



FRESNO COUNTY FIRE

PROTECTION DISTRICT

Honor, Integrity, Cooperation & Professionalism

MEMORANDUM

Date: April 10, 2024

To: Board Directors

Attn: John Arabian
President

From: Fire District Staff

Subject: Resolution 2024-02, Adoption of District Investments Policy

BOARD OF DIRECTOR'S BRIEFING PAPER

ISSUE:

The District's investments policy needs to be updated and revised.

BACKGROUND:

The District investments and Cash Management policy was adopted on July 1, 2011 and was last revised October 17, 2012. Historically the District has only held it's cash reserves in the Fresno County Investment Pool. In 2020, the Board designated the District Administrative Officer as the District Treasurer with Resolution 2020-02. At the February 2024 Board meeting, the Board provided direction to staff to research and develop a updated investments policy.

DISCUSSION:

Staff have drafted a new and updated investments policy. The investments policy was submitted to the California Municipal Treasurers Association for review and certification. The investments policy received a score of 96 out of 100 and was certified as complying with current State statutes governing the investment practices of local government entities located within the State of California.

The new Investments policy allows the District several options to invest unexpended funds, in addition to the Fresno County Investment Pool.

ALTERNATIVES:

There are no recommended alternatives at this time, as the current District investments policy is out of date and no longer compliant with current State statutes.

IMPACTS (*Consider potential consequences related to each of the following areas of concern for proposed alternatives*):

- Fiscal – No known impacts
- Operational – No known impacts
- Legal – Improves compliance with State statutes
- Labor - No known impacts
- Sociopolitical - No known impacts
- Policy – Updates old policy with new compliant policy
- Health and safety - No known impacts
- Environmental - No known impacts
- Interagency - No known impacts

RECOMMENDATION:

It is recommended by Staff that the District Board of Director's approve the adoption of Resolution 2024-02, Adoption of District Investments Policy.

APPROVED:

Josh I. Chrisman

Josh I. Chrisman, Administration Officer

April 10, 2024

Date



FRESNO COUNTY FIRE

PROTECTION DISTRICT
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RESOLUTION No. 2024-02

IN THE MATTER OF:

A RESOLUTION OF THE FRESNO COUNTY FIRE PROTECTION DISTRICT
BOARD OF DIRECTORS ADOPTING THE FRESNO COUNTY FIRE
PROTECTION DISTRICT INVESTMENTS POLICY

WHEREAS, the Fresno County Fire Protection District ("District") desires to adopt an Investments Policy under California Government Code section 53600 et seq.; and,

WHEREAS, the District Investments Policy has been reviewed and certified as compliant with current State statues by the California Municipal Treasurers Association; and,

WHEREAS, under the authority granted by the District Board, the District Treasurer is responsible for investing the unexpended cash in the District treasury; and,

NOW THEREFORE BE IT RESOLVED: that the District Board of the Fresno County Fire Protection District hereby adopts the Investments Policy which is attached hereto and by this reference made a part hereof.

The foregoing Resolution was duly PASSED, APPROVED and ADOPTED at the regular meeting of the District Board of Directors held on the 17th day of April, 2024, by the following roll call vote:

AYES: _____

NOES: _____

ABSENT: _____

ABSTAIN: _____

John Arabian, Board President

Dustin Hail, Fire Chief

Certification of Resolution

ATTEST:

I **Bailey Castaneda** duly appointed as the Clerk of the Board of the Fresno County Fire Protection District do hereby certify that the above is a true and correct copy of District **Resolution No. 2024-02**.

WITNESS MY HAND OF THE FRESNO COUNTY FIRE PROTECTION DISTRICT, on the 17th day of March 2024.

Signature

Clerk of the Board, Fresno County Fire Protection District

Investments

1407.1 POLICY

The purpose of this Investment Policy is to establish overall guidelines for the management and investment of the Fresno County Fire Protection District 's public funds.

It is the policy of the District to invest public funds in a manner that will meet the District objectives, in order of priority, safety of invested funds, maintenance of sufficient liquidity to meet cash flow needs, and attainment of a rate of return consistent with the first two objectives, while conforming to the provisions of California Government Code Section 53600 et seq., and this policy. As a public entity, the District places particular importance on the preservation of capital and protection of District funds above other investment objectives.

