



M E E D E R

INVESTMENT POLICY CERTIFICATION

I, Jonathan Azoff, hereby certify that I have received, read, and understand the attached investment policy of City of South Gate and, if initiating a trade with said entity, will abide by its contents.

Jonathan Azoff
Name

9/10/2026

Date

Meeder Public Funds Inc.

RESOLUTION NO. 2026-40-CC

**CITY OF SOUTH GATE
LOS ANGELES COUNTY, CALIFORNIA**

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SOUTH GATE,
CALIFORNIA, APPROVING THE ANNUAL STATEMENT OF INVESTMENT
POLICY FOR FISCAL YEAR 2026-27 AND RENEWING THE DELEGATION OF
INVESTMENT AUTHORITY TO THE DIRECTOR OF ADMINISTRATIVE SERVICES
PURSUANT TO GOVERNMENT CODE SECTION 53607**

WHEREAS, the City of South Gate (“City”) is a general law city organized and existing under the laws of the State of California; and

WHEREAS, Government Code Section 53600 et seq. governs the investment of local agency funds, and Government Code Section 53600.3 provides that all governing bodies of local agencies and all persons authorized to make investment decisions on behalf of local agencies are trustees and therefore fiduciaries subject to the prudent investor standard; and

WHEREAS, Government Code Section 53646(a)(2) provides that the treasurer or chief fiscal officer of a local agency may annually render to the legislative body a statement of investment policy, which the legislative body shall consider at a public meeting, and that any change in the policy shall likewise be considered at a public meeting; and

WHEREAS, Government Code Section 53646(g) states that, in recognition of the state and local interests served by these actions, the Legislature encourages local agency officials to continue taking the actions formerly mandated by that section, and the City Council desires to continue those practices as a matter of City policy; and

WHEREAS, the Director of Administrative Services serves as the City’s chief fiscal officer for purposes of Government Code Sections 53607 and 53646; and

WHEREAS, Government Code Section 53607 provides that the authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one-year period to the treasurer of the local agency, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires, and shall make a monthly report of those transactions to the legislative body, and that the legislative body may renew the delegation of authority each year, subject to review; and

WHEREAS, the City Council previously delegated investment authority consistent with Chapter 1.08 of the South Gate Municipal Code and by City Council action of February 25, 1997, and the City Council now desires to renew that delegation for an additional one-year period; and

WHEREAS, the City has retained Meeder Public Funds, Inc. as a discretionary external investment adviser under an agreement approved by the City Council to manage the City's core operating portfolio, subject to the City's investment policy, applicable law, and the oversight of the Director of Administrative Services; and

WHEREAS, the Director of Administrative Services, with the assistance of the City's investment adviser, has reviewed and updated the City's Statement of Investment Policy, the City Manager has reviewed the updated policy, and the updated policy conforms to Government Code Section 53600 et seq. and reflects the 2026 Local Agency Investment Guidelines published by the California Debt and Investment Advisory Commission; and

WHEREAS, the Annual Statement of Investment Policy attached to this Resolution as Exhibit A has been rendered to the City Council and considered by the City Council at a public meeting held on August 11, 2026; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF SOUTH GATE, CALIFORNIA, DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. Recitals. The City Council finds that the recitals set forth above are true and correct and are incorporated into this Resolution by this reference.

SECTION 2. Approval of the Annual Statement of Investment Policy. The City Council approves and adopts the Annual Statement of Investment Policy attached to this Resolution as Exhibit A and incorporated by this reference (the "Investment Policy"), effective for Fiscal Year 2026-27. The Investment Policy supersedes the Statement of Investment Policy adopted in December 2004 and all prior investment policies of the City.

SECTION 3. Delegation of Investment Authority. Pursuant to Government Code Section 53607, the City Council delegates to the Director of Administrative Services, as the City's chief fiscal officer, the authority to invest and reinvest funds of the City and to sell or exchange securities so purchased. This delegation is granted for a one-year period commencing on the effective date of this Resolution. The Director of Administrative Services assumes full responsibility for those transactions until the delegation of authority is revoked or expires, and shall establish a system of internal controls to regulate the activities of subordinate staff. In the absence of the Director of Administrative Services, the City Manager shall serve as administrator of the investment program.

SECTION 4. Exercise of Delegated Authority Through the Investment Adviser. The City Council confirms that the Director of Administrative Services may exercise the authority delegated by Section 3 through the City's discretionary external investment adviser retained under a Council-approved agreement, currently Meeder Public Funds, Inc. The investment adviser acts as an agent of the City under the oversight of the Director of Administrative Services, shall transact only in securities authorized by the Investment Policy and applicable law, shall have no custody of City assets, and shall direct all transactions for

settlement on a delivery-versus-payment basis through the City's independent custodian. Consistent with Government Code Section 53600.3, neither the City Council nor the Director of Administrative Services delegates fiduciary responsibility for the investment program to the investment adviser.

