation Procedures. The Administrator shall determine, on behalf of CalFIT, when an event occurs to temporarily suspend or postpone a Participant's right of redemption. Participants should refer to the JPA Agreement for additional details.

Transfers among the Stable Value Pool and another Pool within the CalFIT Investment Program will be considered a withdrawal from one Pool and a contribution to another subject to the requirements described in this Information Statement.

Information Statement

15.1 PAYMENT PROCEDURES

1. The Participant shall communicate to the Administrator via either the CalFIT Participant Portal or phone call, indicating the amount requested to be redeemed and shall specify from which account of the Stable Value Pool the payment is to be debited.
2. The Participant shall notify the Administrator of the amount requested, and include any wire, electronic transfer, or other payment instructions.
3. The Administrator shall receive the notice described in (1) and the information required in (2) from the Participant. Requests for redemptions from accounts of the Stable Value Pool with pre-established wire instructions will be honored on a same-day basis if received by the Administrator prior to 11:00 a.m. PT.
4. The Participant may only request payments of that portion of its balance that represents Investment Funds and its proportional share of the income from the Investment Property that, in all cases, is actually held by the Custodian in the applicable Account in the Stable Value Pool.

These Payment Procedures may be amended from time-to-time pursuant to the JPA Agreement provided, however, the Administrator will only change the times set forth above after consulting with the Custodian.

16 PORTFOLIO TRANSACTIONS

Subject to the general supervision of the Board, the Investment Adviser is responsible for placing the orders for the purchase and sale of securities within the Stable Value Pool, referred to herein as "portfolio transactions". The portfolio transactions within the CalFIT Investment Program, including the Stable Value Pool, occur only with broker-dealers acting as principals except for commercial paper transactions that may be placed directly with the issuers. Although CalFIT does not ordinarily seek but nonetheless may make profits through short-term trading, the Investment Adviser may, on behalf of CalFIT, dispose of any portfolio investment prior to its maturity if such disposition is advisable. However, since brokerage commissions are not typically paid on the types of investments in which the Stable Value Pool is likely to invest, any turnover resulting from such investments should not adversely affect the NAV of the Stable Value Pool.

The Investment Adviser seeks to obtain the best net price and the most favorable execution of portfolio transactions. Portfolio transactions will not occur between the Investment Adviser and Administrator, the Custodian, any Trustee, or any affiliate, officer, director, employee, or agent of any of them.

17 VALUATION OF STABLE VALUE POOL SHARES

The Administrator determines the NAV of the Shares of the Stable Value Pool at least daily using the amortized cost method of valuation. This method involves valuing each investment at cost on the date of purchase and assuming a constant amortization to maturity of any discount or premium. Amortized cost valuation provides certainty in valuation but may result in valuations that are higher or lower than the market price of a particular portfolio security. As a result, the Stable Value Pool has implemented a NAV Monitoring Policy which requires the portfolio to be additionally priced on a mark-to market basis at least weekly using a third-party pricing service. In the event that the net asset value based on market prices falls

Information Statement

outside certain tolerance levels (\$0.9950 and \$1.005), the Stable Value Pool has implemented procedures for certain additional actions or disclosures.

The NAV per Share of the Stable Value Pool is computed by dividing the total value of the securities and other assets of the Stable Value Pool, less any liabilities, by the total outstanding Shares of the Stable Value Pool. Expenses and fees of CalFIT accrue daily and are included within liabilities for the NAV calculation.

The result of this calculation is a share value rounded to the nearest penny. Accordingly, the price at which Shares of the Stable Value Pool are sold and redeemed will not reflect unrealized gains or losses on securities within the Stable Value Pool that amount to less than \$.005 per Share. The Administrator will endeavor to minimize the amount of such gains or losses. However, if unrealized gains or losses on securities within the Stable Value Pool should exceed \$.005 per Share, the Stable Value Pool's NAV per Share will change from \$1.00 or be maintained at \$1.00 per Share by retention of earnings or the reduction on a pro rata basis of each Participant's Shares in the Stable Value Pool in the event of losses or by a pro rata distribution to each Participant in the event of gains.

While it is a fundamental objective of the Stable Value Pool to maintain a NAV of \$1.00 per Share, there can be no guarantee that the NAV will not deviate from \$1.00 per Share. The NAV per Share of the Stable Value Pool may be affected by general changes in interest rates resulting in increases or decreases in the value of the securities in the Stable Value Pool. The fair market value of the Stable Value Pool's securities will vary inversely to changes in prevailing interest rates. If a security is held to maturity, no loss or gain is normally realized as a result of these fluctuations.

17.1 COMPUTATION OF YIELDS

A daily and seven-day average yield for the Stable Value Pool are calculated by the Administrator. To obtain the daily yield, a daily income distribution per share factor is first calculated. That factor is the net income for that day divided by the number of settled shares outstanding. The factor is then multiplied by 365 (366 in a leap year) to produce the daily yield. The seven-day average yield is obtained by averaging the daily yield for seven identified, consecutive days. From time-to-time, the Administrator may also quote the yield for the Stable Value Pool on other basis for the information of the Participants.

Participants should note that the yields quoted should not be considered a representation of the future yield of the Stable Value Pool since the yield is not fixed. Actual yields for the Stable Value Pool will depend not only on the type, quality, and maturities of the investments held by the Stable Value Pool and the changes in interest rates for such investments but also on changes in the Stable Value Pool's expenses during the period.

Yield information may be useful in reviewing the performance of the Stable Value Pool and for providing a basis for comparison with other investment alternatives.

18 INCOME ALLOCATIONS

All net income of the Stable Value Pool is determined as of the close of business each day (and at such other times as the Board may determine) and is credited pro rata to each Participant's Account within the Stable Value Pool at month-end. The Stable Value Pool accrues net income on a daily basis and pays interest income on a monthly basis.

Information Statement

Net income that has thus accrued to the Participants is converted as of the close of business at month-end into additional Shares that are thereafter held in each Participant's account. Reinvested net income is converted into full and fractional shares at the rate of one share for each one dollar credited. Net income for the Stable Value Pool consists of (1) all accrued interest income on assets of the Stable Value Pool plus (2) accretion of discount, less (3) amortization of premium and less (4) accrued expenses.

19 RETAINED RESERVES

Pursuant to the JPA Agreement, the Investment Adviser may retain from earnings and profits in the CalFIT Investment Program, including the Stable Value Pool, amounts deemed necessary to pay the debts and expenses of CalFIT, as well as to meet other obligations of CalFIT. The Investment Adviser possesses the power to establish from earnings and profits such reasonable reserves as they believe may be necessary or desirable. Realized capital gains or losses shall be distributed in a timely and equitable manner as determined by the Investment Adviser. More information about retained reserves is available in the JPA Agreement, including the detailed accounting that the Investment Adviser provides to the Board on a quarterly basis on amounts deemed necessary or desirable by the Investment Adviser for retained reserves.

20 CALFIT EXPENSES

Pursuant to the JPA Agreement, Chandler, as Administrator, for the CalFIT Investment Program, including the Stable Value Pool, shall pay Pool expenses as described below in "**Expense Payments**". The Pool Expenses shall be an Investment Property liability. On behalf of CalFIT, the Administrator shall pay the following costs and expenses: the Investment Adviser's and Administrator's fee set forth in the Administrator and Investment Adviser Services Agreement (Chandler Agreement), the Custodian's fee set forth in the Custody Agreement, marketing expenses, the cost of valuing the Investment Property, the cost of obtaining a rating or ratings, if any, the cost of other expenses agreed to by Chandler and CalFIT, all Investment Property record-keeping expenses, the cost of preparing monthly and annual reports, the expense of outside auditors required pursuant to the Chandler Agreement, the fees of the counsel to CalFIT, the cost of meetings of the Board, insurance costs and the costs of Participant surveys and mailings and other expenses as approved by the Board. Periodically, Chandler shall provide a detailed accounting of such expenses to the Trustees.

20.1 EXPENSE PAYMENTS

For the performance of its obligations as Administrator in the Chandler Agreement, the Administrator will charge a fee for all Pool expenses from the Investment Property Value (the daily fee). This fee will accrue on a daily basis and be paid monthly in arrears and prorated for any portion of the month in which the Chandler Agreement is in effect. The daily fee shall be calculated as follows: the Investment Property Value is multiplied by the applicable fee rate and is divided by 365 or 366 days in the event of a leap year to equal the daily fee accrual. The Investment Property Value shall be based on the prior day's net assets. For weekend days and holidays, the net assets for the previous business day will be utilized for the calculation of fees. The applicable expense shall be determined by the Administrator monthly on the first business day of each month and shall be at an annual rate not to exceed twenty (20) basis

Information Statement

points. The Administrator is authorized to debit the applicable monthly expense payment within five (5) business days after the end of such month. All payment records and invoices will be presented at each subsequent meeting of the Board. Fees may be waived or abated at any time, or from time-to-time, at the sole discretion of the Administrator. Any such waived fees may be restored by the written agreement of CalFIT.

21 REPORTS TO PARTICIPANTS

Annually – Audited financial statements of CalFIT will be provided annually. See “**Independent Auditors**” above.

Monthly – Within 15 days after the end of each month, the Administrator shall prepare and submit, or make available, to each Participant a statement disclosing any activity and a closing balance, including the number of Shares, in each of its accounts for such month.

Upon Request – The Administrator, upon the request of a Participant, shall furnish to the Participant a statement of such Participant's balance as of the date of such request subject only to account activity on such date.

Joint Exercise of Powers Agreement

California Fixed Income Trust (“CalFIT”)

TABLE OF CONTENTS

1	Article – Creation; Purpose; Definitions.....	6
1.1	Creation of the California Fixed Income Trust.....	6
1.2	Purpose.....	6
1.3	Definitions.....	6
2	Article – Members and Participants.....	9
2.1	Additional Members After Initial Execution	9
2.2	Withdrawal or Termination of Member.....	10
2.3	Authorized Representatives; Responsibility of Authorized Representatives.....	10
2.4	Investments	10
2.5	Receipt of Statements and Reports; Requests.....	10
3	Article – Powers.....	11
3.1	General Powers	11
3.2	Specific Powers.....	11
3.3	Miscellaneous Powers.....	13
3.4	Further Powers	14
3.5	Intellectual Property.....	14
3.6	Trademarks	14
3.7	Copyrights.....	15
4	Article – Trustees; Meetings; Officers.....	15
4.1	Establishment of the Board; Number and Qualification	15
4.2	Term of Office	15
4.3	Appointment of Trustees.....	16
4.4	Resignation of Trustees.....	16
4.5	Removal and Vacancies.....	16
4.6	Meetings.....	16
4.7	Bylaws.....	16
4.8	Officers	17
4.9	Accountability.....	17
4.10	Fiscal Year	17
5	Article – Administrator	17
5.1	Appointment; General Provisions.....	17
5.2	Successors.....	17
5.3	Duties of the Administrator.....	18

Joint Exercise of Powers Agreement

5.4	Administrator Activities and Powers	18
5.5	Monthly Statements	18
5.6	Reports	19
5.7	Daily Calculation of Program Value and Rate of Return	19
5.8	Administration of the California Fixed Income Trust.....	19
6	Article – Investment Adviser	20
6.1	Appointment and Qualifications	20
6.2	Successors.....	20
6.3	Duties of the Investment Adviser.....	20
6.4	Pools.....	21
6.5	Retained Reserves.....	21
7	Article – The Custodian	21
7.1	Appointment and Qualifications	21
7.2	Successors.....	22
7.3	Prohibited Transactions.....	22
7.4	Appointment; Sub-Custodians	22
7.5	Powers.....	22
7.6	Custodial Relationship; Custodian Records.....	23
8	Article – Interests of Participants.....	23
8.1	General.....	23
8.2	Allocation of Shares.....	23
8.3	Evidence of Share Allocation	24
8.4	Redemption to Maintain Constant Net Asset Value for Constant Net Asset Value Pools	24
8.5	Redemptions	24
8.6	Suspension of Redemption; Postponement of Payment.....	24
8.7	Defective Redemption Requests	25
9	Article – Record of Shares	25
9.1	Share Records	25
9.2	Maintenance of Records.....	25
9.3	Owner of Record.....	25
9.4	Transfer of Shares	26
9.5	Limitation of Responsibility	26
9.6	Notices	26
10	Article – Determination of Net Asset Value, Net Income, Distributions and Allocations	26
10.1	Determination of Net Asset Value, Net Income, Distributions and Allocations	26