1407.2 SCOPE

The investment policy applies to all investment activities and financial assets of the District as accounted for in the Annual Comprehensive Financial Report (ACFR). This policy is applicable, but not limited to, all funds listed below:

- General Fund
- Capital Project Funds
- Other Special Revenue Funds, Debt Service Funds, Internal Service Funds
- Any new fund created by the Board of Directors unless specifically exempted.

The District's Deferred Compensation Plan Funds are excluded because they belong to the individual plan participants who direct their own investments.

1407.3 PRUDENCE

The standard of prudence to be used by the designated representative shall be the "prudent investor" standard for California local Agencies and shall be applied in the context of managing the overall portfolio. Persons authorized to make investment decisions on behalf of local agencies investing public funds are trustees and therefore fiduciaries subject to the prudent investor standard which states, "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or 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".

Officers and employees involved in the investment process, acting within the intent and scope of the investment policy and other written procedures and exercising due diligence, shall be relieved of personal responsibility and liability for an individual security's credit risk or market price changes,

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provided deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

1407.4 INVESTMENT OBJECTIVES

The District's primary investment objectives, in order of priority, shall be:

- (a) **Safety:** Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The District shall seek to preserve principal by mitigating the two types of risk: credit risk and market risk.
 1. Credit risk, defined as the risk of loss due to failure of the issuer of a security, shall be mitigated by investing in issuers that carry the direct or implied backing of the U.S. Government (including, but not limited to, the U.S. Treasury, U.S. Government Agencies, and federally insured banks). The portfolio shall be diversified so that the failure of any one issuer does not unduly harm the District's capital base and cash flow.
 2. Market risk, (aka "interest rate risk") defined as market value fluctuations due to overall changes in the general level of interest rates shall be mitigated by limiting the maximum maturity of any one security to five years, structuring the portfolio based on historic and current cash flow analysis eliminating the need to sell securities prior to maturity and avoiding the purchase of long-term securities for the sole purpose of short-term speculation. Moreover, it is the District's full intent, at the time of purchase, to hold all investments until maturity to ensure the return of all invested principal dollars. Limited exceptions will be granted for security swaps that would improve the portfolio's yield and/or credit quality.
- (b) **Liquidity:** The District investment portfolio shall remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated. Additionally, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets.
- (c) **Return on Investments (Yield):** The District's investment portfolio shall have the objective of attaining a comparative performance measurement or an acceptable rate of return throughout budgetary and economic cycles. These measurements should be commensurate with the District's investment risk constraints identified in this Investment Policy and the cash flow characteristics of the portfolio. Return on investment is of least importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a reasonable return relative to the risk being assumed.

Securities shall not be sold before maturity with the following exceptions:

- A declining credit security could be sold early to minimize loss of principle
- A security swap would improve the quality, yield or target duration in the portfolio
- Liquidity needs of the portfolio require that the security be sold
- A capital gain would be realized that better positions the overall portfolio in achieving investment policy goals

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1407.5 DELEGATION OF AUTHORITY

The District Treasurer, Resolution # 2020-02 on March 18, 2020, is appointed by the District Board. Pursuant to California Government Code Section 53607, the District Board delegates the authority to invest or to reinvest funds, or to sell or exchange securities so purchased, to the District Treasurer. The District Treasurer may utilize investment advisors to advise and/or manage the District's portfolio. The District Treasurer is charged with the responsibility for carrying out the policies of the District Board and shall assume full responsibility for investment transactions until the delegation of authority is revoked.

To the extent required by law, the District Treasurer shall be sufficiently bonded. Bond requirements can be provided via the District's insurer/self-insurance retention authority (i.e., FAIRA), or other sources.

The daily cash management, investment transactions and account reconciliation's are the primary responsibilities of the District Treasurer. These activities are also carried out by other members of the finance staff (Finance Analyst and Administrative Analyst) under the direction of the District Treasurer. The District Treasurer shall establish procedures for the operation consistent with this investment policy.

The District Treasurer and authorized individuals acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

1407.6 ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that conflicts with proper execution of the investment program or impairs their ability to make impartial investment decisions. Additionally, Officers and employees involved in the investment process shall abide by the Conflict of Interest Code, (California Government Code Section 1090 et seq.), the California Political Reform Act, and common law authority regarding bias, conflicts of interest, or the appearance of impropriety.

1407.7 AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The District Treasurer will maintain a list of approved financial institutions authorized to provide investment services and list of approved security broker dealers after a careful review of their qualifications and creditworthiness.