SECTION 5. Reporting. Pursuant to Government Code Section 53607, the Director of Administrative Services shall render to the City Council, the City Manager, and the internal auditor a quarterly investment report within 45 days following the end of each quarter, containing the information described in Government Code Section 53646(b) and in the Investment Policy.

SECTION 6. Annual Review and Renewal. The Director of Administrative Services shall review the Investment Policy at least annually and shall render the Investment Policy, together with any recommended revisions, to the City Council for consideration at a public meeting. Subject to that review, the City Council may renew the delegation of investment authority granted by Section 3 each year.

SECTION 7. Revocation. The City Council may revoke or modify the delegation of investment authority granted by Section 3 at any time by resolution. Upon revocation or expiration of the delegation, the authority to invest and reinvest City funds and to sell or exchange securities reverts to the City Council.

SECTION 8. Compliance With Applicable Law. Nothing in this Resolution authorizes any investment that is not permitted by Government Code Section 53600 et seq., by the Investment Policy, or by the terms of any bond indenture or other governing document applicable to particular funds.

SECTION 9. Severability. If any provision of this Resolution or its application to any person or circumstance is held invalid by a court of competent jurisdiction, the remaining provisions and their application to other persons or circumstances remain in full force and effect. The City Council declares that it would have adopted this Resolution and each provision of it irrespective of the invalidity of any other provision.

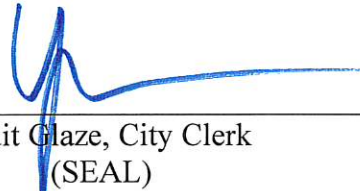
SECTION 10. Effective Date and Certification. This Resolution takes effect immediately upon adoption. The City Clerk shall certify to the adoption of this Resolution and shall enter it into the book of original resolutions of the City.

PASSED, APPROVED and ADOPTED this 11th day of August 2026.

CITY OF SOUTH GATE:

By: 
Joshua Barron, Mayor

ATTEST:

By: 
Yodit Glaze, City Clerk
(SEAL)

APPROVED AS TO FORM:

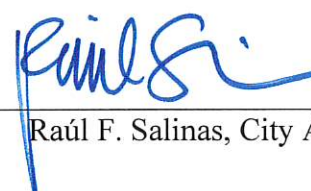
By: 
Raúl F. Salinas, City Attorney

EXHIBIT A
ANNUAL STATEMENT OF INVESTMENT POLICY
FISCAL YEAR 2026-27

CITY OF SOUTH GATE

Adopted: TBD

Administrative Regulation XXX

ADMINISTRATIVE REGULATION

STATEMENT OF INVESTMENT POLICY

I. POLICY

It is the policy of the City of South Gate (“City”) to invest public funds in a prudent manner that complies with all applicable state and local laws and that provides, in the following priority order: first, the safety of principal; second, the liquidity necessary to meet the City's daily cash flow demands; and third, a market rate of return. This policy conforms to California Government Code Sections 53600 et seq. governing the investment of local agency funds.

In accordance with Government Code Section 53646, the Director of Administrative Services (“Director”) will annually render a Statement of Investment Policy to the City Council. The Director and the City Manager shall review this policy annually and submit it to the City Council for consideration and approval at a public meeting.

II. SCOPE

This policy applies to all investment activities and financial assets of the City that are accounted for in the City's Annual Comprehensive Financial Report (ACFR), including the following fund types:

- General Fund
- Special Revenue Funds
- Debt Service Funds
- Capital Project Funds
- Enterprise Funds
- Internal Service Funds
- Trust and Agency Funds
- Any new fund created by the City Council, unless specifically exempted

This policy does not apply to the City's employee retirement funds, which are administered separately, or to the proceeds of debt issues that are held and invested by trustees under the applicable indenture or bond documents. Bond proceeds shall be invested in accordance with the permitted investment provisions of the governing bond documents or, where those documents are silent, in accordance with this policy and Government Code Section 53601.

III. PRUDENCE

The standard of prudence applied by the Director and by all persons authorized to make investment decisions on the City's behalf is the prudent investor standard set forth in Government Code Section 53600.3, applied in the context of managing the overall portfolio. Under that standard, 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 City, 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 City.

Persons authorized to make investment decisions on behalf of the City are trustees and therefore fiduciaries subject to the prudent investor standard. Investment officers and staff acting in accordance with this policy and written procedures, and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that deviations from expectations are reported in a timely manner and that appropriate action is taken to control adverse developments.

IV. OBJECTIVES

Consistent with Government Code Section 53600.5, the primary objectives of the City's investment activities, in priority order, are safety, liquidity, and return on investment.

A. Safety. Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to preserve capital in the overall portfolio through careful evaluation of credit risk and market risk.

1. **Credit risk**, the risk of loss due to the failure of the issuer of a security, shall be mitigated by investing only in high-quality issuers and by diversifying the portfolio so that the failure of any one issuer would not materially harm the City's cash flow.