Joint Exercise of Powers Agreement

11	Article – CalFIT Investment Program Costs.....	26
11.1	Expenses	26
12	Article – Representations and Warranties of Each Member	27
12.1	Representations and Warranties of Each Member.....	27
13	Article – Limitations of Members, Participants, Trustees and Others	27
13.1	No Personal Liability of Members, Participants, Trustees and Others	27
13.2	Indemnification of Participants.....	28
13.3	Bad Faith of Trustees and Others.....	28
13.4	Indemnification of Trustees and Others from Third-Party Actions	28
13.5	Indemnification of Trustees and Others for Successful Defense	28
13.6	Advance Expenses	28
13.7	Exclusion and Limitations of Indemnification of Trustees and Others	29
13.8	Obligations under Law.....	29
13.9	Required Approval.....	29
13.10	Fiduciaries of Employee Benefit Plan.....	29
13.11	No Duty of Investigation and Notice in CalFIT Instruments.....	30
13.12	Reliance on Experts	30
13.13	Immunity from Liability	30
13.14	Further Restriction of Duties and Liabilities.....	30
14	Article – Amendment and Termination	30
14.1	Amendment.....	30
14.2	Termination.....	31
15	Article – Miscellaneous	31
15.1	Governing Law	31
15.2	Severability	32
15.3	Counterparts	32
15.4	No Assignment.....	32
15.5	Gender; Section Headings and Table of Contents	32
15.6	No Partnership	32
15.7	Notice.....	32
15.8	Confidentiality	33
15.9	Entire Agreement	33
15.10	Disputes.....	33
15.11	Writings.....	33
15.12	Effective Date	33

Joint Exercise of Powers Agreement

Exhibit A – Valuation Procedures 35

Joint Exercise of Powers Agreement

California Fixed Income Trust (“CalFIT”)

by and among

the parties that have entered into this Joint Powers Agreement

This **JOINT EXERCISE OF POWERS AGREEMENT** will become effective when two or more California public entities become signatories hereto. This Agreement (“**Agreement**”) is entered into by each Public Agency (as defined below) that has executed this Agreement or that has or will execute counterparts of this Agreement pursuant to Section 2.1 hereof (the “**Members**”).

RECITALS

WHEREAS, each Public Agency has the authority to invest funds in its treasury in statutorily permitted investments including but not limited to Section 53601 of the California Government Code, as amended; and

WHEREAS, Section 6509.7 of the Act (as defined below) provides:

“Notwithstanding any other provision of law, two or more public agencies that have the authority to invest funds in their treasuries may, by agreement, jointly exercise that common power. Funds invested pursuant to an agreement entered into under this section may be invested in securities and obligations as described by subdivision (p) of Section 53601. A joint powers authority formed pursuant to this section may issue shares of beneficial interest to participating public agencies. Each share shall represent an equal proportionate interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares of beneficial interest shall have retained an investment advisor.... A joint powers authority formed pursuant to this section is authorized to establish the terms and conditions pursuant to which agencies may participate and invest in pool shares....”; and

WHEREAS, the Act authorizes the Members to create a joint exercise of powers entity separate from the Members to exercise the common powers of the Members, as specified in this Agreement, and to act as administrator of this Agreement; and

WHEREAS, the purpose of this Agreement is to create and establish a separate joint exercise of powers entity known as the California Fixed Income Trust (collectively referred to herein, as “CalFIT”) for the purposes set forth herein to exercise the powers provided herein and to act as administrator of this Agreement in order to consolidate investment activities of the Participants and thereby reduce duplication, take advantage of economies of scale and perform governmental functions more efficiently; and

WHEREAS, the Act authorizes a joint exercise of powers entity, such as CalFIT, to issue shares of beneficial interest in authorized investments to participating Public Agencies (collectively referred to herein, as “**Participants**” and individually, as a “**Participant**”); and

Joint Exercise of Powers Agreement

WHEREAS, pursuant to the Applicable Law (as defined below), Public Agencies, such as the Participants, may purchase shares of beneficial interest issued by a joint powers entity organized pursuant to Section 6509.7 of the Act, such as CalFIT; and

WHEREAS, the Members desire to enter into this Agreement and this Agreement shall set forth the terms for the investment program known as the “**California Fixed Income Trust Investment Program**,” including the establishment of one or more pools where Participants invest in shares of beneficial interest issued by the CalFIT in accounts containing authorized investments that are owned by CalFIT; and

WHEREAS, the joint exercise of such power to invest will be benefited and made more efficient because all investments acquired pursuant to this Agreement will be owned by one entity, CalFIT and held by one entity, the Custodian (as defined below); and

WHEREAS, the joint exercise of such power to invest will be benefited and made more efficient if the advisory, record-keeping, and other administrative functions, including the management and transmittal of investment instructions, are performed by one entity, the Administrator (as defined below); and

WHEREAS, the policy of this Agreement shall be to place the highest priority on the safety of principal and liquidity of funds, and the optimization of investment returns shall be secondary to the requirements for safety and liquidity; and

NOW, THEREFORE, in consideration of the premises and the representations, warranties, covenants, and agreements contained herein, each party hereto agrees as follows:

1 ARTICLE – CREATION; PURPOSE; DEFINITIONS

1.1 CREATION OF THE CALIFORNIA FIXED INCOME TRUST

There is hereby created pursuant to the Act a public agency and entity to be known as the California Fixed Income Trust (collectively referred to herein, as “CalFIT”). As provided in the Act, CalFIT shall be a public agency and entity separate and apart from the Members and is responsible for the administration of this Agreement. The debts, liabilities and obligations of CalFIT shall not constitute debts, liabilities or obligations of the Members (and except as it relates to the retirement liabilities of CalFIT if it contracts with a public retirement system within the meaning of Section 6508.1 of the Act). CalFIT shall not contract with a public retirement system within the meaning of Section 6508.1 of the Act.

1.2 PURPOSE

This Agreement is made pursuant to the Act to provide for the exercise by CalFIT of those powers referred to in the recitals hereof and for CalFIT to administer the exercise of those powers. The purpose of CalFIT is to consolidate investment activities of the Participants and thereby reduce duplication, take advantage of economies of scale and perform governmental functions more efficiently through CalFIT Investment Program.

1.3 DEFINITIONS

In addition to the capitalized terms defined elsewhere in this Agreement, the following terms shall have the following meanings.

Joint Exercise of Powers Agreement

“Account” or “Accounts” means any account (including subaccounts or other special accounts that may be created to accommodate the desire of such Participant to segregate a portion of its Investment Funds) opened and maintained pursuant to Section 7.5(a) hereof by the Custodian for the benefit of a Participant and to which the Investment Property of such Participant is credited and opened.

“Act” means Title 1, Division 7, Chapter 5 of the California Government Code (commencing with Section 6500), known as the Joint Exercise of Powers Act, as it may be amended from time to time.

“Administrator” means any Person or Persons appointed, employed, or contracted by CalFIT pursuant to Article 5 hereof. The entity serving as Administrator to CalFIT may be the Investment Adviser or an affiliate thereof.

“Affiliate” means, with respect to any Person, another Person directly or indirectly in control of, controlled by, or under common control with such Person or any officer, director, partner, or employee of such Person.

“Agreement” means this Agreement herein constituting a joint exercise of powers agreement among the Members, as amended in accordance with its terms from time to time.

“Applicable Law” means Title 5, Division 2, Part 1, Chapter 4 of the California Government Code (commencing with Section 53600), as it may be amended from time to time, and other applicable provisions of California law.

“Authorized Representative” means the person authorized to invest the funds of a Participant pursuant to California law who has been appointed in accordance with Section 2.3 hereof.

“Balance” for each Participant means an amount initially equal to zero that is adjusted pursuant to Article 2 hereof to reflect, among other things, cash investments by such Participant, cash payments to such Participant, investment results, and expenses and fees incurred pursuant to this Agreement. The Balance shall reflect the number of Shares in each applicable Pool designated by such Participant for investment.

“Board” means the board of the Trustees, created by this Agreement, as the governing board of CalFIT, and established pursuant to Article 3 hereof.

“Business Day” means any day of the year other than (a) a Saturday or Sunday, (b) any day on which banks located in the State of California are required or authorized by law to remain closed, or (c) any day on which the New York Stock Exchange is closed.

“Bylaws” means those bylaws as described in Section 4.7 hereof.

“CalFIT” or **“Trust”** means the California Fixed Income Trust, a joint exercise of powers entity created by this Agreement.

“CalFIT Investment Program” means the investment program provided to the Participants by CalFIT whereby Participants invest in Shares including the establishment of one or more pools where Participants invest in shares of beneficial interest issued by CalFIT in Accounts containing authorized investments that are owned by CalFIT.

“Conflicting Provisions” shall have the meaning set forth in Section 15.2 hereof.

“Custodian” means any Person or Persons appointed, employed or contracted by CalFIT pursuant to Section 7.1 hereof.

Joint Exercise of Powers Agreement

“Custody Agreement” means the agreement between CalFIT and the Custodian as described in Article 7 hereof.

“Effective Date” means the later of (1) the date that execution copies of this Agreement have been executed by two or more Founding Members, and (2) the date this Agreement has been filed with the Secretary of the State of California pursuant to Section 6503.5 of the Act.

“Founding Members” means the first four (or fewer) Public Agencies to execute this Agreement within one year of the Effective Date as defined herein. By execution of this Agreement, each Founding Member shall make the representations and warranties contained in Section 12.1 hereof.

“Information Statement” means one or more information statements or other disclosure documents relating to CalFIT Investment Program or any Fund thereof as such Information Statements may be amended from time to time by the Administrator and the Investment Adviser with the consent of CalFIT as evidenced by resolution of the Board.

“Investment Adviser” means any Person or Persons appointed, employed, or contracted by CalFIT pursuant to Section 6509.7 of the Act and Section 6.1 hereof. The entity serving as Investment Adviser to CalFIT which may be the Administrator or an Affiliate thereof.

“Investment Adviser Agreement” means the agreement between the Investment Adviser and CalFIT described in Section 6.1(a) hereof.

“Investment Funds” means immediately available funds delivered by each Participant to the Custodian for investment in Shares pursuant to this Agreement but only if: (i) the Authorized Representative appointed by such Participant is authorized pursuant to the laws of the State of California to invest such funds and (ii) the Participant has taken all actions necessary pursuant to the laws of the State of California or other applicable local law to authorize the delivery and investment of such funds.

“Investment Policy” means the investment policy established by CalFIT with respect to the Investment Property in each Pool in accordance with this Agreement, as amended from time to time in accordance with Section 3.2(a) hereof.

“Investment Procedures” means the procedures for Participants to make investments set forth in the applicable Information Statement.

“Investment Property” means any and all securities and cash that are held in one of the Accounts and all proceeds, income, profits, and gains therefrom that have not been paid to a Participant pursuant to Section 2.4 hereof, used to discharge an Investment Property Liability or offset by losses, if any, and expenses. Investment Property shall not include securities purchased in anticipation of the delivery of funds by a Participant when such funds are not actually received by the Custodian by the anticipated delivery date and any such securities so purchased may be immediately sold and the proceeds used to pay any Person that did in fact provide monies to purchase such securities.

“Investment Property Liability” or **“Investment Property Liabilities”** means any liability (whether known, unknown, actual, contingent, or otherwise) incurred in connection with the Investment Property pursuant to this Agreement.

“Investment Property Value” means the value of the Investment Property as determined pursuant to the valuation procedures net of the amount of the Investment Property Liabilities.

“Meeting of the Board” means a duly called meeting of the Board.

Joint Exercise of Powers Agreement

“Members” means the Founding Members and each Public Agency that becomes a Member pursuant to the terms of Section 2.1.

“Participants” means any Public Agencies that have the authority to purchase Shares from CalFIT. Members may also be **“Participants.”**

“Payment Procedures” means the procedures for Participants to request payments out of the Investment Property set forth in the applicable Information Statement.

“Permitted Investments” means those investments defined as such in the applicable Investment Policy for a Pool as established by CalFIT.

“Person” means any individual, corporation, limited liability company, firm, association, partnership, joint venture, trust or other legal entity or group of entities, including any Public Agency or department, board, commission, instrumentality, or agency thereof.

“Pool” means any of the pool established by the Investment Adviser pursuant to Section 6.4 hereof.

“Public Agency” shall be defined as it is in Section 6500 of the Act, to include “any state department or agency, a county, county board of education, county superintendent of schools, city, public corporation, public district, regional transportation commission of this state” and Section 6509.7(b) of the Act, to include “a nonprofit corporation whose membership is confined to public agencies or public officials.”

