PORT COMMISSION AGENDA
REGULAR MEETING
JANUARY 10, 2018 AT 7:00PM
VENTURA PORT DISTRICT OFFICE
1603 ANCHORS WAY DRIVE, VENTURA, CA

A Closed Session of the Board will be held at 5:30PM at the Port District Office located at 1603 Anchors Way Drive, Ventura, CA, to discuss the items on the Attachment to Agenda—Closed Session Conference with Legal Counsel.

The Board will convene in Open Session at the Port District Office located at 1603 Anchors Way Drive for its Regular Meeting at 7:00PM.

ADMINISTRATIVE AGENDA:

CALL TO ORDER: By Chair Everard Ashworth

PLEDGE OF ALLEGIANCE: By Chair Everard Ashworth.

ROLL CALL: By the Clerk of the Board.

ADOPTION OF AGENDA (3 minutes)
Consider and approve, by majority vote, minor revisions to agenda items and/or attachments and any item added to, or removed/continued from the Port Commission’s agenda. Administrative Reports relating to this agenda and materials related to an item on this agenda submitted after distribution of the agenda packet are available for public review at the Port District’s office located at 1603 Anchors Way Drive, Ventura, CA during business hours as well as on the District’s website - www.venturaharbor.com (Public Notices). Each item on the agenda shall be deemed to include action by an appropriate motion, resolution or ordinance to take action on any item.

APPROVAL OF MINUTES (3 minutes)
The Minutes of the December 13, 2017 Regular Meeting will be considered for approval.

PUBLIC COMMUNICATIONS (3 minutes)
The Public Communications period is set aside to allow public testimony on items not on today’s agenda. Each person may address the Commission for up to three minutes or at the discretion of the Chair.

CLOSED SESSION REPORT (3 minutes)
Closed Sessions are not open to the public pursuant to the Brown Act. Any reportable actions taken by the Commission during Closed Session will be announced at this time.

BOARD COMMUNICATIONS (5 minutes)
Port Commissioner’s may present brief reports on port issues, such as seminars, meetings and literature that would be of interest to the public and/or Commission, as a whole. Port Commissioner’s must provide
a brief summary and disclose any discussions he or she may have had with any Port District Tenants related to Port District business.

**STAFF COMMUNICATIONS (5 minutes)**
Ventura Port District Staff will update the Commission on important topics if needed.

**LEGAL COUNSEL REPORT (5 minutes)**

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*At this time the Port Commission will adjourn and convene as the Board of Directors of the Ventura Port District Public Facilities Corporation*

**Board of Directors of the Ventura Port District**  
**Public Facilities Corporation**

**AGENDA**

I. Call to Order the Annual Meeting of the Ventura Port District Public Facilities Corporation

   A. Ratify the Minutes of the Meeting held January 11, 2017

II. Adjourn the Annual Meeting of the Public Facilities Corporation

   *Reconvene the Regular Meeting of the Ventura Port District Board of Port Commissioners*

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**CONSENT AGENDA: (5 minutes)**
Matters appearing on the Consent Calendar are expected to be non-controversial and will be acted upon by the Board at one time, without discussion, unless a member of the Board or the public requests an opportunity to address any given item. Approval by the Board of Consent Items means that the recommendation is approved along with the terms set forth in the applicable staff reports.

A) Termination of Office Lease Agreement for Aimee Quemuel dba Quemuel Communications, Inc.
   Recommended Action: Voice Vote.
   That the Board of Port Commissioners approve the termination of a two year lease agreement, dated June 1, 2016, for the premises located at 1583 Spinnaker Drive #212, consisting of 374 square feet.