2. **Market risk**, the risk of market value fluctuation from changes in the general level of interest rates, shall be mitigated by limiting the weighted average maturity of the portfolio to less than five years and by structuring maturities to meet the City's anticipated cash needs.

B. Liquidity. The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. The City will maintain a laddered portfolio with regularly scheduled maturities and will invest primarily in securities with active secondary or resale markets.

C. Return on Investment. The portfolio shall be designed to attain a market rate of return throughout budgetary and economic cycles, commensurate with the risk constraints in this policy and the cash flow characteristics of the portfolio.

V. DELEGATION OF AUTHORITY

The City Council, consistent with Government Code Sections 53601 and 53607, retains ultimate responsibility for the City's investment program. Pursuant to Government Code Section 53607, Chapter 1.08 of the South Gate Municipal Code, and City Council action of February 25, 1997, the City Council delegates to the Director of Administrative Services the authority to invest and reinvest City funds and to sell or exchange securities. This delegation is granted for a one-year period and is renewable annually by the City Council. The Director assumes full responsibility for all transactions until the delegation is revoked or expires and shall establish a system of internal controls to regulate the activities of subordinate staff. In the absence of the Director, the City Manager shall serve as administrator of the investment program.

The City has retained a discretionary external investment adviser (the "Investment Adviser") under an agreement approved by the City Council to manage the City's core operating portfolio. As of the effective date of this policy, the Investment Adviser is Meeder Public Funds, Inc. Pursuant to that agreement and the annual delegation of authority under Government Code Section 53607, the Investment Adviser is authorized to buy and sell authorized securities on the City's behalf on a discretionary basis, in strict compliance with this policy and applicable law. The Investment Adviser acts as an agent of the City under the oversight of the Director and has no custody of City assets.

Consistent with Government Code Section 53600.3, the City retains its fiduciary responsibility for the investment program and does not delegate that responsibility to the Investment Adviser. The Director remains responsible for oversight of the Investment Adviser, for the annual review and renewal of the delegation of authority, and for rendering the City's investment reports and this policy to the City Council.

Consistent with Senate Bill 827 (2025), local agency officials with financial responsibilities shall complete at least two hours of fiscal and financial training every two years, covering, among other topics, cash management and investments and the prudent investor standard.

The costs of administering the investment program, including custodial, investment advisory, banking, and auditing fees, are budgeted annually and apportioned to the funds that benefit from investment earnings in a manner consistent with the City's accounting practices.

VI. ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program or that could impair their ability to make impartial decisions. The Director and all designated investment officials are required to file annual Statements of Economic Interests (Form 700) as required by the Fair Political Practices Commission (FPPC). Consistent with Senate Bill 852 (2025), public officials who manage the City's public investments shall file Form 700 through the FPPC's electronic filing system.

Officers and employees shall disclose any material financial interest in financial institutions that conduct business with the City and any significant personal financial position that could relate to the performance of the City's portfolio. If, during the year, an event subject to disclosure arises that could impair the Director's ability to make impartial decisions, the City Manager shall be notified in writing within 10 days.

Treasury staff and other officials involved in the investment process shall comply with all state and local laws governing the receipt of political contributions, gifts, and honoraria, and shall report any gift of \$50 or more on the annual Form 700 filed with the FPPC.

VII. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

Pursuant to Government Code Section 53601.5, the City shall transact business only with issuers, banks, savings and loan associations, and registered investment securities dealers. Any investment not purchased directly from the issuer shall be purchased from an institution licensed by the State of California as a broker/dealer, as defined in Section 25004 of the Corporations Code, that is a member of the Financial Industry Regulatory Authority (FINRA) or of a federally regulated securities exchange; from a national or state-chartered bank; from a federal or state association as defined by Section 5102 of the Financial Code; or from a brokerage firm designated as a primary government dealer by the Federal Reserve Bank.

Because the City manages its portfolio through a discretionary Investment Adviser, the Investment Adviser shall maintain the list of broker/dealers and financial institutions authorized to transact business on the City's behalf and shall provide that list to the City upon request. All securities transactions executed for the City shall be conducted only through broker/dealers that meet the requirements of this section. Approved broker/dealers should qualify under SEC Rule 15c3-1 (uniform net capital rule). The Investment Adviser shall conduct the credit and counterparty due diligence required by the SEC and by this policy, including broker/dealer approval reviews and the ongoing monitoring of issuers, custodial institutions, and depository banks, and shall consider whether each firm is reputable, financially capable of meeting its obligations, and experienced in public agency investing.

The Director retains the right to review the Investment Adviser's approved list and to direct that any broker/dealer deemed unsuitable not be used for City transactions. No public deposit shall be made except in a qualified public depository as established by state law. If the City transacts directly rather than through the Investment Adviser, the Director shall apply the same criteria and may require a firm to provide audited financial statements, proof of FINRA membership, proof of State of California registration, a completed broker/dealer questionnaire, and written certification that it has read this policy.