“Ralph M. Brown Act” means Title 5, Division 2, Part 1, Chapter 9 of the California Government Code, as it may be amended from time to time.

“Shares” means the unit used to denominate and measure the respective pro rata beneficial interests of the Participants in a Fund. As required by Section 6509.7 of the Act, each Share shall represent an equal proportionate interest in the Investment Property within a Pool.

“Stable NAV Pool” shall have the meaning given such term in Section 6.4 hereof.

“Trustee” means each of the persons selected pursuant to Article III and Article IV hereof to serve on the Board.

“Valuation Procedures” means the procedures for determining the value of the Investment Property set forth in Exhibit A attached hereto, as the same may be amended from time to time by the Administrator and the Investment Adviser, with the consent of the CalFIT as evidenced by resolution of the Board.

2 ARTICLE – MEMBERS AND PARTICIPANTS

2.1 ADDITIONAL MEMBERS AFTER INITIAL EXECUTION

Any Public Agency that wishes to become a Member after the Effective Date may apply for Member status by executing a counterpart to this Agreement and delivering the counterpart to the Administrator, together with evidence of such Member’s authorization to execute this Agreement. Applications for Member status shall be subject to a 2/3 majority approval by the Board.

Joint Exercise of Powers Agreement

2.2 WITHDRAWAL OR TERMINATION OF MEMBER

Any Member may withdraw from this Agreement at any time upon written notice to the Administrator provided, however, that no Member may withdraw if, following such withdrawal, there will not be at least two Members remaining as a party to this Agreement. A withdrawal shall be noted to the Board in the Administrator's next report to the Board. Any such withdrawal shall be effective only upon receipt of the written notice of withdrawal by the Administrator who shall acknowledge receipt of such notice of withdrawal in writing to such withdrawing Member and shall file such notice as an amendment to this Agreement effective upon such filing.

Nothing in this Section 2.2 shall be construed to limit the Members' and CalFIT's rights to amend or terminate this Agreement pursuant to Article 14 of this Agreement.

2.3 AUTHORIZED REPRESENTATIVES; RESPONSIBILITY OF AUTHORIZED REPRESENTATIVES

- a) Each Participant shall select an Authorized Representative to represent its interests and act on its behalf under this Agreement.
- b) Each Participant shall be responsible for the actions or inactions of its Authorized Representative under this Agreement, and the Administrator and Custodian are authorized to rely on the directions of the Authorized Representative without further investigation or diligence.

2.4 INVESTMENTS

- a) Each Participant shall have the right from time to time to invest Investment Funds for credit to such Participant's Balance in the CalFIT Investment Program. A Participant that wishes to make such an investment shall notify the Administrator and follow the Investment Procedures. All Investment Funds will be invested in an applicable Pool as designated by the Participant. Investment Funds so designated shall be invested pursuant to the Investment Policy established by CalFIT for such Pool. Upon such investment in accordance with the Investment Procedures, the Participant shall have Shares representing an equal proportionate interest in such Investment Property within such Pool.
- b) The Balance of a Participant shall be increased upon the investment of Investment Funds by such Participant by an amount equal to the amount of such Investment Funds. The Balance shall reflect the number of Shares in each applicable Pool designated by such Participant for investment.
- c) No later than the end of each Business Day, the Custodian shall deliver a confirmation with respect to the transaction activity for the Accounts for the prior Business Day to the Administrator. The Administrator shall retain the confirmation in its records.
- d) Any funds that the Administrator is informed do not meet the conditions set forth in clauses (i) or (ii) of the definition of Investment Funds shall be returned to the Participant investing such funds by the Custodian at the request of the Administrator and such Participant shall bear all of the costs and liabilities associated with the return of such funds.

2.5 RECEIPT OF STATEMENTS AND REPORTS; REQUESTS

- a) The Administrator shall provide, or make available to each Participant, a copy of the statements prepared pursuant to Section 5.5 hereof and of the reports prepared pursuant to Section 5.6 hereof applicable to such Participant.

Joint Exercise of Powers Agreement

- b) In addition, each Participant, through its Authorized Representative, may direct the Administrator to provide, or make available, a statement of the value of the Participant's Balance as of the date of the request. The Administrator shall provide such statement, subject only to account activity as of such date.
- c) On behalf of each Participant, the Administrator shall maintain or cause to be maintained, the records relating to such Participant in a manner that records (i) the portion of the Participant's Balance designated in the applicable Pool and (ii) the Participant's Balance in one or more Accounts. The Administrator shall maintain a separate record for each Participant and shall record the individual transactions involving each such Participant and the total value by Account of all investments belonging to each Participant.

3 ARTICLE – POWERS

3.1 GENERAL POWERS

- a) CalFIT shall have the power, in its own name, to exercise the common powers of the Members referred to in the recitals hereof and to exercise all additional powers given to a joint powers entity under the Act and any other applicable law for any purpose authorized under this Agreement. Pursuant to Section 6508 of the Act, CalFIT shall have the power, in its own name, to do any or all of the following: to make and enter into contracts, or to employ agents and employees, to acquire, construct, manage, maintain or operate any building, works or improvements, or to acquire, hold or dispose of property or to incur debts, liabilities or obligations and sue and be sued in its own name. Pursuant to Section 6509.7 of the Act, CalFIT shall have the power, in its own name, to issue shares of beneficial interest in the securities and obligations authorized by the Applicable Law. CalFIT is authorized, in its own name, to do all acts necessary for the exercise of said powers for said purposes. Such powers shall be exercised subject only to such restrictions upon the manner of exercising such powers as are imposed upon the County of Alameda in the exercise of similar powers, as provided in Sections 6503 and 6509 of the Act; and in the alternative, should the County of Alameda cease to be a member, the County of Lake, or in the alternative if both should cease to be members, the County of San Diego, or in the alternative, if all three should cease to be members, such other member as designated by the Board in the Bylaws.
- b) All powers of the Administrator or Custodian that are described in this Agreement shall also be powers of CalFIT. The Board of Trustees may perform such acts as it determines in its sole discretion as proper for conducting the business of CalFIT. The enumeration of any specific powers shall not be construed as limiting the powers of the Board. Such powers may be exercised with or without the posting of a bond, an order, or other action by any court. In construing the provisions of this Agreement, the presumption shall be in favor of a grant of power to the Board, subject to the powers given to a joint powers entity under the Act and any other applicable law for any purpose authorized under this Agreement.

3.2 SPECIFIC POWERS

Consistent with, derived from and subject to the general powers of CalFIT granted in Section 3.1 hereof, the Board of Trustees possesses the following specific powers:

Joint Exercise of Powers Agreement

- a) **Investments.** CalFIT shall have the power to subscribe for, invest in, reinvest in, purchase or otherwise acquire, own, hold, pledge for settlement purposes only, sell, assign, transfer, exchange, distribute, lend or otherwise deal in or dispose of Permitted Investments, provided such investment is, in the sole and absolute discretion of the CalFIT, consistent with the Applicable Law and the Investment Policy. An Investment Policy for each Pool shall be established by resolution of the Board and may be revised from time to time by resolution of the Board, provided, however, that no Investment Policy shall permit investments not authorized for legal investment under the Applicable Law. Upon the Board's approval of any amendment to an Investment Policy, the amended Investment Policy will be posted to the website of CalFIT.
- b) **Issuance and Redemption of Shares.** CalFIT shall have the power to issue, sell, repurchase, redeem, retire, cancel, acquire, hold, resell, reissue, dispose of, transfer, and otherwise deal in Shares, or any Pool of Shares by means of the CalFIT Investment Program, and subject to the provisions hereof, to apply to any such repurchase, redemption, retirement, cancellation or acquisition of Shares, or any Pool of Shares, any funds or Investment Property with respect to such Shares, or Pool of Shares, whether capital or surplus or otherwise, to the full extent now or hereafter permitted by the Applicable Law.
- c) **Title to Investments.** Legal title to all Investment Property shall be vested in CalFIT except that CalFIT shall have power to cause legal title to any Investment Property to be held in the name of any other person as nominee, on such terms as CalFIT may determine provided, however, that the interest of CalFIT therein is appropriately protected.
- d) **Rights as Holders of Investment Property.** CalFIT shall have full and complete power to exercise all of the rights, powers, and privileges appertaining to the ownership of the Investment Property to the same extent that any individual might and, without limiting the generality of the foregoing, to vote or give any consent, request, or notice, or waive any notice either in person or by proxy or power of attorney, with or without the power of substitution, to one or more persons, which proxies and powers of attorney may be for meeting or actions generally, or for any particular meeting or action, and may include the exercise of discretionary powers.
- e) **Creation of Pools.** CalFIT may authorize the creation of one or more different Pools provided, however, that each such Pool shall conform in all respects to the requirements of this Agreement.
- f) **Branding.** CalFIT may authorize the use of the name "CalFIT" and its associated trademark(s), consistent with, derived from and subject to, Section 3.6 hereof, in conjunction with other products, portfolios, pools, and services that provide investment, financial, or other cash management services to Participants and for purposes of this Agreement, such name shall include any Pools established pursuant to this Agreement. The Administrator may identify a name for any additional Pools established pursuant to this Agreement, subject to approval by CalFIT.
- g) **Power to Contract, Appoint, Retain and Employ.** CalFIT shall have full and complete power to, and shall at all times, appoint, employ, retain, or contract with any person of suitable qualifications (including any corporation, partnership, trust, or other entity of which one or more of them may be an Affiliate) for the transaction of the affairs of CalFIT.
- h) **Payment of Expenses.** CalFIT shall have full and complete power:
 - i. to incur and pay any charges or expenses that are necessary or incidental to or proper for carrying out any of the purposes of this Agreement;
 - ii. to pay any taxes or assessments validly and lawfully imposed upon or against the Investment Property or in connection with the Investment Property or upon or against the Investment Property or income or any part thereof;
 - iii. to reimburse others for payment of such expenses and taxes; and

Joint Exercise of Powers Agreement

- iv. to pay appropriate compensation or fees from the Investment Property to a person with whom CalFIT has contracted or transacted business.

All payments or expenses incurred pursuant to this Section will be a liability payable solely from Investment Property. The Trustees shall not be paid compensation for their services as Trustees hereunder, except that they shall be allowed reimbursement for reasonable expenses incurred in the performance of their duties as Trustees.

- i) **Litigation**. CalFIT shall have the power to engage in and to prosecute, defend, compromise, abandon, or adjust, by arbitration or otherwise, any actions, suits, proceedings, disputes, claims, and demands relating to CalFIT or property of CalFIT, and, out of property of CalFIT, to pay or to satisfy any debts, claims or expenses incurred in connection therewith, including those of litigation, and such power shall include without limitation the power of CalFIT, in the exercise of its good faith business judgment, consenting to dismiss any action, suit, proceeding, dispute, claim, or demand, derivative or otherwise, brought by any person, including a Member or Participant, whether or not CalFIT or any of the Trustees may be named individually therein or the subject matter arises by reason of business for or on behalf of CalFIT.

3.3 MISCELLANEOUS POWERS

Consistent with, derived from and subject to the general powers of CalFIT granted in Section 3.1 hereof, CalFIT also possesses the following miscellaneous powers:

- a) **Insurance**. CalFIT shall have full and complete power to purchase or to cause to be purchased and pay for, entirely out of Investment Property, insurance policies insuring CalFIT, and/or officers, employees, and agents individually against all claims and liabilities of every nature arising by reason of holding or having held any such office or position or by reason of any action alleged to have been taken or omitted by CalFIT or any such officer, employee, and agent including any action taken or omitted that may be determined to constitute negligence, whether or not CalFIT would have the power to indemnify such person against such liability.
- b) **Borrowing and Indebtedness**. CalFIT shall not borrow money or incur indebtedness, whether or not the proceeds thereof are intended to be used to purchase Permitted Investments or Investment Property, except as a temporary measure to facilitate the transfer of funds to the Participant that might otherwise require unscheduled dispositions of portfolio investments and except as an advance made by the Custodian under the Custody Agreement, but only to the extent permitted by law. No such indebtedness shall have a maturity later than that necessary to avoid the unscheduled disposition of portfolio investments.
- c) **Remedies**. Notwithstanding any provision in this Agreement, when CalFIT deems that there is a significant risk that an obligor to CalFIT may default or is in default under the terms of any obligation of CalFIT, CalFIT shall have full and complete power to pursue any remedies permitted by law that, in its sole judgment, are in the interests of CalFIT, and shall have full and complete power to enter into any investment, commitment, or obligation resulting from the pursuit of such remedies as are necessary or desirable to dispose of property acquired in the pursuit of such remedies.
- d) **Information Statement**. CalFIT shall have full and complete power to prepare, publish, and distribute one or more Information Statements regarding the CalFIT Investment Program or any Pool thereof and to amend or supplement the same from time to time.