B) Termination of Office Lease Agreement and Approval of New Office Lease Agreement for Coastwide Corporation
   Recommended Action: Voice Vote.
   That the Board of Port Commissioners:
   
   a) Approve by motion the termination of a lease agreement, dated January 17, 2017 for the premises located at 1575 Spinnaker Drive #205/#205A, consisting of 1,326 square feet; and
   
   b) Approve by motion a new office lease agreement for the premises located at 1583 Spinnaker Drive #212, consisting of 374 square feet between the Ventura Port District dba Ventura Harbor Village and Coastwide Corporation for a one-year term.
C) First Amendment to Pre-Option Agreement for Parcels 5 and 8 Development
Recommended Action: Voice Vote.
That the Board of Port Commissioners approve the First Amendment to Pre-Option Agreement between the Ventura Port District and H. Parker Hospitality for the development of Parcels 5 and 8.

STANDARD AGENDA:

1) Annual Reserve Policy Review
Recommended Action: Voice Vote.
That the Board of Port Commissioners accept the current Ventura Port District Reserve Policy, Resolution No. 3225, dated August 28, 2013.

2) Annual Investment Policy Review
Recommended Action: Roll Call Vote.
That the Board of Port Commissioners adopt Resolution No. 3345, which reflects minor changes to the Ventura Port District’s Investment Policy and rescind Resolution No. 3326.

REQUEST FOR FUTURE AGENDA ITEMS

ADJOURNMENT

This agenda was posted on Friday, January 5, 2018 by 5:00 p.m.
at the Port District Office and on the Internet - www.venturaharbor.com (Port Commission).

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Ventura Port District at (805) 642-8538. Notification 48 hours before the meeting will enable the District to make reasonable arrangements to ensure accessibility.

(28 CFR 35.102, 35.104 ADA Title II)
ATTACHMENT TO PORT COMMISSION AGENDA
CLOSED SESSION CONFERENCE WITH LEGAL COUNSEL

WEDNESDAY, JANUARY 10, 2018

1. Conference with Real Property Negotiators - Per Government Code Section 54956.8:

a) Property: 1583 Spinnaker Drive #212
Negotiating Parties: Oscar Peña, Brian Pendleton, Timothy Gosney
Under Negotiation: Termination of Office Lease for Aimee Quemuel dba Quemuel Communications

b) Property: 1575 Spinnaker Drive #205/#205A and 1583 Spinnaker Drive #212
Negotiating Parties: Oscar Peña, Brian Pendleton, Timothy Gosney
Under Negotiation: Termination of Office Lease for Coastwide Corporation and New Office Lease for Coastwide Corporation

c) Property: Parcel 5 and Parcel 8
Negotiating Parties: Oscar Peña, Brian Pendleton, Timothy Gosney
Under Negotiation: Lease Negotiations with H. Parker Hospitality

d) Property: 1591 Spinnaker Drive #113, #115
Negotiating Parties: Oscar Peña, Brian Pendleton, Timothy Gosney
Under Negotiation: Possible Lease Amendment to Beer and Sausage, LLC dba BS Taproom/Beer Season

BOARD OF PORT COMMISSIONERS

JANUARY 10, 2018

APPROVAL OF MINUTES

DECEMBER 13, 2017 MEETING
The Regular Meeting of the Ventura Board of Port Commissioners was called to order by Chairman Everard Ashworth at 7:10PM at the Ventura Port District Administration Office, 1603 Anchors Way Drive, Ventura, CA 93001.

Commissioners Present:
Everard Ashworth, Chairman
Brian Brennan, Vice Chairman
Jim Friedman, Secretary
Chris Stephens

Commissioners Absent:
Nikos Valance

Port District Staff:
Oscar Peña, General Manager
Brian Pendleton, Business Operations Manager
John Higgins, Harbormaster
Joe Gonzalez, Facilities Manager
Robin Baer, Property Manager
Frank Locklear, Marina Manager
Jennifer Talt-Lundin, Marketing Manager
Jessica Rauch, Clerk of the Board
Richard Parsons, Consultant

Legal Counsel:
Timothy Gosney
Dominic Nunneri

AGENDA

CALL TO ORDER: By Chairman Everard Ashworth at 7:10PM.

PLEDGE OF ALLEGIANCE: By Commissioner Brennan.

ROLL CALL: Commissioner Valance was absent.