Consistent with the criteria recommended by the California Debt and Investment Advisory Commission and Rule G-37 of the Municipal Securities Rulemaking Board (MSRB), neither the City nor the Investment Adviser acting on the City's behalf shall select any broker, dealer, or

securities firm that has, within any consecutive 48-month period, made a political contribution in an amount exceeding the limit set forth in MSRB Rule G-37 to the City Treasurer, any member of the City Council, or any candidate for those offices. The applicable Rule G-37 contribution limit is \$250 per election as of 2026.

VIII. AUTHORIZED AND SUITABLE INVESTMENTS

The City is empowered to invest in the instruments authorized by Government Code Sections 16429.1 and 53601 et seq. The table below (Figure 1) lists the instruments in which the City may invest, together with the maximum maturities, maximum percentages of the portfolio, and minimum quality requirements established by state law. Section 53601 imposes a maximum maturity of five years from the settlement date unless the City Council grants express authority, either specifically or as part of an approved investment program, no less than three months prior to purchase.

Figure 1 reproduces the allowable investment instruments per California Government Code as published in the California Debt and Investment Advisory Commission (CDIAC) Local Agency Investment Guidelines (2026 Update), reflecting state law changes effective January 1, 2026. Because state law changes annually, the Director, with the assistance of the Investment Adviser, shall use best efforts to update this table each year for legislative changes.

Figure 1. Allowable Investment Instruments Per State Government Code (as of January 1, 2026), Applicable to All Local Agencies

INVESTMENT TYPE	MAXIMUM MATURITY ^c	MAXIMUM SPECIFIED % OF PORTFOLIO ^d	MINIMUM QUALITY REQUIREMENTS	GOV'T CODE SECTIONS
Local Agency Bonds	5 years	None	None	53601(a)
U.S. Treasury Obligations	5 years	None	None	53601(b)
State Obligations - CA and Others	5 years	None	None	53601(c), 53601(d)
CA Local Agency Obligations	5 years	None	None	53601(e)
U.S. Agency Obligations	5 years	None	None	53601(f)
Bankers' Acceptances	180 days	40% ^e	None	53601(g)
Commercial Paper - Non-Pooled Funds ^f (under \$100,000,000 of investments)	397 days or less	25% ^g	Highest letter and number rating by an NRSRO ^h	53601(h)

INVESTMENT TYPE	MAXIMUM MATURITY ^C	MAXIMUM SPECIFIED % OF PORTFOLIO ^D	MINIMUM QUALITY REQUIREMENTS	GOV'T CODE SECTIONS
Commercial Paper - Non-Pooled Funds ^F (min. \$100,000,000 of investments)	397 days or less	40% ^G	Highest letter and number rating by an NRSRO ^H	53601(h)
Commercial Paper - Pooled Funds ^I	397 days or less	40% ^J	Highest letter and number rating by an NRSRO ^H	53635(a)
Negotiable Certificates of Deposit	5 years	30% ^K	None	53601(i)
Non-negotiable Certificates of Deposit	5 years	None	None	53630 et seq.
Placement Service Deposits	5 years	50% ^L	None	53601.8, 53635.8
Placement Service Certificates of Deposit	5 years	50% ^L	None	53601.8, 53635.8
Repurchase Agreements	1 year	None	None	53601(j)
Reverse Repurchase Agreements and Securities Lending Agreements	92 days ^M	20% of the base value of the portfolio	None ^N	53601(j)
Medium-Term Notes ^O	5 years or less	30%	"A" rating category or its equivalent or better	53601(k)
Mutual Funds and Money Market Mutual Funds	N/A	20% ^P	Multiple ^{Q, R}	53601(l), 53601.6(b)
Collateralized Bank Deposits ^S	5 years	None	None	53630 et seq., 53601(n)
Mortgage Pass-Through and Asset-Backed Securities ^T	5 years or less ^T	20%	"AA" rating category or its equivalent or better ^T	53601(o)
County Pooled Investment Funds	N/A	None	None	27133
Joint Powers Authority Pool	N/A	None	Multiple ^U	53601(p)

INVESTMENT TYPE	MAXIMUM MATURITY ^C	MAXIMUM SPECIFIED % OF PORTFOLIO ^D	MINIMUM QUALITY REQUIREMENTS	GOV'T CODE SECTIONS
Local Agency Investment Fund (LAIF)	N/A	None	None	16429.1
Voluntary Investment Program Fund ^V	N/A	None	None	16340
Supranational Obligations ^W	5 years or less	30%	"AA" rating category or its equivalent or better	53601(q)
Public Bank Obligations	5 years	None	None	53601(r), 53635(c), 57603