Joint Exercise of Powers Agreement

e) **Contracting with Affiliates.** To the extent permitted by law, CalFIT may enter into transactions with any Affiliate of the Administrator, Investment Adviser or the Custodian if:

- i. each such transaction (or type of transaction) has, after disclosure of such affiliation, been approved or ratified by the affirmative vote of a majority of the Board, and
- ii. such transaction (or type of transactions) is, in the opinion of CalFIT, on terms fair and reasonable to CalFIT and the Participants and at least as favorable to them as similar arrangements for comparable transactions with organizations unaffiliated with the person who is a party to the transaction.

3.4 FURTHER POWERS

Consistent with, derived from and subject to the general powers of the CalFIT granted in Section 3.1 hereof, CalFIT shall have full and complete power to take all such actions, do all such matters and things, and execute all such instruments as it deems necessary, proper, or desirable in order to carry out, promote, or advance the interests and purposes of CalFIT although such actions, matters, or things are not herein specifically mentioned. Any determination as to what is in the best interest of CalFIT made by the Board in good faith shall be conclusive.

3.5 INTELLECTUAL PROPERTY

The parties acknowledge that pursuant to this Agreement and/or the business activities of CalFIT, various types of intellectual property (the “Intellectual Property”) may be created or used by the parties, including but not limited to trademarks and copyrights. With regard to any and all Intellectual Property created by or for CalFIT or by or for the CalFIT Investment Program in relation to this Agreement, CalFIT shall own all right, title, and interest to such Intellectual Property. Except as expressly set forth in this Agreement, CalFIT shall have no obligation to account to the other parties to this Agreement for any revenues arising from the use, license, or assignment of any Intellectual Property.

3.6 TRADEMARKS

The parties acknowledge CalFIT’s ownership and exclusive rights in all trademarks currently owned by CalFIT, including but not limited to Application for the CalFIT mark, and all trade names and trademarks that may be used and developed in connection with this Agreement, or through the parties’ business activities (the “**Trademarks**”). The parties shall not, at any time during or after the term of the Agreement, directly or indirectly, oppose, challenge or contest CalFIT’s exclusive right and title to the Trademarks or the validity thereof.

The parties agree that all use of the Trademarks inures to the benefit of CalFIT and that the parties shall not acquire any rights in the Trademarks or other marks or logos likely to be confused therewith. CalFIT has the sole and exclusive right to file applications to register and to register any and all Trademarks in the U.S. and in any country throughout the world, and the parties agree not to directly or indirectly, oppose, challenge or contest such applications or registrations. The parties will not, directly or indirectly, file applications to register or register, or acquire by transfer, any trade name or trademark which, in whole or in part, incorporates or is confusingly similar to the Trademarks in the U.S. or any country throughout the world unless such parties have express written permission to do so.

3.7 COPYRIGHTS

The parties agree that all works created in connection with this Agreement or through the parties' business activities with CalFIT (the "Works") are owned by CalFIT. To the extent any Works are deemed not owned by CalFIT, the parties hereby expressly assign to CalFIT all right, title and interest whatsoever, throughout the world, in perpetuity, in and to the copyrights and any and all registrations, applications to register, renewals and extensions thereof, for the Works, including, without limitation, the right to sue for and collect damages for infringement of the Works or other violations of the same, including for past infringements or other violations.

The parties hereby further agree to promptly execute any and all instruments and to promptly render any and all such assistance as CalFIT may request to confirm in CalFIT full legal title to the Works and/or to pursue claims that third parties have infringed CalFIT's intellectual property rights in and to the Works. In the event the parties are not available upon ten (10) calendar days' written request to execute such instruments, the parties hereby appoint CalFIT its attorney-in-fact to execute such instruments on the parties' behalf.

4 ARTICLE – TRUSTEES; MEETINGS; OFFICERS

4.1 ESTABLISHMENT OF THE BOARD; NUMBER AND QUALIFICATION

- a) The management of CalFIT shall be governed by the Board.
 - i. The Board shall have five (5) initial seats for Trustees. Up to four (4) of the Trustees shall be designated by each of the Founding Member's Treasurer or person with delegated investment authority upon the execution of this Agreement. The fifth seat and any of the four not filled by a Founding Member shall be filled in accordance with the Bylaws.
 - ii. A seat shall be added to the Board for each Public Agency that is added as a Member pursuant to Section 2.1 and is not a Founding Member. The Member's Treasurer or other person with delegated investment authority shall designate their Trustee upon their acceptance as a Member pursuant to Section 2.1.
- b) Members shall each have a permanent seat of the Board, while remaining Members. Those Members' Treasurers or person with delegated investment authority shall each appoint one Board member (and alternate) who shall serve at the pleasure of the Member, with any replacement appointed by the Member's Treasurer or person with delegated investment authority.
- c) The Board may create additional seats on the Board according to the Bylaws, as currently existing or as hereinafter amended, including seats by direct appointment or by elections, to serve for terms as determined by such Bylaws, with mid-term vacancies to be filled by appointment of the Board.

4.2 TERM OF OFFICE

- a) Member Trustees shall serve at the pleasure of the Member making the individual appointments.
- b) Trustees appointed by a majority vote of the Board shall serve a term determined by the Board, normally a term of one (1) year.
- c) Any appointment to fill an unexpired term, however, shall be for such the remainder of the unexpired term.

Joint Exercise of Powers Agreement

4.3 APPOINTMENT OF TRUSTEES

Trustees may be appointed or reappointed by the Board, or Members' Treasurers or person with delegated investment authority, if applicable, as provided in Section 4.1, including an appointment to fill an unexpired term in the event of a vacancy.

4.4 RESIGNATION OF TRUSTEES

Any Trustee may resign without need for prior or subsequent accounting by notice in writing signed by the Trustee and delivered to the Secretary of the Board, and such resignation shall be effective upon such delivery or at a later date specified in the written notice. Any vacancy created by such resignation shall be filled in accordance with Section 4.3 hereof.

4.5 REMOVAL AND VACANCIES

- a) The term of office of a Trustee shall terminate and a vacancy shall occur in the event the individual serving as the Trustee is no longer staff at their respective Public Agency, in the event the Trustee's Public Agency is no longer a Member, or in the event the individual serving as the Trustee is no longer an elected or appointed member of the governing body, or staff of, a Member.
- b) The term of office of a Trustee shall terminate and a vacancy shall occur on the happening of any of the events in California Government Code Section 1770.
- c) Each Trustee appointed by the Board may be removed and replaced by the Public Agency by which such Trustee was affiliated.
- d) Any vacancy created pursuant to this Section 4.5 shall be filled in accordance with Section 4.3 hereof.

4.6 MEETINGS

- a) The Annual Meeting of the Board shall be the last meeting of the calendar year and shall be for the purpose of the appointment of Trustees, election of officers, setting the calendar for regular meetings, and other organizational matters as provided in the Bylaws. The Board shall meet not less than semiannually.
- b) Regular meetings of the Board shall be established in the method described in the Bylaws and may be held at the time and place so established.
- c) Special meetings of the Board may be held from time to time in the manner described in the Bylaws.
- d) All meetings of the Board are subject to and must comply with the provisions of the Ralph M. Brown Act.
- e) A majority of the Trustees shall constitute a quorum for the transaction of business, except that less than a quorum may adjourn meetings from time to time. Any action of the Board requires the affirmative vote of a majority of the total number of authorized Trustees.

4.7 BYLAWS

The Board shall adopt and may, from time to time, amend or repeal Bylaws for the conduct of the business of the Board consistent with this Agreement. The Bylaws may define the duties of the respective officers, agents, employees, and representatives of the Board and shall establish the rules of calling of meetings and determination of regular and special meetings.

4.8 OFFICERS

The Board shall annually elect a President and other officers having the responsibilities and powers described in the Bylaws and as required by the Act. The Bylaws shall designate the Treasurer of CalFIT as required by Section 6505.5 or Section 6505.6 of the Act and the public office or officers or person or persons who have charge of, handles, or have access to any property of CalFIT as required by Section 6501.1 of the Act, and such public officer or officers or person or persons shall file an official bond in the amount of \$25,000; provided, that such bond shall not be required if CalFIT does not possess or own property or funds with an aggregate value of greater than \$500 (excluding amounts held by any custodian or depository in connection with the CalFIT Investment Program). The Bylaws shall provide for designation of the public office or officers or person who conducts public meetings in accordance with the Brown Act and other applicable laws, and performs other administrative acts including responses to requests under the California Public Records Act. The Bylaws shall provide for designation of counsel of record for CalFIT.

4.9 ACCOUNTABILITY

Pursuant to Section 6505 of the Act, CalFIT shall establish and maintain such funds and accounts as may be required by good accounting practice, and there shall be strict accountability of all funds and reports of all receipts and disbursements.

4.10 FISCAL YEAR

The fiscal year of CalFIT shall end each June 30. CalFIT may from time to time change the fiscal year of CalFIT by resolution of the Board.

5 ARTICLE – ADMINISTRATOR

5.1 APPOINTMENT; GENERAL PROVISIONS

- a) CalFIT may appoint one or more persons to serve as the Administrator for the CalFIT Investment Program. It is specifically intended that any and all provisions related to the Administrator set forth herein be memorialized in a contract between CalFIT and the Administrator (the “Administrator Agreement”) and that this Agreement shall not be construed to create any third-party beneficiary rights in any party fulfilling the role of Administrator. In the event of conflict between the provisions of this Agreement and the provisions of the Administrator Agreement, this Agreement shall control.
- b) As provided in Section 5.3 hereof, the Administrator shall at no time have custody of or physical control over any of the Investment Property.
- c) The Administrator may also serve as Investment Adviser to the CalFIT Investment Program and in such case, the Administrator Agreement may also serve as the Investment Adviser Agreement.

5.2 SUCCESSORS

In the event that, at any time, the position of Administrator shall become vacant for any reason, CalFIT may appoint, employ, or contract with a successor.

Joint Exercise of Powers Agreement

5.3 DUTIES OF THE ADMINISTRATOR

- a) The duties of the Administrator shall be those set forth in this Article 5 and the Administrator Agreement. This Article 5 outlines some but not all of such duties. Such duties may be modified by CalFIT from time to time. The role of the Administrator is intended to effect purchases, sales, or exchanges of Investment Property on behalf of CalFIT. The Administrator Agreement may authorize the Administrator to employ other persons to assist in the performance of the duties set forth therein.
- b) The Administrator shall at no time have custody of or physical control over any of the Investment Property. If a Participant in error delivers Investment Funds for investment to the Administrator instead of to the Custodian, the Administrator shall immediately transfer such Investment Funds to the Custodian. The Administrator shall not be liable for any act or omission of the Custodian but shall be liable for the Administrator's acts and omissions as provided herein.
- c) The Administrator understands that the monies delivered to the Custodian may only be invested pursuant to the investment parameters contained in the applicable Investment Policy.

5.4 ADMINISTRATOR ACTIVITIES AND POWERS

The Administrator shall perform the following services:

- a) advise CalFIT on any material changes in investment strategies based upon current market conditions;
- b) enter into securities transactions with respect to the Investment Property (to the extent permitted by the applicable Investment Policy and applicable laws) by entering into agreements and executing other documents relating to such transactions containing provisions common for such agreements and documents in the securities industry;
- c) from time to time, review the Permitted Investments and the applicable Investment Policy and, if circumstances and applicable laws permit, recommend changes in such Permitted Investments and such Investment Policy;
- d) provide such advice and information to CalFIT on matters related to investments as CalFIT may reasonably request including, without limitation, research and statistical data concerning the Investment Property, whether and in what manner all rights conferred by the Investment Property may be exercised, and other matters within the scope of the investment criteria set forth in the applicable Investment Policy;
- e) prepare such information and material as may be required in the implementation of the Valuation Procedures or the computation of the Balances and the preparation of any and all records and reports required by this Agreement or applicable laws;
- f) issue instructions to the Custodian as provided in this Agreement; and
- g) employ, consult with, obtain advice from, and exercise any of the Administrator's rights or powers under this Agreement through the use of suitable agents including auditors, legal counsel (who may be counsel to the Administrator or CalFIT), investment advisers, brokers, dealers, and/or other advisers. Notwithstanding Section 15.8 hereof, the Administrator may transmit information concerning the Investment Property and the Participants to such agents.