ADOPTION OF AGENDA

ACTON: Commissioner Friedman moved, seconded by Commissioner Brennan and carried by a vote of 4-0 (Valance absent) to adopt the December 13, 2017 agenda with Standard Item 3 pulled from the agenda and the following amendment to Closed Session Item 3:

3. Conference with Legal Counsel – Per Government Code Section 54957(b)(1): To consider the continued employment engagement of the Independent Contractor/Dredging and Project Manager, and the terms thereof [excluding compensation].
APPROVAL OF MINUTES
The Minutes of November 15, 2017 Regular meeting were considered as follows:

ACTION: Commissioner Brennan moved, seconded by Commissioner Stephens and carried by a vote of 4-0 (Valance absent) to approve the minutes of the November 15, 2017 regular meeting.

PUBLIC COMMUNICATIONS: Cherryl Heitmann updated the Commission and the Public on the ongoing efforts of the Thomas Fire.

CLOSED SESSION REPORT: Mr. Gosney stated that the Board met in closed session; discussed and reviewed 1a, 1b, 3, and 5-6 on the closed session agenda. Staff was given instructions on how to proceed as appropriate and there was no action taken that is reportable under The Brown Act. Closed Session Item 2 and 4 were not discussed.

BOARD COMMUNICATIONS: Commissioner Ashworth mentioned that Commissioner Stephens and Commissioner Brennan have also been working hard due to the Thomas Fire and that we are all thinking of Mr. Peña and his family during this time.

STAFF COMMUNICATIONS: Mr. Peña thanked staff for all their hard work during the Thomas Fire.

LEGAL COUNSEL REPORT: Mr. Gosney reported that a letter was sent to the title company for Parcels 5 and 8. Legal and staff will be meeting with the title company to work through the exceptions.

CONSENT AGENDA:

A) Approval of Out of Town Travel Requests
Recommended Action: Voice Vote.
That the Board of Port Commissioners approve the out of town travel request for Business Operations Manager, Brian Pendleton, Consultant, Richard Parsons, and Commissioner Brian Brennan.

ACTION: Commissioner Friedman moved, seconded by Commissioner Stephens and carried by a vote of 4-0 (Valance absent) to approve the out of town travel request for Business Operations Manager, Brian Pendleton, Consultant, Richard Parsons, and Commissioner Brian Brennan.

STANDARD AGENDA:

1) Ventura Harbor – Thomas Fire
Recommended Action: Informational.
That the Board of Port Commissioners receive a report on the impacts of the Thomas Fire to Ventura Harbor.

ACTION: The Commission received a report from staff on the impacts of the Thomas Fire to the Harbor.
Public Comment: Sam Sadove spoke on behalf of the businesses in the Harbor. He thanked the City for their efforts and mentioned that the financial impact to the Harbor was substantial. The Rhumb Line lost 74 reservations in four days. The District may want to consider rent credits.

2) Approval of Notice of Completion for the Ventura Harbor Village Window Replacement Project  
   Recommended Action: Roll Call.  
   That the Board of Port Commissioners adopt Resolution No. 3343,  
   a) Accepting the work of Vortex Construction for the Ventura Harbor Village Window Replacement Project; and  
   b) Authorize staff to prepare and record a Notice of Completion with the Ventura County Recorder.

   ACTION: Commissioner Brennan moved, seconded by Commissioner Stephens and carried by a vote of 4-0 (Valance absent) to adopt Resolution No. 3343, accepting the work of Vortex Construction for the Ventura Harbor Village Window Replacement Project; and authorizing staff to prepare and record a Notice of Completion with the Ventura County Recorder.

3) Approval of Professional Services Agreement for Richard W. Parsons dba R.W.P. Dredging Management  
   Recommended Action: Voice Vote.  
   That the Board of Port Commissioners authorize the General Manager to enter into a Professional Services Agreement with Richard W. Parsons dba R.W.P. Dredging Management.

   ACTION: This item was pulled from the agenda.

4) Approval of Deputy General Manager Position  
   Recommended Action: Roll Call Vote.  
   That the Board of Port Commissioners adopt Resolution No. 3344 for the creation of the Deputy General Manager position.