All Financial Institutions and broker/dealers who desire to do business with the District shall provide the necessary information (e.g. audited financial statements, proof of state registration, proof of FINRA certification, certification of having read the District's investment policy, etc.) from which the District can determine their creditworthiness, the existence of any pending legal action against the firm or the individual brokers who work directly with the District, as well as an understanding of the security markets they serve.

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The District Treasurer will conduct an annual review of the financial condition and registrations of approved financial institutions and security broker/dealers. Audited financial statements, collected as part of the annual review will be on file (either paper or electronic) for each financial institution and broker/dealer with which the District invests. Every 3 years, the Fire Chief and District finance staff will review the approved list of financial institutions and security broker/dealers to determine the need to add or delete from the approved list.

1407.8 AUTHORIZED INVESTMENTS

Investment of District funds is governed by the California Government Code Sections 53600 et seq. Investments not expressly authorized by law are prohibited. Within the context of the limitations, the following investments are authorized, as further limited herein:

- (a) United States Treasury Bills, Bonds, and Notes or those for which the full faith and credit of the United States are pledged for payment of principal and interest. There is no percentage limitation of the portfolio that can be invested in this category, although a five-year maturity limitation is applicable.
- (b) Federal agency 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.
- (c) County of Fresno Treasury Investment Pool
- (d) Local Agency Investment Fund (LAIF), which is a State of California managed investment pool, may be used up to the maximum permitted by California State Law. A review of the pool/fund is required when part of the list of authorized investments, with the knowledge that the pool/fund may include some investments allowed by statute but not explicitly identified in this investment policy.
- (e) Joint Powers Authority Pools organized pursuant to CA Code (Section 6509.7)(i.e. CAMP (California Asset Management Program), California CLASS, CalTrust) that invests in the securities and obligations in compliance with CA Code 53601 (subsection 'a' to 'r', inclusive) are also authorized. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. The District may invest in the shares of the joint powers authority, so long as the portfolio is rated among the top two rating categories by one of the nationally recognized rating agencies. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:
 - The adviser is registered or exempt from registration with the Securities and Exchange Commission.
 - The adviser has not less than five years of experience investing in the securities and obligations authorized in CA Code (subsection 'a' to 'r', inclusive).
 - The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

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- (f) Negotiable Certificates of Deposit issued by nationally or state-chartered banks (FDIC insured institutions) or state or federal savings institutions. Purchases of negotiable certificates of deposit may not exceed 30% of total portfolio. Principal and accrued interest on these investments must not exceed the \$250,000 FDIC insurance limit. A maturity limitation of five years is applicable.
- (g) Time deposits or placement service deposits, non-negotiable and collateralized in accordance with the California Government Code, may be purchased through banks or savings and loan associations. Since time deposits are not liquid, no more than 30% of the investment portfolio may be invested in this investment type. A maturity limitation of five years is applicable.
- (h) Various daily money market funds administered for or by trustees, paying agents and custodian banks contracted by the District may be purchased as allowed under the State of California Government Code. Only funds holding U.S. Treasury or Government agency obligations can be used. A money market mutual fund must receive the highest ranking by not less than two nationally recognized statistical rating organizations or retain an investment advisor registered with the SEC or exempt from registration and who has not less than five years' experience investing in money market instruments with assets under management in excess of \$500 million.

The following summary of maximum percentage limits, by instrument, are established for the District's investment portfolio:

Authorized Investment Type	Government Code	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio
Treasury Obligations (bills, notes, & bonds)	53601(b)	5 Years	N/A	100%
US Government Agency and Federal Agency Securities	53601(f)	5 Years	N/A	100%
Local Agency Investment Fund (LAIF)	16429.1	Upon Demand	N/A	As permitted by LAIF
Fresno County Investment Pool	53684	Upon Demand	N/A	As permitted by County Treasurer
Joint Powers Authority Pool	53601(p)	N/A	See § 1407.8(e) above	None
Negotiable Certificates of Deposit	53601(i)	5 years	N/A	30%
Placement Service Deposits	53601.8 and 53635.8	5 Years	N/A	30%
Money Market Funds	53601(l) and 53601.6(b)	N/A	See § 1407.8(h) above	30%

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1407.9 REVIEW OF INVESTMENT PORTFOLIO

The securities held by the District must be in compliance with Section 1407.8 "Authorized Investments" at the time of purchase. The District Treasurer should review the portfolio (at least quarterly or as necessary) to identify those securities that do not comply.