5.5 MONTHLY STATEMENTS

- a) Within fifteen (15) days after the end of each month-end, the Administrator shall prepare and submit, or make available, to each Participant who was a Participant during such month a

Joint Exercise of Powers Agreement

statement disclosing any activity and a closing balance, including the number of Shares, in each of its Accounts for such month.

- b) The Administrator, upon the request of a Participant, shall furnish to the Participant a statement of such Participant's Balance as of the date of such request, subject only to account activity on such date.

5.6 REPORTS

The Administrator shall prepare or cause to be prepared at least annually (i) a report of operations containing a statement of the Investment Property and the Investment Property Liabilities and statements of operations and of net changes in net assets prepared in conformity with generally accepted accounting principles consistently applied and (ii) an opinion of an independent certified public accountant on such financial statements based on an examination of the books and records of the Participants' Accounts, maintained by the Administrator with respect to the Investment Property, performed in accordance with generally accepted auditing standards. An annual audit of the accounts and records of CalFIT shall be made, and the report thereon filed and kept, in accordance with the provisions of Section 6505 of the Act.

5.7 DAILY CALCULATION OF PROGRAM VALUE AND RATE OF RETURN

The Administrator shall calculate the Investment Property Value for each Account once on each Business Day at the time and in the manner provided in the Investment Program's Information Statement for such Pool as well as the Valuation Procedures.

5.8 ADMINISTRATION OF THE CALIFORNIA FIXED INCOME TRUST

The Administrator shall perform the following administrative functions on behalf of CalFIT in connection with the implementation of this Agreement:

- a) collect and maintain for such period as may be required under any applicable Federal or California law written records of all transactions affecting the Investment Property or the Balances, including but not limited to (i) investments by and payments to or on behalf of each Participant; (ii) acquisitions and dispositions of Investment Property; (iii) pledges and releases of collateral securing the Investment Property; (iv) determinations of the Investment Property Value; (v) adjustments to the Participants' Balances; and (vi) the current Balance and the Balances at the end of each month for each Participant. There shall be a rebuttable presumption that any such records are complete and accurate. The Administrator shall maintain the records relating to each Participant in a manner that subdivides the Participant's balance into Accounts;
- b) assist in the organization of meetings of the Board including preparation and distribution of the notices and agendas therefore;
- c) respond to all inquiries and other communications of Participants, if any, that are directed to the Administrator or, if any such inquiry or communication is more properly addressed by the Custodian, referring such inquiry or communication to the Custodian and coordinating the Custodian's response thereto;
- d) pay all Investment Property Liabilities in accordance with this Agreement from any income, profits, and gains from the Investment Property (but not from the principal amount thereof); and
- e) engage in marketing activities to encourage eligible California public sector entities to become Participants.

6 ARTICLE – INVESTMENT ADVISER

6.1 APPOINTMENT AND QUALIFICATIONS

- a) CalFIT may appoint one or more persons that meet the qualifications described in Section 6.1(b) hereof to serve as the Investment Adviser of CalFIT. It is specifically intended that any and all provisions related to the Investment Adviser set forth herein be memorialized in a contract between CalFIT and the Investment Adviser (the “**Investment Adviser Agreement**”) and that this Agreement shall not be construed to create any third-party beneficiary rights in any party fulfilling the role of Investment Adviser. In the event of conflict between the provisions of this Agreement and the provisions of the Investment Adviser Agreement, this Agreement shall control.
- b) The Investment Adviser shall meet the requirements of Section 6509.7 of the Act and Section 53601(p) of the California Government Code, as such sections may be amended from time to time, which, as of the Effective Date, require that:
 - i. the investment adviser is registered or exempt from registration with the Securities and Exchange Commission;
 - ii. the investment adviser has not less than five (5) years of experience investing in the securities and obligations authorized by subdivisions (a) to (o), inclusive, of Section 53601 of the California Government Code; and
 - iii. the investment adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

6.2 SUCCESSORS

In the event that, at any time, the position of Investment Adviser shall become vacant for any reason, CalFIT shall appoint, employ, or contract with a successor that meets the qualifications described in Section 6.1(b) hereof.

6.3 DUTIES OF THE INVESTMENT ADVISER

The duties of the Investment Adviser shall be those set forth in the Investment Adviser Agreement. Such duties may be modified by CalFIT from time to time. CalFIT may authorize the Investment Adviser in the Investment Adviser Agreement to effect purchases, sales, or exchanges of Investment Property on behalf of CalFIT or may authorize any officer, employee, agent, or member of CalFIT to effect such purchases, sales, or exchanges pursuant to recommendations of the Investment Adviser, all without further action by CalFIT. Any and all of such purchases, sales, and exchanges shall be deemed to be authorized by CalFIT. The Investment Adviser Agreement may authorize the Investment Adviser to employ other persons to assist in the performance of the duties set forth in the agreement. The Investment Adviser Agreement shall also provide that it may be terminated without cause and without the payment of any penalty on forty-five (45) days written notice.

The Investment Adviser shall serve as a fiduciary to CalFIT and act in the best interests of CalFIT in the performance of services, in satisfaction of the duties of loyalty and care.

6.4 POOLS

The Investment Adviser shall cause the Custodian to establish a single initial pool (the “**Stable NAV Portfolio**”) for the investment of surplus funds of the Participants. The Stable NAV Portfolio shall have a constant net asset value and be invested in Permitted Investments pursuant to the criteria and policies contained in the Investment Policy for the Stable NAV Portfolio. Notwithstanding anything in this Agreement to the contrary, the Investment Adviser may, upon the direction of CalFIT, cause the Custodian to establish specially designated funds, in addition to the Stable NAV Portfolio, with specified investment characteristics so long as the fund adheres to the Permitted Investments. Such characteristics may include, without limitation, certain restrictions on amounts to be invested, holding periods prior to payments, or certain other conditions to be met for payments, such as possible payment penalties, special investment criteria, investment management tailored to a particular Participant, or additional fees for administering such specially designated Pools. The Investment Adviser may cause the Custodian to establish such Pools with the consent of CalFIT as evidenced by resolution of the Board and approval by the Board of the related Investment Policy for such Pool. The establishment of such Pools shall not be deemed an amendment of this Agreement. A Participant may direct the Investment Adviser to invest its surplus funds in any of the established Pool. The Investment Adviser shall cause each such Pool to maintain accounts and reports separate from any other Pool. All provisions of this Agreement shall apply to any such Pool.

6.5 RETAINED RESERVES

The Investment Adviser may retain from earnings and profits such amounts as it may deem necessary to pay the debts and expenses of CalFIT and to meet other obligations of CalFIT, and the Investment Adviser shall also have the power to establish from earnings and profits such reasonable reserves as they believe may be necessary or desirable. At least quarterly, the Investment Adviser shall provide a detailed accounting to the Board of any debts, expenses, and obligations deemed necessary for CalFIT Investment Program, and at the same time shall provide a detailed accounting to the Board of reserves deemed necessary or desirable by the Investment Adviser. Realized capital gains or losses shall be distributed in a timely and equitable manner as determined by the Investment Adviser.

7 ARTICLE – THE CUSTODIAN

7.1 APPOINTMENT AND QUALIFICATIONS

CalFIT shall appoint and employ a bank or trust company organized under the laws of the United States of America to serve as custodian (“**Custodian**”) for the CalFIT Investment Program subject to the requirements of the Applicable Law. The Custodian shall follow directions relating to the investment of all Investment Property in accordance with the instructions of the Administrator. The Custodian shall have authority to act as CalFIT’s directed custodian, subject to such restrictions, limitations, and other requirements, if any, as may be established by CalFIT. It is specifically intended that all provisions related to the Custodian set forth herein be memorialized in a contract to be entered into between CalFIT and the Custodian (the “**Custody Agreement**”) and that this Agreement shall not be construed to create any third-party beneficiary rights under this Agreement in any party fulfilling the role of the Custodian. As such, the terms of this Agreement are not binding on the Custodian and the Custodian’s rights, duties and obligations are solely as defined in the Custody Agreement.

Joint Exercise of Powers Agreement

7.2 SUCCESSORS

If, at any time, the Custodian shall resign or shall be terminated pursuant to the provisions of the Custody Agreement, CalFIT shall appoint a successor thereto.

7.3 PROHIBITED TRANSACTIONS

With respect to transactions involving Investment Property, the Custodian shall act strictly as directed custodian for CalFIT. CalFIT shall not purchase Permitted Investments from the Custodian or sell Permitted Investments to the Custodian.

7.4 APPOINTMENT; SUB-CUSTODIANS

- a) The Custodian may employ sub-custodians, including, without limitation, Affiliates of the Custodian for any obligations set forth in the Custody Agreement. The appointment of a sub-custodian under this Section shall not relieve the Custodian of any of its obligations set forth in the Custody Agreement. The Custodian shall use its best efforts to ensure that the interests of CalFIT in the Investment Property is clearly indicated on the records of any sub-custodian and the Custodian shall use its best efforts to ensure that the interests of CalFIT in the Investment Property is not diminished or adversely affected because of the Custodian's use of a sub-custodian.
- b) No Investment Funds or Investment Property, other than cash, received or held by the Custodian pursuant to the Custody Agreement shall be accounted for in any manner that might cause such Investment Funds or Investment Property to become assets or liabilities of the Custodian.

7.5 POWERS

The Custodian shall perform the following services:

- a) open and maintain such custody accounts as CalFIT directs through the Administrator and accept for safekeeping and for credit to the applicable Account, in accordance with the terms of the Custody Agreement, all securities representing the investment of Investment Funds pursuant to Section 2.4 hereof, and the income or earnings derived therefrom.
- b) hold the Investment Property:
 - i. in its account at Depository Trust Company or other depository or clearing corporation; or
 - ii. in a book entry account with the Federal Reserve Bank in which case a separate accounting of the Investment Property shall be maintained by the Custodian at all times.

The Investment Property held by any such depository or clearing corporation or Federal Reserve Bank may be held in the name of their respective nominees provided, however, that the custodial relationship and the interests of CalFIT regarding such Investment Property shall be noted on the records of the Administrator and the custodial relationship on behalf of CalFIT shall be noted on the records of the Custodian.

- c) notify the Administrator, in writing or verbally with written, email, or facsimile confirmation, in advance of the Custodian taking any elective action involving the Investment Property.
- d) upon instruction of the Administrator, the Custodian is authorized to:

Joint Exercise of Powers Agreement

- i. receive and distribute Investment Funds and all other Investment Property as directed by the Administrator;
- ii. exchange securities in temporary or bearer form for securities in definitive or registered form; and surrender securities at maturity or earlier when advised of a call for redemption;
- iii. make, execute, acknowledge, and deliver as Custodian all documents or instruments (including but not limited to all declarations, affidavits, and certificates of ownership) that may be necessary or appropriate to carry out the powers granted herein; and
- iv. take any other action required by the Custody Agreement.

7.6 CUSTODIAL RELATIONSHIP; CUSTODIAN RECORDS

- a) The Custodian shall hold the Investment Property in its capacity as Custodian on behalf of CalFIT. Such Investment Property shall be custodial property of the Custodian (other than cash) and shall not be, or be deemed to be, an asset of the Custodian.
- b) Within fifteen (15) days after the end of each month, the Custodian shall send statements providing the closing balance in the Account at the end of such month and the transactions performed in the Account during such month to the Administrator and CalFIT.

8 ARTICLE – INTERESTS OF PARTICIPANTS

8.1 GENERAL

CalFIT, in its discretion, may authorize the division of the Investment Property into one or more Pools as provided in Section 6.4 hereof. The beneficial interests of the Participants hereunder in a Pool and the earnings thereon shall be divided into Shares. Shares shall be used as units to measure the proportionate allocation to the respective Participants of the beneficial interests of a Pool. As required by Section 6509.7 of the Act, each Share shall represent an equal proportionate interest in the Investment Property within a Pool. The number of Shares that may be used to measure and represent the proportionate allocation of beneficial interests among the Participants in a Pool is unlimited. All Shares in a Pool shall be of one class representing equal distribution, liquidation, and other rights. The beneficial interests measured by the Shares shall not entitle a Participant to preference, preemptive, appraisal, conversion, or exchange rights of any kind with respect to CalFIT Investment Program or the Investment Property held in the applicable Pool. Title to the Investment Property held in the applicable Pool of every description is vested in CalFIT. The Participants shall have no interest in the Investment Property held in the applicable Pool other than the beneficial interests conferred hereby and measured by their Shares, and they shall have no right to call for any partition or division of any property, profits, rights, or interests of CalFIT.