Table of Notes for Figure 1

- A** Sources: Government Code Sections 16340, 16429.1, 27133, 53601, 53601.6, 53601.8, 53630 et seq., 53635, 53635.8, and 57603.
- B** Municipal Utilities Districts have authority under Public Utilities Code Section 12871 to invest in certain securities not addressed here.
- C** Section 53601 provides that the maximum term of any investment authorized under this section, unless otherwise stated, is five years from the settlement date. The City Council may grant express authority to exceed the five-year limit, either for a specific investment or as part of an approved investment program, provided the approval is issued no less than three months prior to purchase.
- D** Percentages apply to all portfolio investments regardless of the source of funds. For example, cash from a reverse repurchase agreement is subject to the restrictions.
- E** No more than 30% of the agency's money may be invested in the bankers' acceptances of any one commercial bank.
- F** Applies to local agencies (other than a county or a city and county) that do not pool money in deposits or investments with other local agencies, except local agencies that have the same governing body (non-pooled).
- G** Non-pooled agencies may invest no more than 10% of their investment assets in the commercial paper and medium-term notes of any single issuer.
- H** The issuer must be organized and operating within the U.S. as a general corporation, have total assets in excess of \$500 million, and have debt other than commercial paper, if any, rated "A" or its equivalent or higher by an NRSRO; or the issuer must be organized within the U.S. as a special purpose corporation, trust, or LLC, have program-wide credit enhancements, and have commercial paper rated "A-1" or higher, or the equivalent, by an NRSRO.
- I** Includes the City of Los Angeles and agencies that pool money in deposits or investments with other local agencies, including local agencies that have the same governing body (pooled).
- J** Pooled agencies may invest no more than 10% of their investment assets in the commercial paper of any single issuer.
- K** No more than 30% of the agency's money may be invested in negotiable certificates of deposit authorized under Section 53601(i).
- L** Effective January 1, 2020, no more than 50% of the agency's money may be invested in deposits, including certificates of deposit, through a placement service under Section 53601.8 (excluding negotiable CDs under

Section 53601(i)). On January 1, 2031, this reverts to 30%. Investments under Section 53635.8 remain subject to a 30% limit.

- M** Reverse repurchase agreements or securities lending agreements may exceed the 92-day term only if the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale and the final maturity of the same security.
- N** Reverse repurchase agreements must be made with primary dealers of the Federal Reserve Bank of New York or with a nationally or state-chartered bank that has a significant relationship with the local agency. The agency must have held the securities used for the agreements for at least 30 days.
- O** "Medium-term notes" are defined in Section 53601 as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States, or by depository institutions licensed by the United States or any state and operating within the United States.
- P** No more than 10% may be invested in any one mutual fund. This limitation does not apply to money market mutual funds.
- Q** A mutual fund must receive the highest ranking by not less than two NRSROs, or must retain an investment adviser registered with the SEC (or exempt from registration) with assets under management in excess of \$500 million and at least five years' experience investing in instruments authorized by Sections 53601 and 53635.
- R** A money market mutual fund must receive the highest ranking by not less than two NRSROs, or must retain an investment adviser registered with the SEC (or exempt from registration) with at least five years' experience investing in money market instruments and assets under management in excess of \$500 million.
- S** Investments under Section 53601(n) require collateral to be placed in the custody of a trust company or the trust department of a bank not affiliated with the issuer of the secured obligation, among other specific collateral requirements.
- T** Security types authorized under Section 53601(o) that are issued or guaranteed by an issuer identified in subdivisions (b) or (f) are not subject to the limitations placed on privately issued securities under Section 53601(o)(2)(A)-(B).
- U** A joint powers authority pool must retain an investment adviser registered with the SEC (or exempt from registration) with assets under management in excess of \$500 million and at least five years' experience investing in instruments authorized by Section 53601, subdivisions (a) to (q).
- V** Local entities may deposit between \$200 million and \$10 billion into the Voluntary Investment Program Fund upon approval by their governing bodies; deposits are invested in the Pooled Money Investment Account.
- W** Only obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less.

Single-Issuer Concentration

In addition to the category limits in Figure 1, the per-issuer concentration limits set forth in the Table of Notes apply at the time of purchase, including the limit of no more than 10% of the portfolio in the commercial paper and medium-term notes of any single issuer and the limit of no more than 10% in any one mutual fund. The additional diversification limits in Section XIII also apply.

Prohibited Investments

Consistent with Government Code Section 53601.6, the City shall not invest in inverse floaters, range notes, or interest-only strips derived from a pool of mortgages, or in any security that could result in a zero-interest accrual if held to maturity, except for securities issued or backed by the United States government as permitted during a period of negative market interest rates through January 1, 2031. Instruments not listed in Figure 1, including exchange-traded funds

(ETFs), real estate investment trusts (REITs), common stock and other equities, and annuities, are not permitted investments for the City.

Execution and Adviser Conflicts

The Investment Adviser is responsible for obtaining best execution on all transactions executed on the City's behalf and shall maintain documentation demonstrating best execution for each trade. Where practicable, competitive bids or offers shall be obtained for securities of comparable maturity, credit, and liquidity.