The purchase of any security not listed above, but permitted by the California Government Code is prohibited unless the District Board approves the investment either specifically or as a part of an investment program approved by the District Board.

The District Treasurer shall report any major and critical incidences of noncompliance identified through the review of the portfolio to the District Board at the next regularly scheduled meeting.

1407.10 INVESTMENT POOLS / MONEY MARKET FUNDS

A thorough investigation of the investment pool/money market fund is required prior to investing, and on a continual basis. Best efforts will be made to acquire the following information:

- (a) A description of eligible investment securities, and a written statement of investment policy and objectives.
- (b) A description of interest calculations and how it is distributed, and how gains and losses are treated.
- (c) A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.
- (d) A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
- (e) A schedule for receiving statements and portfolio listings.
- (f) Are reserves, retained earnings, etc. utilized by the pool/fund?
- (g) A fee schedule, and when and how is it assessed.
- (h) Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

1407.11 COLLATERALIZATION

Collateralization will be required on two types of investments: non-negotiable certificates of deposit and repurchase (and reverse repurchase) agreements. To anticipate market changes and provide a level of security for all funds, the collateralization level will be 110% of market value for non-negotiable certificate of deposit and 102% for reverse repurchase agreements of principal and accrued interest.

Collateral will always be held by an independent third party with whom the entity has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the entity and retained.

The District may waive the collateralization requirements for any portion of the deposit that is covered by Federal Deposit Insurance for qualified institutions.

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1407.12 SAFEKEEPING AND CUSTODY

All security transactions shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third-party custodian designated by the District Treasurer and evidenced by safekeeping receipts.

1407.13 DIVERSIFICATION

The District shall diversify the investments within the portfolio to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions, or maturities. To promote diversification, no more than 5% of the portfolio may be invested in the securities of any one issuer, regardless of security type, excluding U.S. Treasuries, federal agencies, and pooled investments such as LAIF, money market funds, or local government investment pools.

1407.14 MAXIMUM MATURITIES

To the extent possible, the District will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the District will not directly invest in securities maturing more than 5 years from the date of purchase. Any investment longer than 5 years must be done with advance permission from Board of Directors.

1407.15 INTERNAL CONTROLS

The District Treasurer is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, fraud or misuse.

Separation of functions between the District's Fire Chief, District Treasurer, and finance staff is designed to provide an ongoing internal review to prevent the potential for converting assets or concealing transactions.

Investment decisions are made by the Fire Chief, executed by the District Treasurer, and confirmed by the District finance staff. All wire transfers initiated by the District Treasurer must be reconfirmed by the appropriate financial institution to the Fire Chief or District finance staff. Proper documentation obtained from confirmation and cash disbursement wire transfers is required for each investment transaction. Timely bank reconciliation is conducted to ensure proper handling of all transactions.

The investment portfolio and all related transactions are reviewed and balanced to appropriate general ledger accounts by District finance staff on a monthly basis. An independent analysis by an external auditor shall be conducted annually to review and perform procedure testing on the District's cash and investments that have a material impact on the financial statements. This review will provide internal control by assuring compliance with policies and procedures.

1407.16 PERFORMANCE STANDARDS

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

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The District intends to spread its investments relatively evenly between 0 and 5 years and hold those investments to maturity. The District is limiting its authorized investments to the safest end of the investment spectrum—debt issued by the U.S. Treasury, U.S. Government Agencies, and debt that is federally insured (see section 1407.8 Authorized Investments, above, for a complete list of authorized investments).

Therefore, an appropriate performance benchmark will be a Constant Treasury Maturity Rate consistent with the weighted average maturity of the portfolio. The District recognizes that benchmarks may change over time based on changes in market conditions or cash flow requirements. The performance benchmarks will be established by the Fire Chief or District Treasure and communicated to the District Board.

1407.17 REPORTING

The District Treasurer shall review and render monthly reports to the District Board of Directors that include the following information:

- Type of Investment (e.g. U.S. Treasury Note, U.S. Government Agency Bond)
- Name of the issuer (e.g. Federal Farm Credit Bank, Federal Home Loan Bank)
- Maturity date (if applicable)
- Yield to maturity
- Current market value and source of market value
- Par and dollar amount for each security the District has invested in
- Par and dollar amount on any money held by the District (e.g. LAIF balance, Cash Balance).
- Statement of compliance of the portfolio to the Investment Policy, or the manner in which the portfolio is not in compliance
- Statement of the District's ability to meet cash flow requirements, including any pool expenditure requirements, for the next six months, or an explanation as to why sufficient money shall (or may not) be available
- Accrued Interest (if applicable)
- Description of any of the District's funds, investments, or programs that are under the management of contracted parties, including lending programs

The monthly reports shall be placed on the Board of Directors meeting agenda for its review and approval.