8.2 ALLOCATION OF SHARES

- a) In its discretion, CalFIT may from time to time allocate Shares in addition to the then allocated Shares to such Participant for such amount and such type of consideration (including without limitation income from the investment of Investment Property held in the applicable Pool) at such time(s) (including without limitation each Business Day in accordance with the maintenance of a constant net asset value per Shares as set forth in this Agreement for constant net asset value Pools), and on such terms as CalFIT may deem in accordance with the Participant's pro rata beneficial interests. In connection with any allocation of Shares, CalFIT may allocate fractional

Joint Exercise of Powers Agreement

Shares. From time to time, CalFIT may adjust the total number of Shares allocated without thereby changing the proportionate beneficial interests in the Investment Property held in the applicable Pool. Reductions or increases in the number of allocated Shares may be made in order to maintain a constant net asset value per Share as set forth in Section 10.1 hereof for constant net asset value Pools. Shares shall be allocated and redeemed as one hundredths (1/100ths) of a Share or any multiple thereof.

- b) Shares may be allocated only to a Participant in accordance with this Agreement. Any Participant may establish more than one Account within the CalFIT Investment Program or any Pool thereof for such Participant's convenience.

8.3 EVIDENCE OF SHARE ALLOCATION

Evidence of Shares allocation shall be reflected in the records of CalFIT, and CalFIT shall not be required to issue certificates as evidence of Shares allocation.

8.4 REDEMPTION TO MAINTAIN CONSTANT NET ASSET VALUE FOR CONSTANT NET ASSET VALUE POOLS

The Shares shall be subject to redemption pursuant to the procedure for reduction of outstanding Shares in order to maintain the constant net asset value per Shares for constant net asset value Pools unless provided otherwise in the Information Statement for the applicable Pool.

8.5 REDEMPTIONS

Payments by CalFIT to Participants, and the reduction of Shares resulting therefrom, are referred to in this Agreement as redemptions for convenience. Any and all allocated Shares may be redeemed at the option of the Participant upon and subject to the terms and conditions provided in this Agreement and any applicable Investment Policy and Information Statement for such Pool. The procedures for effecting redemption shall be prescribed by CalFIT provided, however, that such procedures shall not be structured so as to substantially and materially restrict the ability of the Participants to withdraw funds from the CalFIT Investment Program.

8.6 SUSPENSION OF REDEMPTION; POSTPONEMENT OF PAYMENT

- a) Each Participant, by its investment in any Pool, agrees that CalFIT may temporarily suspend the right of redemption or postpone the date of payment for redeemed Shares for the whole or any part of any period:
 - i. During which trading in securities generally on the New York Stock Exchange or the American Stock Exchange or over-the-counter market shall have been suspended or minimum prices or maximum daily charges shall have been established on such exchange or market;
 - ii. If a general banking moratorium shall have been declared by Federal, state, or the State of New York or State of California authorities or during a suspension of payments by banks in the State of California;
 - iii. During which there shall have occurred any state of war or national emergency; or
 - iv. During which any financial emergency or other crisis the effect of which on the financial markets of the United States is such as to make it impracticable (a) to dispose of the

Joint Exercise of Powers Agreement

Investment Property because of the substantial losses that might be incurred or to determine the Investment Property Value in accordance with the Valuation Procedures.

- b) The Administrator shall determine, on behalf of CalFIT, when an event occurs that, under this Section entitles the Custodian to temporarily suspend or postpone a Participant's right to redemption, and shall immediately notify the Custodian and each Participant by facsimile, email, mail, or telephone of such determination. Such a suspension or postponement shall not itself directly alter or affect a Participant's Balance.
- c) Such a suspension or postponement shall take effect at such time as is determined by the Administrator, and thereafter there shall be no right to request a redemption of Shares until the first to occur of: (a) in the case of (i), (ii) or (iv) above, the time at which the Administrator declares the suspension or postponement at an end, such declaration shall occur on the first day on which the period specified in the clause (i), (ii) or (iv) above shall have expired; and (b) in the case of (iii) above, the first day on which the period specified in clause (iii) above is no longer continuing to the extent that redemption is made impractical.
- d) Any Participant that requested a payment prior to any suspension or postponement of payment may withdraw its request at any time prior to the termination of the suspension or postponement.

8.7 DEFECTIVE REDEMPTION REQUESTS

In the event that a Participant shall submit a request for the redemption of a greater number of Shares than are then allocated to such Participant, such request shall not be honored.

9 ARTICLE – RECORD OF SHARES

9.1 SHARE RECORDS

CalFIT shall maintain records that shall contain:

- a) The names and addresses of the Participants;
- b) The number of Shares representing their respective beneficial interests in any Account in any Pool hereunder; and
- c) A record of all allocations and redemptions. Such records shall be conclusive as to the identity of the Participants to which Shares are allocated. Only Participants whose allocation of Shares is recorded in CalFIT records shall be entitled to receive distributions with respect to Shares or otherwise to exercise or enjoy the rights and benefits related to the beneficial interests represented by the Shares. No Participant shall be entitled to receive any distribution nor to have notices given to it until it has given its appropriate address to CalFIT.

9.2 MAINTENANCE OF RECORDS

The Administrator, or such other person appointed by the Administrator or CalFIT, shall record the allocations of Shares in each Account in any Pool in the records of CalFIT.

9.3 OWNER OF RECORD

No person becoming entitled to any Shares in consequence of the bankruptcy or insolvency of any Participant or otherwise by operation of law shall be recorded as the Participant to which such Shares are allocated unless such person is otherwise qualified to become a Participant. If not qualified, such person

Joint Exercise of Powers Agreement

shall present proof of entitlement to CalFIT and if CalFIT, in its sole discretion, deems appropriate then be entitled to the redemption value of the Shares.

9.4 TRANSFER OF SHARES

The beneficial interests measured by the Shares shall not be transferable, in whole or in part, other than to CalFIT itself or another Participant for purposes of redemption. Shares also may be redeemed from one Participant's Account and the proceeds deposited directly into another Participant's Account upon instructions from the Authorized Representative of the respective Participants.

9.5 LIMITATION OF RESPONSIBILITY

CalFIT shall not, nor shall the Participants or any officer, employee or agent of CalFIT, be bound to determine the existence of any trust, express, implied or constructive, or of any charge, pledge, or equity to which any of the Shares or any interest therein are subject or to ascertain or inquire whether any redemption of any such Shares by any Participant or its Authorized Representatives is authorized by such trust, charge, pledge or equity, or to recognize any person as having any interest therein except the Participant recorded as the Participant to which such Shares are allocated. The receipt of moneys by the Participant in whose name any Shares is recorded or by the Authorized Representative or duly authorized agent of such Participant shall be a sufficient discharge for all moneys payable or deliverable in respect of such Shares and from all responsibility to see the proper application thereof.

9.6 NOTICES

Any and all notices to which Participants hereunder may be entitled and any and all communications shall be deemed duly served or given if electronically or mailed, postage prepaid, addressed to Participants of record at the electronic or physical mailing addresses recorded in the records of CalFIT.

10 ARTICLE – DETERMINATION OF NET ASSET VALUE, NET INCOME, DISTRIBUTIONS AND ALLOCATIONS

10.1 DETERMINATION OF NET ASSET VALUE, NET INCOME, DISTRIBUTIONS AND ALLOCATIONS

The Information Statement for each Pool within the CalFIT Investment Program shall set forth the basis and times for determining the per Share net asset value of the Shares, the net income, and the declaration and payment of distributions, as CalFIT, in its absolute discretion, may determine.

11 ARTICLE – CALFIT INVESTMENT PROGRAM COSTS

11.1 EXPENSES

In consideration of the performance of its obligations hereunder, the Administrator shall receive a fee as set forth in the Administrator Agreement described in Section 5.1 hereof, which fee shall be paid from the earnings on the Accounts. The Administrator's fee shall be an Investment Property Liability. From its fee, the Administrator shall pay the following costs and expenses: the Investment Adviser's fee set forth in the

Joint Exercise of Powers Agreement

Investment Adviser Agreement, the Custodian's fee set forth in the Custody Agreement, the costs of third parties retained by the Administrator to render investment advice pursuant to the Administrator Agreement, marketing expenses, all custodial and securities clearance transaction charges, the cost of valuing the Investment Property, the cost of obtaining a rating or ratings, if any, the cost of other expenses agreed to by the Administrator and CalFIT, all Investment Property record-keeping expenses, the cost of preparing monthly and annual reports, the expense of outside auditors required pursuant to the Administrator Agreement (but only if the Administrator selects such auditors), the fees of the counsel to the Administrator and/or the counsel to CalFIT, the cost of Meetings of the Board, the cost of employee and administrative expenses, the cost of reimbursement for reasonable expenses incurred by Trustees in the course of their duties, insurance costs and the costs of Participant surveys and mailings. At least quarterly, the Administrator shall provide a detailed accounting of such expenses to the Trustees.

12 ARTICLE – REPRESENTATIONS AND WARRANTIES OF EACH MEMBER

12.1 REPRESENTATIONS AND WARRANTIES OF EACH MEMBER

- a) the Member is a Public Agency and political subdivision of a state, or an agency, authority, or instrumentality of the United States, a state or any political subdivision of a state; and
- b) each of the recitals to this Agreement is true as it relates to such Member; and
- c) the Member has taken all necessary actions and has received all necessary approvals and consents and adopted all necessary resolutions in order to execute and deliver this Agreement and to perform its obligations hereunder; and
- d) the execution, delivery, and performance of this Agreement by the Member are within the power and authority of the Member and do not violate the laws, rules, or regulations of the State of California applicable to the Member or its organizational statute, instrument, or documents or any other applicable Federal, state, or local law.

13 ARTICLE – LIMITATIONS OF MEMBERS, PARTICIPANTS, TRUSTEES AND OTHERS

13.1 NO PERSONAL LIABILITY OF MEMBERS, PARTICIPANTS, TRUSTEES AND OTHERS

Except in the case of fraud or willful misconduct, no Member, Participant and, subject to Section 13.3 hereof, no Trustee, officer, employee or agent of CalFIT, acting in its capacity as a , Member, Participant, Trustee, officer, employee or agent of CalFIT, as applicable, shall be subject to any personal liability whatsoever to any person in connection with property or the acts, obligations or affairs of CalFIT, and all such persons shall look solely to the Investment Property for satisfaction of claims of any nature arising in connection with the affairs of CalFIT. Except in the case of fraud or willful misconduct, no Member, Participant, Trustee, officer, employee, or agent, as such, of CalFIT who is made a party to any suit or proceeding to enforce any such liability, shall be held to any personal liability. The debts, liabilities and obligations of CalFIT shall not be the debts, liabilities and obligations of any Member, Participant, Trustee, officer, employee or agent of CalFIT, unless otherwise provided in this Agreement provided,

Joint Exercise of Powers Agreement

however, that in such case, such debts, liabilities and obligations shall be limited to the value of the Investment Property.

13.2 INDEMNIFICATION OF PARTICIPANTS

CalFIT shall indemnify and hold each Participant harmless from and against all claims and liabilities to which such Participant may become subject by reason of its being or having been a Participant in the CalFIT Investment Program and shall reimburse such Participant for all legal and other expenses reasonably incurred by it in connection with any such claim or liability provided, however, that: (a) such Participant was acting in accordance with all legal and policy requirements and investment objectives applicable to such Participant, including any limitations that the Participant has adopted or is subject to which are more restrictive than state law, (b) such indemnity or reimbursement shall be made from the Investment Property in the applicable Pool in respect of which such claim or liability arose and not from any other Investment Property, and (c) no indemnification shall be made for any Participant's negligence or willful misconduct. The rights accruing to a Participant under this Section 13.2 shall not exclude any other right to which such Participant may be lawfully entitled, nor shall anything herein contained restrict the right of CalFIT to indemnify or reimburse a Participant in any appropriate situation even though not specifically provided herein.

13.3 BAD FAITH OF TRUSTEES AND OTHERS

No Trustee, officer, employee or agent of CalFIT shall be liable to CalFIT, or to any Member, Participant, Trustee, officer, employee or agent thereof for any action or failure to act, except for his or her own bad faith, willful misfeasance, gross negligence or reckless disregard of duty (collectively, "Bad Faith").