The Investment Adviser shall not invest City funds in any investment product, fund, or pool in which the Investment Adviser or any of its affiliates earns advisory, administrative, or other fees without the prior written approval of the Director. Upon request, the Investment Adviser shall disclose all fees or compensation that it or its affiliates receive in connection with any investment recommended or made on behalf of the City.

IX. REVIEW OF INVESTMENT PORTFOLIO

Investments must comply with Section VIII at the time of purchase. The Investment Adviser shall monitor the portfolio on an ongoing basis for compliance with this policy and shall promptly report any exception to the Director. Because a security may cease to comply after purchase, for example due to a rating downgrade or a change in portfolio composition, the Director shall review the portfolio at least annually to identify any securities that no longer comply with this policy. Any investment held that no longer meets the guidelines of this policy shall be reviewed, the City Council shall be advised of the situation and the intended course of action, and at maturity or liquidation such funds shall be reinvested in compliance with this policy. The Director shall report to the City Council, and to any oversight body should one exist, major and critical instances of noncompliance identified through this review.

X. INVESTMENT POOLS AND MUTUAL FUNDS

Before the City invests in any pooled investment vehicle or fund, including the Local Agency Investment Fund (LAIF), county pooled investment funds, joint powers authority pools, mutual funds, and money market mutual funds, and on a continuing basis thereafter, the Investment Adviser, on behalf of the City and subject to the Director's oversight, shall conduct a thorough investigation of the pool or fund and will make best efforts to obtain the following information:

- A description of the eligible investment securities and a written statement of the pool's or fund's investment policy and objectives.
- A description of how interest is calculated and distributed and how gains and losses are treated.
- A description of how the securities are safeguarded, including settlement processes, how often the securities are priced, and how often the program is audited.

- A description of who may invest in the program, how often, and the size of deposits and withdrawals allowed.
- A schedule for receiving statements and portfolio listings.
- Whether reserves or retained earnings are utilized by the pool or fund.
- A fee schedule, including when and how fees are assessed.
- Whether the pool or fund accepts bond proceeds.

The Investment Adviser shall coordinate with City staff on liquidity allocations between the managed portfolio and external investment pools such as LAIF or the California Asset Management Program (CAMP), consistent with the City's cash-flow needs and the limits of this policy.

XI. COLLATERALIZATION

Pursuant to Government Code Sections 53630 et seq. and 53651 through 53667, collateralization is required on certificates of deposit and on repurchase and reverse repurchase agreements. Depositories must secure public fund deposits by maintaining collateral with a market value of at least 110% of the value of the deposit, or 150% where mortgage-backed securities are used as collateral. Repurchase and reverse repurchase agreements shall be collateralized at 102% of the value of principal and accrued interest, marked to market. A waiver may apply to the extent that City funds are insured by the Federal Deposit Insurance Corporation (FDIC).

Collateral shall be held by an independent third party with which the City has a current custodial agreement, and a clearly marked safekeeping receipt evidencing ownership shall be supplied to and retained by the City. The right of collateral substitution is granted. A signed Master Repurchase Agreement shall be executed with any counterparty before the City enters into a repurchase or reverse repurchase agreement.

XII. SAFEKEEPING AND CUSTODY

Consistent with Government Code Section 53608, all security transactions entered into on the City's behalf, including collateral for repurchase agreements, shall be conducted on a delivery-versus-payment (DVP) basis, so that securities are received before City funds are released. The City shall designate an independent third-party custodian to hold all securities in the City's name, evidenced by safekeeping receipts. The Investment Adviser shall have no custody of City assets and shall direct all transactions for settlement on a DVP basis through the City's designated custodian. The custodian shall provide the City with a report on at least an annual basis.

XIII. DIVERSIFICATION

The purpose of diversification is to reduce overall portfolio risk while attaining a market rate of return and to enable the City to meet its anticipated cash requirements. The City will diversify its investments by security type, issuer, industry, and maturity. With the exception of U.S. Treasury obligations, U.S. Agency obligations, overnight sweep accounts, and authorized investment pools such as LAIF, no more than 10% of the total portfolio will be invested in the securities of any single corporate or bank issuer. The per-issuer and per-category limits established by state law and set forth in Figure 1 and its Table of Notes also apply at the time of purchase.

XIV. MAXIMUM MATURITIES

To the extent possible, the City will match its investments to anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than five years from the date of settlement, unless the City Council has granted express authority to do so no less than three months prior to purchase, consistent with Government Code Section 53601. Reserve funds may be invested in securities exceeding five years only where the maturities are made to coincide as nearly as practicable with the expected use of the funds and the City Council has granted express authority. Forward settlement on new issues shall not exceed 45 days from the time of investment.