1407.18 INVESTMENT POLICY ADOPTION

The Fresno County Fire Protection District investment policy shall be adopted by resolution of the Board of Directors. The investment policy shall be reviewed annually to ensure its consistency with the overall objections of preservation of principal, liquidity and yield, and its relevance to current

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law and financial and economic trends. Any amendments to the policy shall be forwarded to the District Board for approval.

1407.19 GLOSSARY OF TERMS IN THIS POLICY

Accrued Interest: Interest earned but not yet received.

Annual Comprehensive Financial Report (ACFR): The official annual financial report for the District. It includes five combined statements and basic financial statements for each individual fund and account group prepared in conformity with Generally Accepted Accounting Principles (GAAP).

Bond: A financial obligation for which the issuer promises to pay the bondholder a specified stream of future cash flows, including periodic interest payments and a principal repayment.

Bond Swap: Selling one bond issue and buying another at the same time in order to create an advantage for the investor. Some benefits of swapping may include tax-deductible losses, increased yields, and an improved quality portfolio.

Broker: In securities, the intermediary between a buyer and a seller of securities. The broker, who usually charges a commission, must be registered with the exchange in which he or she is trading, accounting for the name registered representative.

Broker-Dealer: A natural person, company or other organization that engages in the business of trading securities for its own account or on behalf of its customers.

Certificate of Deposit: A deposit insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC) or Federal Savings and Loan Insurance Corporate (FSLIC) a set rate for a specified period of time.

Collateral: Securities, evidence of deposit or pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposit of public moneys.

Constant Maturity Treasury (CMT): An average yield of a specific Treasury maturity sector for a specific time frame. This is a market index for reference of past direction of interest rates for the given Treasury maturity range.

Custody: A banking service that provides safekeeping for the individual securities in a customer's investment portfolio under a written agreement that also calls for the bank to collect and pay out income, to buy, sell, receive and deliver securities when ordered to do so by the principal.

Dealer: Dealers buy and sell securities on their own accounts.

Delivery vs. Payment (DVP): Delivery of securities with a simultaneous exchange of money for the securities.

Diversification: Dividing investment funds among a variety of securities offering independent returns and risk profiles.

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Federal Deposit Insurance Corporation (FDIC): Insurance provided to customers of a subscribing bank that guarantees deposits to a set limit (currently \$250,000) per account.

Interest Rate: The annual yield earned on an investment, expressed as a percentage.

Liquidity: Refers to the ability to rapidly convert an investment into cash.

Market Value: The price at which a security is trading and could presumably be purchased or sold.

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

Portfolio: Collection of securities held by an investor.

Primary Dealer: A group of government securities dealers that submit daily reports of market activity and security positions held to the Federal Reserve Bank of New York and are subject to its informal oversight.

Purchase Date: The date in which a security is purchased for settlement on that or a later date.

Rate of Return: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

Risk: Degree of uncertainty of return on an asset. Safekeeping: See Custody.

SEC: U.S. Securities Exchange Commission.

Settlement Date: The date on which a trade is cleared by delivery of securities against funds.

Time Deposit: A deposit in an interest-paying account that requires the money to remain on account for a specific length of time. While withdrawals can generally be made from a passbook account at any time, other time deposits, such as certificates of deposit, are penalized for early withdrawal.

Treasury Obligations: Debt obligations of the U.S. Government that are sold by the Treasury Department in the forms of bills, notes, and bonds. Bills are short-term obligations that mature in one year or less. Notes are obligations that mature between one year and ten years. Bonds are long-term obligations that generally mature in ten years or more.

U.S. Government Agencies: Instruments issued by various US Government Agencies most of which are secured only by the credit worthiness of the particular agency.

Yield: The rate of annual income return on an investment, expressed as a percentage. It is obtained by dividing the current dollar income by the current market price of the security.

Yield to Maturity: The rate of income return on an investment, minus any premium or plus any discount, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond, expressed as a percentage.

1407.20 GLOSSARY OF GENERAL INVESTMENT TERMS

Active Deposits: Funds that are immediately required for disbursement.