13.4 INDEMNIFICATION OF TRUSTEES AND OTHERS FROM THIRD-PARTY

ACTIONS

Any person who serves as a Trustee or Officer, for acts or omissions while acting for or on behalf of the Trust, will be entitled to defense and indemnity from the Trust to the extent provided in California Government Code sections 825, *et seq.*, and 995, *et seq.*

13.5 INDEMNIFICATION OF TRUSTEES AND OTHERS FOR SUCCESSFUL DEFENSE

To the extent that a Trustee, officer or employee of CalFIT has been successful on the merits in defense of any proceeding referred to in Section 13.4 hereof or in defense of any claim, issue or matter therein, before the court or other body before which the proceeding was brought, such person shall be indemnified against expenses actually and reasonably incurred in connection therewith.

13.6 ADVANCE EXPENSES

Expenses incurred in defending any proceeding may be advanced by CalFIT before the final disposition of the proceeding upon a written undertaking by or on behalf of the Trustee, officer or employee of CalFIT, to repay the amount of the advance if it is ultimately determined that he or she is not entitled to indemnification, together with at least one of the following as a condition to the advance: (i) security for the undertaking; or (ii) the existence of insurance protecting CalFIT against losses arising by reason of any lawful advances; or (iii) a determination by a majority of the Trustees who are not parties to the proceeding ("Non-Interested Trustees"), or by independent legal counsel in a written opinion, based on

Joint Exercise of Powers Agreement

a review of readily available facts, that there is reason to believe that such person ultimately will be found entitled to indemnification.

13.7 EXCLUSION AND LIMITATIONS OF INDEMNIFICATION OF TRUSTEES AND OTHERS

Notwithstanding the foregoing, no indemnification or advance shall be made under Sections 13.4 to 13.6 hereof:

- a) **Bad Faith**. For any liability arising by reason of Bad Faith of a Trustee, officer or employee of CalFIT.
- b) **Improper Personal Benefit**. In respect of any claim, issue, or matter as to which a Trustee, officer or employee of CalFIT shall have been adjudged to be liable on the basis that personal benefit was improperly received by him or her, whether or not the benefit resulted from an action taken in such person's official capacity.
- c) **Otherwise Prohibited**. In any circumstances where it appears that it would be inconsistent with any condition expressly imposed by a court, any provision of this Agreement, or any agreement in effect at the time of accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid which prohibits or otherwise limits indemnification or advance.
- d) **Limited to CalFIT Assets**. In any amount, individually or in the aggregate, that exceeds the value of the Investment Property. If there are concurrent indemnifications of multiple Participants under this Article XIII, such indemnifications shall be made on a pro rata basis up to the value of the Investment Property.

13.8 OBLIGATIONS UNDER LAW

Notwithstanding anything herein or in the Investment Management Agreement to the contrary, nothing herein or therein is intended to relieve any Member or Participant of any obligation it has under state or Federal law to monitor, review, evaluate or provide oversight with respect to the Shares, the Investment Adviser, or its participation in CalFIT.

13.9 REQUIRED APPROVAL

No indemnification or advance shall be made under Sections 13.4 to 13.6 hereof unless and until it is determined, by a majority of the Non-Interested Trustees, or by independent legal counsel in a written opinion, based on a review of readily available facts, that indemnification of a Trustee, officer, employee or agent of CalFIT is proper in the circumstances because such person has met the applicable standard of conduct set forth in Sections 13.4 to 13.6 hereof, as applicable, and such indemnification is not excluded by reason of Section 13.7 hereof.

13.10 FIDUCIARIES OF EMPLOYEE BENEFIT PLAN

This Article XIII does not provide indemnification or release from liability with respect to any proceeding against any trustee, Investment Adviser or other fiduciary of an employee benefit plan in such person's capacity as such, even though such person may also be a Trustee, officer, employee or agent of CalFIT. Nothing contained in this Article 13 shall limit any right to indemnification to which such a trustee, Investment Adviser, or other fiduciary may be entitled by contract or otherwise which shall be enforceable to the extent permitted by applicable laws other than this Article 13.

Joint Exercise of Powers Agreement

13.11 NO DUTY OF INVESTIGATION AND NOTICE IN CALFIT INSTRUMENTS

No purchaser, lender, transfer agent, record keeper or other person dealing with any Trustee, officer, employee or agent of CalFIT shall be bound to make any inquiry concerning the validity of any transaction purporting to be made by such Trustee, officer, employee or agent or be liable for the application of money or property paid, loaned, or delivered to or on the order of such Trustee, officer, employee or agent. Every obligation, contract, instrument, certificate, Share or other security of CalFIT and undertaking, and every other document executed in connection with CalFIT, shall be conclusively presumed to have been executed or done by the executors thereof only in their capacity as Trustees under this Agreement or in their capacity as officers, employees or agents of CalFIT. Every written obligation, contract, instrument, certificate, Share or other security of CalFIT or undertaking made or issued by any Trustee shall recite that it is executed by such Trustee not individually, but in the capacity as Trustee under this Agreement, and that the obligations of any such instruments are not binding upon any of the Trustees, Founding Members or Participants individually, but bind only CalFIT property, but the omission of such recital shall not operate to bind the Trustees, Founding Members or Participants individually.

13.12 RELIANCE ON EXPERTS

Each Trustee, officer, employee and agent of CalFIT shall, in the performance of his or her duties, be fully protected with regard to any act or any failure to act resulting from reliance in good faith upon the books of account or other records of CalFIT, upon an opinion of counsel, or upon reports made to CalFIT by any of its officers or employees or by the investment adviser, administrator, transfer agent, record keeper, custodian, distributor accountants, appraisers or other experts or consultants selected with reasonable care by the Trustees, officers, employees or agents of CalFIT.

13.13 IMMUNITY FROM LIABILITY

All of the privileges and immunities from liability, all exemptions from laws, ordinances and rules, and all pension, relief, disability, workmen's compensation, and other benefits which apply to the activity of the trustees, officers, employees or agents of the Members when performing their functions within the territorial limits of their respective Public Agencies, shall apply to them to the same degree and extent while engaged in the performance of any of their functions and duties associated with CalFIT.

13.14 FURTHER RESTRICTION OF DUTIES AND LIABILITIES

Without limiting the foregoing provisions of this Article 13, the Trustees, officers, employees and Members of CalFIT shall in no event have any greater duties or liabilities than those imposed by applicable laws as shall be in effect from time to time.

14 ARTICLE – AMENDMENT AND TERMINATION

14.1 AMENDMENT

Unless explicitly set forth otherwise herein, this Agreement may be amended only by a majority vote of the Board. Nothing in this Agreement shall permit its amendment to violate the Act or the Applicable Law or impair the exemption from personal liability of the Members, Participants, Trustees, officers, employees and agents of CalFIT or to permit assessments upon Participants. Notice of any amendment to

Joint Exercise of Powers Agreement

this Agreement shall be filed with the office of the Secretary of State of California pursuant to Section 6503.5. Participants shall also be notified of any amendment to this Agreement through electronic communications.

14.2 TERMINATION

- a) This Agreement shall continue in full force and effect unless terminated as set forth in this Section 14.2. This Agreement may be terminated at any time pursuant to a duly adopted amendment hereto approved by the unanimous vote of the Board provided, however, that in no event shall this Agreement terminate so long as CalFIT has any unpaid debts or obligations.
- b) Upon the termination of this Agreement pursuant to this Section 14.2:
 - i. the Custodian, CalFIT, and the Administrator shall carry on no business in connection with the CalFIT Investment Program except for the purpose of satisfying the Investment Property Liabilities and winding up their affairs in connection with the Investment Property;
 - ii. the Custodian, CalFIT, and the Administrator shall proceed to wind up their affairs in connection with the CalFIT Investment Program, and all of the powers of CalFIT, the Administrator, and the Custodian under this Agreement, the Administrator Agreement, and the Custody Agreement, respectively, shall continue until the affairs of CalFIT, the Administrator, and the Custodian in connection with the CalFIT Investment Program shall have been wound up, including but not limited to the power to collect amounts owed, sell, convey, assign, exchange, transfer, or otherwise dispose of all or any part of the remaining Investment Property to one or more persons at public or private sale for consideration that may consist in whole or in part of cash, securities, or other property of any kind, discharge or pay Investment Property Liabilities, and do all other acts appropriate to liquidate their affairs in connection with the CalFIT Investment Program; and
 - iii. after paying or adequately providing for the payment of all Investment Property Liabilities and upon receipt of such releases, indemnities, and refunding agreements as each of CalFIT, Administrator, and Custodian deem necessary for their protection, CalFIT shall take all necessary actions to cause the distribution of the remaining Investment Property, in cash or in kind or partly in each, among the Participants according to their respective proportionate Balances.
- c) Upon termination of this Agreement and distribution to the Participants as herein provided, CalFIT shall direct the Administrator to execute and lodge among the records maintained in connection with this Agreement an instrument in writing setting forth the fact of such termination, and CalFIT and Members shall thereupon be discharged from all further liabilities and duties hereunder, and the rights and benefits of all Participants hereunder shall cease and be canceled and discharged.

15 ARTICLE – MISCELLANEOUS

15.1 GOVERNING LAW

This Agreement is executed by the Founding Members and delivered in the State of California and with reference to the laws thereof, and the rights of all parties and the validity, construction, and effect of every provision hereof shall be subject to and construed according to the laws of the State of California.

Joint Exercise of Powers Agreement

15.2 SEVERABILITY

The provisions of this Agreement are severable, and if any one or more of such provisions (the “**Conflicting Provisions**”) are in conflict with applicable laws, the Conflicting Provisions shall be deemed never to have constituted a part of this Agreement, and this Agreement may be amended pursuant to Section 14.1 hereof to remove the Conflicting Provisions provided, however, that such conflict or amendment shall not affect or impair any of the remaining provisions of this Agreement or render invalid or improper any action taken or omitted prior to the discovery or removal of the Conflicting Provisions.

15.3 COUNTERPARTS

This Agreement may be executed in several counterparts, each of which when so executed shall be deemed to be an original, and such counterparts, together, shall constitute but one and the same instrument that shall be sufficiently evidenced by any such original counterpart.

15.4 NO ASSIGNMENT

No assignment of this Agreement may be made by any party without consent of the non-assigning party

15.5 GENDER; SECTION HEADINGS AND TABLE OF CONTENTS

- a) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders, and words importing the singular number shall mean and include the plural number and vice versa.
- b) Any headings preceding the texts of the several Articles and Sections of this Agreement and any table of contents or marginal notes appended to copies hereof shall be solely for convenience of reference and shall neither constitute a part of this Agreement nor affect its meaning, construction, or effect.

15.6 NO PARTNERSHIP

Other than the creation by the Founding Members of a joint exercise of powers entity pursuant to the Act, this Agreement does not create or constitute an association of two or more persons to carry on as co-owners a business for profit, and none of the parties intends this Agreement to constitute a partnership or any other joint venture or association.

15.7 NOTICE

Unless oral notice is otherwise allowed in this Agreement and except as otherwise provided herein, all notices required to be sent under this Agreement:

- a) shall be in writing;
- b) shall be deemed to be sufficient if given by (i) depositing the same in the United States mail properly addressed, postage prepaid, or (ii) electronically transmitting such notice by any means such as by facsimile transmission, email, or other electronic means, or (iii) by depositing the same with a courier delivery service, addressed to the person entitled thereto at his address or phone number as it appears on the records maintained by the Administrator;
- c) shall be deemed to have been given on the day of such transmission if delivered pursuant to subsection (b)(ii) or on the third day after deposit if delivered pursuant to subsection (b)(i) or (b)(iii); and

Joint Exercise of Powers Agreement

- d) any of the methods specified in Section 15.7(b) hereof shall be sufficient to deliver any notice required hereunder notwithstanding that one or more of such methods may not be specifically listed in the Sections hereunder requiring such notice.

15.8 CONFIDENTIALITY

All information and recommendations furnished by the Administrator to any Participants or CalFIT that is marked confidential and all information and directions furnished by the Administrator to the Custodian shall be regarded as confidential by each such person to the extent permitted by law. Nothing in this Section shall prevent any party from divulging information as required by law or from divulging information to civil, criminal, bank, or securities regulatory authorities where such party may be exposed to civil or criminal proceedings or penalties for failure to comply, or from divulging information in accordance with State of California laws or to prevent the Administrator from distributing copies of this Agreement, the names of the Participants, or the Investment Property Value to third parties.

15.9 ENTIRE AGREEMENT

This Agreement shall constitute the entire agreement of the parties with respect to the subject matter and shall supersede all prior oral or written agreements in regard thereto.