XV. INTERNAL CONTROLS

The Director is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft, fraud, or misuse and to regulate the activities of subordinate staff. The internal control structure shall address the following:

- Control of collusion.
- Separation of transaction authority from accounting and recordkeeping.
- Custodial safekeeping.
- Avoidance of physical delivery of securities.
- Clear delegation of authority to subordinate staff.
- Written confirmation of transactions for investments and wire transfers.
- Dual authorization of wire transfers.
- Development of a wire transfer agreement with the lead bank and third-party custodian.

The Director shall establish an annual process of independent review by the City's external auditor. This review provides internal control by assuring compliance with the City's policies and procedures.

The Investment Adviser shall maintain records of all transactions executed on the City's behalf, including documentation of best execution, and shall provide portfolio data, reconciliations to custodian statements, and supporting documentation to assist the City and its external auditor during the annual review. As recommended by the California Debt and Investment Advisory Commission, trade ticket information, including price, yield, CUSIP number, net money, and the counterparty for each transaction, shall be retained for at least six years for compliance and audit purposes.

XVI. PERFORMANCE STANDARDS

The City has engaged a discretionary Investment Adviser to manage its core operating portfolio in accordance with this policy's priorities of safety, liquidity, and return, and consistent with the City's risk constraints and cash-flow needs. The portfolio shall be managed relative to a benchmark that reflects its duration and risk profile. Unless otherwise mutually agreed between the City and the Investment Adviser, the benchmark is the ICE BofA 1-3 Year U.S. Government/Corporate Index. Funds needed for near-term liquidity may be held in LAIF, other authorized investment pools such as CAMP, or overnight sweep vehicles. The Investment Adviser shall measure and report portfolio performance relative to the benchmark, and the benchmark may change over time based on market conditions, cash-flow requirements, or agreement between the City and the Investment Adviser.

XVII. REPORTING

California Government Code establishes two reporting requirements applicable to the City, and the City will satisfy both. Under the City's agreement with its Investment Adviser, the Investment Adviser prepares these reports; the Director reviews them and renders or presents them to the City Council.

Monthly transaction report (Section 53607). Because the City Council has delegated investment authority under Section 53607, a monthly report of all investment transactions, provided by the Investment Advisor, shall be made available to the City Council.

Quarterly investment report (Section 53646). The Investment Adviser shall prepare, and the Director shall render to the City Council, the City Manager, and the internal auditor within 45 days following the end of the quarter, a quarterly investment report. The report shall include the following information:

- The type of investment, the name of the issuer, the date of maturity, and the par and dollar amount invested for each security, investment, and money held by the City.
- A description of any of the City's funds, investments, or programs that are under the management of contracted parties, including lending programs.

- For all securities held by the City and under the management of an outside party that is not also a local agency or LAIF, the current market value as of the date of the report and the source of that valuation.
- The weighted average maturity of the portfolio.
- Portfolio composition, sector distribution, yield, duration, and performance relative to the approved benchmark, including balances held in LAIF or other authorized investment pools.
- A statement of the portfolio's compliance with this policy, or a description of the manner in which the portfolio is not in compliance.
- A statement denoting the City's ability to meet its expenditure requirements for the next six months, or an explanation of why sufficient money may not be available.

Market values reported for individual securities shall be obtained from an independent source, such as the City's custodial or safekeeping service or a recognized pricing service. The source used to value a security shall not be a party to the transaction in that security; for example, the broker that sold a security shall not be the source of its valuation.

For funds placed in LAIF, a county investment pool, or FDIC-insured deposits, the Director may substitute the most recent account statement from those entities in lieu of the detailed information otherwise required, consistent with Government Code Section 53646(e).

XVIII. INVESTMENT POLICY ADOPTION

This investment policy shall be adopted by resolution of the City Council. The policy shall be reviewed at least annually by the Director, with the assistance of the Investment Adviser, who shall provide written recommendations for revisions consistent with current law and best practices; any modifications shall be approved by the City Council at a public meeting. The Director shall adhere to all established operational procedures in the management of the City's investment program. Any such procedures must be consistent with this Investment Policy and shall not contradict its provisions.

GLOSSARY

Because this policy is available to the public as well as to the City Council, the following glossary defines terms of a technical nature used in the policy.

Annual Comprehensive Financial Report (ACFR): The City's official annual financial report, prepared in conformity with generally accepted accounting principles, including financial statements, supporting schedules, and statistical information.

Agencies: Federal agency securities and government-sponsored enterprise (GSE) obligations, including those of the Federal Home Loan Bank, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank, and Federal Agricultural Mortgage Corporation.

Bankers' Acceptance (BA): A draft or bill of exchange accepted by a bank or trust company, in which the accepting institution guarantees payment.

California Asset Management Program (CAMP): A joint powers authority investment pool that provides California public agencies with a professionally managed, short-term investment vehicle for surplus funds.

Benchmark: A comparative base for measuring the performance or risk of the portfolio, ideally correlated to the level of risk and the average duration of the portfolio's investments.

Bid: The price offered for a security by a prospective buyer.

Broker: A party that brings buyers and sellers together for a commission and does not take a position in the securities.