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Amortization: An accounting practice of gradually decreasing (increasing) an asset's book value by spreading its depreciation (accretion) over a period of time.

Asked Price: The price a broker dealer offers to sell securities. **Basis Point:** One basis point is one hundredth of one percent (.01). **Bid Price:** The price a broker / dealer offers to purchase securities.

Book Entry Securities: Securities, such stocks held in "street name," that are recorded in a customer's account, but are not accompanied by a certificate. The trend is toward a certificate-free society to cut down on paperwork and to diminish investors' concerns about the certificates themselves. All the large New York District banks, including those that handle the bulk of the transactions of the major government securities dealers, now clear most of their transactions with each other and with the Federal Reserve through the use of automated telecommunications and the "book-entry" custody system maintained by the Federal Reserve Bank of New York. These banks have deposited with the Federal Reserve Bank a major portion of their government and agency securities holdings, including securities held for the accounts of their customers or in a fiduciary capacity for the District. Virtually all transfers for the account of the banks, as well as for the government securities dealers who are their clients, are now effected solely by bookkeeping entries. The system reduces the costs and risks of physical handling and speeds the completion of transactions.

Book Value: The value at which a debt security is shown on the holder's balance sheet. Book value is acquisition cost less amortization of premium or accretion of discount.

Bullet Bond: "Non-callable Bond."

Callable Bond: A debit obligation where the bond issuer (i.e. borrower) has the option to or pay it off early (before the scheduled maturity date). For instance, a 5-year bond might be "callable quarterly"—meaning that, although the bond has a scheduled end date 5 years from now, it could end in 3 months (and every 3 months after that, until the scheduled maturity date).

Coupon: The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value.

Credit Analysis: A critical review and appraisal of the economic and financial conditions or of the ability to meet debt obligations.

Current Yield: The interest paid on an investment expressed as a percentage of the current price of the security.

Discount: The difference between the cost of a security and its value at maturity when quoted at lower than face value.

Duration: The weighted average maturity of a bond's cash flow stream, where the present value of the cash flows serve as the weights; the future point in time at which on average, an investor has received exactly half of the original investment, in present value terms; a bond's zero-coupon equivalent; the fulcrum of a bond's present value cash flow time line.

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Fannie Mae: Trade name for the Federal National Mortgage Association (FNMA), a U.S. sponsored corporation.

Federal Reserve System: The central bank of the U.S. that consists of a seven member Board of Governors, 12 regional banks and approximately 8,000 commercial banks that are members.

Fed Wire: A wire transmission service established by the Federal Reserve Bank to facilitate the transfer of funds through debits and credits of funds between participants within the Fed system.

Freddie Mac: Trade name for the Federal Home Loan Mortgage Corporation (FHLMC), a U.S. sponsored corporation.

Investment Agreements: An agreement with a financial institution to borrow public funds subject to certain negotiated terms and conditions concerning collateral, liquidity and interest rates.

Nationally Recognized Statistical Rating Organizations (NRSRO): A U.S. Securities & Exchange Commission registered agency that assesses the creditworthiness of an entity or specific security. NRSRO typically refers to Standard and Poor's Ratings Services, Fitch Ratings, Inc. or Moody's Investors Services.

New Issue: Term used when a security is originally "brought" to market.

Non-callable Bond: Also known as, "Bullet Bond." A non-callable bond is a debt obligation where the bond issuer does not have the option to "call the bond" i.e.-end the bond before the scheduled maturity date.

Perfected Delivery: Refers to an investment where the actual security or collateral is held by an independent third party representing the purchasing entity.

Repurchase Agreement (REPO): A transaction where the seller (bank) agrees to buy back from the buyer (District) the securities at an agreed upon price after a stated period of time.

Reverse Repurchase Agreement (REVERSE REPO): A transaction where the seller (District) agrees to buy back from the buyer (bank) the securities at an agreed upon price after a stated period of time.

Secondary Market: A market made for the purchase and sale of outstanding issues following the initial distribution.

Yield Curve: The yield on bonds, notes or bills of the same type and credit risk at a specific date for maturities up to thirty years.

California Municipal Treasurers Association



Investment Policy Certification



Issued on 04/05/2024

Fresno County Fire Protection District

The California Municipal Treasurers Association certifies that the investment policy of the Fresno County Fire Protection District complies with the current State statutes governing the investment practices of local government entities located within the State of California.



A handwritten signature in black ink, appearing to be "D. J. [unclear]".

President

04/05/2024

Date