15.10 DISPUTES

In the event of any dispute between the parties, the parties agree to attempt to resolve the dispute through negotiation. To the extent permitted by law, no litigation shall be commenced without a certification by an authorized officer, employee, or agent of any party that the dispute cannot be resolved by negotiation provided in writing at least 10 days before commencing legal action.

15.11 WRITINGS

Whenever this Agreement requires a notice, instruction, or confirmation to be in writing or a written report to be made or a written record to be maintained, it shall be sufficient if such writing is produced or maintained by electronic means or maintained by any other photostatic, photographic, or micrographic data storage method such as digital discs as well as on paper.

15.12 EFFECTIVE DATE

This Agreement shall become effective on the Effective Date.

[the remainder of this page has intentionally been left blank]

Joint Exercise of Powers Agreement

SIGNATURE PAGE FOR JOINT EXERCISE OF POWERS AGREEMENT

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in their names and on their behalf as of the date first written above.

ALAMEDA COUNTY

By:

Name: Hank Levy

Title: Treasurer-Tax Collector

SAN DIEGO COUNTY WATER AUTHORITY

By:

Name: Lisa Marie Harris

Title: Director of Finance/Treasurer

LAKE COUNTY

By:

Name: Patrick Sullivan

Title: Treasurer-Tax Collector

SAN DIEGO COUNTY

By:

Name: Chris Herrera

Title: Chief Investment Officer

[the remainder of this page has intentionally been left blank]

EXHIBIT A – VALUATION PROCEDURES

EXHIBIT A

Valuation Procedures

1. Portfolio Valuation

CalFIT follows Financial Accounting Standards Board Accounting Standards Codification (ASC) 820 Fair Value Measurement and Disclosure for financial reporting purposes. ASC 820 defines fair value, establishes a single framework for measuring fair value, and requires disclosures about fair value measurement.

At least daily, the Investment Property Value shall be determined on a mark to market basis as follows: (a) securities for which market quotations are readily available are valued at the most recent bid price or yield equivalent as obtained from one or more market makers for such securities or a third-party pricing source; (b) all other securities and assets are valued at fair market value in good faith.

2. Amendment

These Valuation Procedures may be amended from time to time as provided in the Agreement.



Stable Value Pool

Fact Sheet

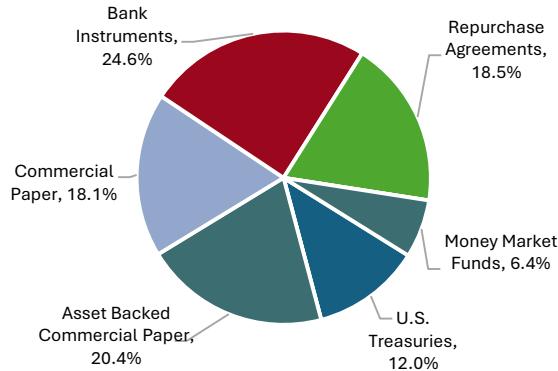
S&P rating: AAAm

As of November 30, 2025

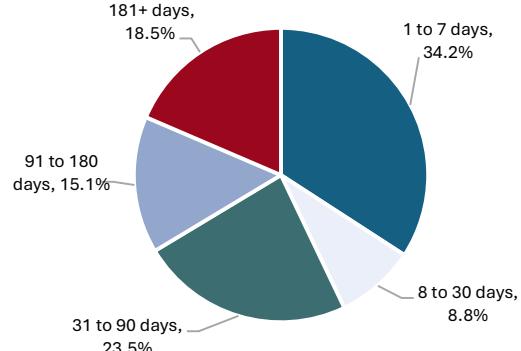
Portfolio Statistics

7-Day Yield: 3.94%
30-Day Yield: 3.96%
WAM: 45 days
WAL: 82 days
Fund Assets: \$215 million

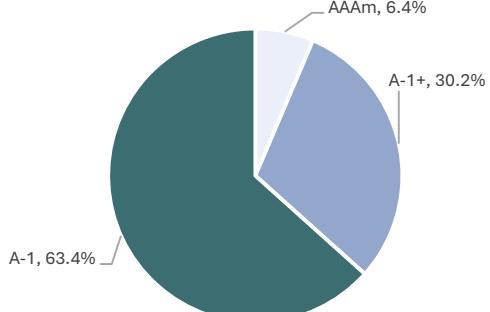
Portfolio Composition



Portfolio Maturity Distribution



Portfolio Credit Quality



Conservative Investment Approach

- The portfolio seeks to maintain \$1.00 net asset value with a maximum weighted average maturity of 60 days and a maximum weighted average life of 90 days.
- CalFIT invests in various types of debt obligations including obligations guaranteed by the full faith and credit of the United States, U.S.-government agency obligations, corporate obligations, asset-backed securities, bank obligations and other obligations permitted by applicable California government code.
- The portfolio is also managed to the requirements of GASB 79, which requires 10% daily and 30% weekly liquidity.

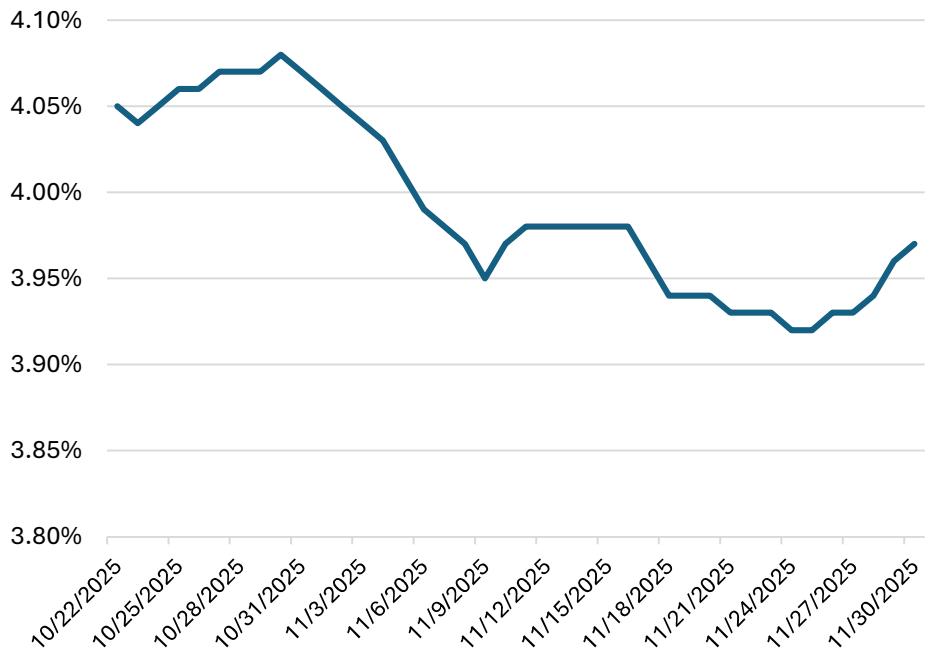
Managed by a Firm with a Public Sector Focus

- Chandler Asset Management, Inc. (Chandler) is the investment adviser and operational manager for CalFIT. Founded in 1988, Chandler managed \$42.9 billion in assets, including more than \$32.9 billion for local governments in California, as of 11/30/25.

For more information, please contact us:

- Phone:** 844-915-5700
- Website:** www.calfitfund.com
- Email:** calfit@candlerasset.com

7-Day Yields





CITY OF SIGNAL HILL

2175 Cherry Avenue • Signal Hill, California 90755-3799

STAFF REPORT

1/13/2026

AGENDA ITEM

**TO: HONORABLE MAYOR
AND MEMBERS OF THE CITY COUNCIL AS SUCCESSOR AGENCY**

**FROM: CARLO TOMAINO
EXECUTIVE DIRECTOR**

SUBJECT: ANNUAL REPORT OF THE CITY COUNCIL AS SUCCESSOR AGENCY

Summary:

The City Council as Successor Agency meets annually at its first meeting in January, unless a special meeting is required. Pursuant to AB1X 26, the City Council is the designated Successor Agency to the former Signal Hill Redevelopment Agency (SHRA). The responsibilities of the Successor Agency include dissolving the operations of the SHRA. There are two remaining Successor Agency parcel groups identified in the Long-Range Property Management Plan, as follows: 2435-2461, 2475, and 2485 Gardena Avenue; and 630-998 East Spring Street, 631-799 East Canton Street, 631-799 E. 29th Street and 801-999 East 29th Street. The City's intent is to sell these remaining properties for future economic development purposes. The City will continue working with interested parties to effectuate development of these properties.

Strategic Plan Goal(s):

Goal No. 3 Economic & Downtown Development Improve the local economy, support local businesses, and create a vibrant downtown core.

Goal No. 5 High-Functioning Government: Strengthen internal communication, recruitment, retention, systems, and processes to increase the effectiveness and efficiency of City services.

Recommendation:

Receive and file.

Fiscal Impact:

There is no fiscal impact associated with the recommended action.

Background and Analysis:

Pursuant to AB1X 26, the City Council is the designated Successor Agency Successor Agency to the former Signal Hill Redevelopment Agency (SHRA). The responsibilities of the Successor Agency include dissolving the operations of the SHRA, adopting the annual Recognized Obligation Payment Schedule (ROPS), paying any performing enforceable obligations, and disposes of SHRA assets. The Successor Agency adopted the Fiscal Year 2025-26 ROPS in late 2025.

There are two remaining Successor Agency parcel groups identified in the Long-Range Property Management Plan, as follows:

1. 2435-2461, 2475, and 2485 Gardena Avenue; this site consists of approximately 2 acres.
2. 630-998 East Spring Street, 631-799 East Canton Street, 631-799 East 29th Street and 801-999 East 29th Street. This site is located along Spring Street, between California and Atlantic Avenues and is approximately 13 acres.

The City's intent is to sell these remaining properties for future economic development purposes. To this end, the City declared both of these sites as surplus property in accordance with the Surplus Land Act and issued a notice of availability. The City will continue working with interested parties to effectuate development of these properties.



CITY OF SIGNAL HILL

2175 Cherry Avenue • Signal Hill, California 90755-3799

STAFF REPORT

1/13/2026

AGENDA ITEM

TO: HONORABLE CHAIR
AND MEMBERS OF THE SUCCESSOR AGENCY

FROM: CARLO TOMAINO
CHIEF ADMINISTRATIVE OFFICER

SUBJECT:
APPROVAL OF MEETING MINUTES

Summary:

Special Meeting of September 9, 2025.

Strategic Plan Goal(s):

Goal No. 5 High-Functioning Government: Strengthen internal communication, recruitment, retention, systems, and processes to increase the effectiveness and efficiency of City services.

Recommendation:

Approve the meeting minutes.



CITY OF SIGNAL HILL

2175 Cherry Avenue • Signal Hill, California 90755-3799

MINUTES OF A SPECIAL MEETING
SIGNAL HILL CITY COUNCIL AS SUCCESSOR AGENCY
September 09, 2025

A Special Meeting of the Signal Hill City Council as Successor Agency was held in-person in the Council Chamber on September 9, 2025.

(1) CALL TO ORDER – 7:54 P.M.

(2) ROLL CALL

PRESENT:

CHAIR JONES
VICE CHAIR HANSEN
MEMBER COPELAND
MEMBER HONEYCUTT
MEMBER WOODS

(3) PUBLIC BUSINESS FROM THE FLOOR ON ITEMS NOT LISTED ON THE AGENDA

There was no public business from the floor.

(4) CONSENT CALENDAR

- a. PROPOSED ADOPTION OF A RESOLUTION AMENDING RECOGNIZED OBLIGATION PAYMENT SCHEDULE 25-26B
- b. APPROVAL OF MEETING MINUTES

It was moved by VICE CHAIR HANSEN and seconded by MEMBER COPELAND to approve the Consent Calendar.

The following vote resulted:

AYES: CHAIR JONES
VICE CHAIR HANSEN

MEMBER COPELAND
MEMBER HONEYCUTT
MEMBER WOODS

NOES: NONE

ABSENT: NONE

ABSTAIN: NONE

(5) SUCCESSOR AGENCY AGENDA--NEW BUSINESS

There was no new business.

(6) ADJOURNMENT

It was moved by MEMBER COPELAND and seconded by MEMBER WOODS to adjourn tonight's meeting to the next Regular meeting of the City Council as Successor Agency on January 13, 2026 at 7:00 p.m.

CHAIR JONES adjourned the meeting at 7:59 p.m.

KEIR JONES
CHAIR

Attest:

DARITZA PEREZ
SUCCESSOR AGENCY SECRETARY