Certificate of Deposit (CD): A time deposit with a specific maturity evidenced by a certificate, issued in either negotiable or non-negotiable form.

Certificate of Deposit Account Registry Service (CDARS): A private placement service that allows a local agency to obtain FDIC insurance on deposits exceeding \$250,000 by distributing them among participating institutions in amounts below the insurance limit.

Collateral: Securities or other property pledged to secure repayment of a loan, or pledged by a bank to secure deposits of public funds.

Coupon: The stated annual interest rate a bond issuer pays on the bond's face value.

Dealer: A party that acts as a principal, buying and selling securities for its own account.

Delivery Versus Payment (DVP): Settlement in which the exchange of securities and the exchange of payment occur simultaneously, so that funds are not released until securities are received.

Diversification: Allocating investment funds among a variety of security types, issuers, and maturities to reduce overall portfolio risk.

Duration: A measure of the sensitivity of a fixed-income investment's price to a change in interest rates, expressed in years.

Federal Deposit Insurance Corporation (FDIC): A federal agency that insures bank deposits, currently up to \$250,000 per depositor per insured institution.

Investment Adviser: The SEC-registered investment adviser retained by the City under a Council-approved agreement to manage the City's operating portfolio on a discretionary basis, subject to this policy and the oversight of the Director.

Liquidity: The ease with which an asset can be converted to cash without a substantial loss of value.

Local Agency Investment Fund (LAIF): A voluntary investment pool administered by the California State Treasurer in which local agencies may invest surplus funds.

Market Value: The price at which a security could presumably be purchased or sold at a given time.

Master Repurchase Agreement: A written contract governing all repurchase and reverse repurchase transactions between the parties, establishing each party's rights, including the right to liquidate collateral upon default.

Maturity: The date on which the principal or stated value of an investment becomes due and payable.

Medium-Term Notes: Corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by entities organized and operating within the United States.

Money Market: The market in which short-term debt instruments such as Treasury bills, commercial paper, and bankers' acceptances are issued and traded.

Negotiable Certificate of Deposit: A large-denomination certificate of deposit that can be sold in the secondary market prior to maturity.

NRSRO: A Nationally Recognized Statistical Rating Organization registered with the SEC, such as Moody's, S&P Global Ratings, or Fitch Ratings.

Portfolio: The collection of securities and investments held by the City.

Primary Dealer: A government securities dealer that reports market activity and positions to, and is subject to the oversight of, the Federal Reserve Bank of New York.

Prudent Investor Standard: The standard set forth in Government Code Section 53600.3 requiring a trustee to act with care, skill, prudence, and diligence in managing public funds to safeguard principal and maintain liquidity.

Rate of Return: The yield obtainable on a security based on its purchase price or current market price.

Repurchase Agreement (Repo): A transaction in which the City purchases securities from a counterparty that agrees to repurchase them at a fixed price on a fixed date; in effect a collateralized short-term investment of City funds.

Reverse Repurchase Agreement (Reverse Repo): A transaction in which the City sells securities to a counterparty and agrees to repurchase them at a specified later date and price; in effect a form of short-term borrowing.

Safekeeping: A service by which a financial institution holds a customer's securities for protection, typically for a fee.

Secondary Market: The market for the purchase and sale of securities after their initial issuance.

Securities and Exchange Commission (SEC): The federal agency that administers securities laws to protect investors.

Supranationals: Obligations issued by multilateral development institutions established by international treaty, limited under state law to the IBRD (World Bank), IFC, and IADB.

Treasury Bills: Non-interest-bearing discount securities issued by the U.S. Treasury with maturities of one year or less.

Treasury Bonds: Long-term U.S. Treasury securities with initial maturities of more than ten years.

Treasury Notes: U.S. Treasury securities with initial maturities of one to ten years.

Weighted Average Maturity (WAM): A measure of the average time to maturity of the securities in a portfolio, weighted by the dollar value of each investment.

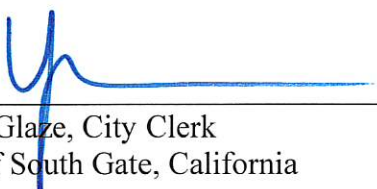
Yield: The annual rate of return on an investment, expressed as a percentage.

STATE OF CALIFORNIA)
COUNTY OF LOS ANGELES) SS
CITY OF SOUTH GATE)

I, Yodit Glaze, City Clerk of the City of South Gate, California, hereby certify that the whole number of Members of the City Council of said City is five; that Resolution No. 2026-40-CC was adopted by the City Council at their Regular Meeting held on August 11, 2026, by the following vote:

Ayes:	Council Members:	Avalos, Hurtado, Rios and Barron
Noes:	Council Members:	None
Absent:	Council Members:	Davila
Abstain:	Council Members:	None
Recused:	Council Member:	None

Witness my hand and the seal of said City on September 9, 2026.



Yodit Glaze, City Clerk
City of South Gate, California