POLICY

The Redevelopment Agency invests its temporarily idle cash funds under the provisions of current state law. Investments are executed through the Financial Division of the Agency under the authority of the Community Redevelopment Law, Section 33603 and the State Government Code, Sections 53630-53722.

The investment objective of the Division is to manage any such surplus funds of the Agency so as to obtain the highest yield possible, while at the same time ensuring safety of principal and meeting the day-to-day cash needs of the organization.

GUIDELINES

The Agency follows the State Government Code's list of eligible investment securities:

* U.S. Treasury bills, notes, bonds or certificate of indebtedness, or those for which the full faith and credit of the U.S. are pledged for the payment of principal and interest.


* Bonds, notes, warrants and other debt issued by the State of California and its agencies as well as local agencies of the State, including the Local Agency Fund of the State of California (LAIF).

* Banker's Acceptances whose maturities do not exceed 270 days and are acceptable to the Federal Reserve Bank. Purchases are not to exceed 40% of the Agency portfolio, and no more than 30% of the Agency's portfolio can be in the Banker's Acceptances of any one bank.

* Commercial Paper of the highest quality, i.e. A1/P1 rating, issued by domestic corporation with assets of at least $500 million. Maturities will not exceed 180 days. Commercial paper will comprise no more than 30% of Agency's portfolio if average maturity is no more than 31 days or 15% if average maturity is more than 31 days.

* Negotiable Certificates of Deposit (CD's) of the highest quality issued by banks, S&L's, and credit unions. CD's may not exceed 30% of the Agency's portfolio.
**Repurchase Agreements/Reverse Repurchase Agreements.** The latter requires the specific approval of the Commission.

**Medium-term, high-quality corporate notes with a maximum maturity of five years that are issued by U.S. domestic corporations.** Corporate notes may not exceed 15% of the Agency's portfolio.

Criteria for selecting investments shall adhere to the following priority:

* Safety
* Liquidity
* Yield

The Agency shall not speculate in high risk investments, such as "junk" bonds, options, futures contracts, stocks or low-rated securities.

**Reporting Requirements**

All investment transactions must be properly reported and documented. A transaction document must be kept on file in the Financial Division. Also, the Division will maintain an investment log for the most recent month, which details all outstanding investments, including purchase and maturity dates, institution, security type and cost, yield, and accrued interest. Monthly, the Deputy Executive Director, Finance, will submit to the Executive Director a report of the Agency's investment portfolio.

Annually, the Executive Director will submit to the Agency Commission a statement of investment policy as required by statute.