   ACTION: Commissioner Friedman moved, seconded by Commissioner Brennan and carried by a vote of 4-0 (Valance absent) to adopt Resolution No. 3344 for the creation of the Deputy General Manager position.

   AGENDA PLANNING GUIDE AND REQUEST FOR FUTURE AGENDA ITEMS: Professional Services Agreement for Richard W. Parsons.

   ADJOURNMENT: The meeting was adjourned at 8:17PM.
BOARD OF DIRECTORS
PUBLIC FACILITIES CORPORATION
JANUARY 10, 2018

APPROVAL OF MINUTES
JANUARY 11, 2017 MEETING
MINUTES OF THE ANNUAL MEETING  
OF THE VENTURA PORT DISTRICT  
PUBLIC FACILITIES CORPORATION  
HELD ON JANUARY 11, 2017

At 7:33PM, Vice President Ashworth called to order the Annual Meeting of the Ventura Port District Public Facilities Corporation. The meeting was held in the offices of the Ventura Port District located at 1603 Anchors Way Drive, Ventura, California.

ROLL CALL

Present:  Jim Friedman, President  
  Everard Ashworth, Vice President  
  Bruce Smith, Director  
  Brian Brennan, Director

Absent:  Nikos Valance, Director

Staff Present:  Oscar Peña, Chief Financial Officer and Secretary  
  Timothy J. Gosney, Legal Counsel  
  Jessica Rauch, Clerk of the Board

Mr. Gosney advised the Board that the Ventura Port District Public Facilities Corporation is a free standing corporation and the members of the Corporation are the same as the Board of Port Commissioners. The Public Facilities Corporation was created when the District took back a portion of the leasehold interest in Harbor Village. According to the By-Laws of the Corporation, there must be an annual meeting of the Board of Directors for the purpose of selection of Directors and Officers, and the transaction of any other business.

ELECTION OF OFFICERS

ACTION: Director Friedman moved, seconded by Director Ashworth and carried by a vote of 3-1 (Smith no) to elect the following officers:
  President – Everard Ashworth  
  Vice President – Brian Brennan  
  Secretary – Jim Friedman

APPROVAL OF MINUTES

ACTION: Director Friedman moved, seconded by Director Brennan and carried by a vote of 3-0-1 (Brennan abstained) to ratify the minutes of January 27, 2016.

ADJOURNMENT

There were no further items for discussion and at 7:40PM, President Ashworth declared the meeting of the Ventura Port District Public Facilities Corporation adjourned.

_____________________________________
Secretary
BOARD OF PORT COMMISSIONERS

JANUARY 10, 2018

CONSENT AGENDA ITEM A

TERMINATION OF OFFICE LEASE AGREEMENT FOR AIMEE QUEMUEL DBA QUEMUEL COMMUNICATIONS, INC.
TO: Board of Port Commissioners  
FROM: Robin Baer, Property Manager  
SUBJECT: Termination of Office Lease Agreement for Aimee Quemuel dba Quemuel Communications, Inc., 1583 Spinnaker Drive #212

RECOMMENDATION:  
That the Board of Port Commissioners approve the termination of a two year lease agreement, dated June 1, 2016, for the premises located at 1583 Spinnaker Drive #212, consisting of 374 square feet.

SUMMARY:  
Quemuel lease is a two year lease expiring on May 31, 2018. Their business has grown and they are in need of a warehouse / office setup.

Coastwide Corporation, Inc. currently a tenant within the Village has decided to downsize after eleven years and wants a smaller space to conduct business and eventually retire. They will be signing a new lease to occupy Quemuel's office space.

BACKGROUND:  
Quemuel Communications, Inc. has been a tenant since July 2015. Ms. Quemuel founded her Public Relations and Content Marketing business in 1999. They offer public relations; SEO optimized content, social media and Web design services. Quemuel Communications leverages its 15+ years of public relations and writing experience coupled with "white hat" SEO techniques that uses quality content to earn credible links to help both established and start-up companies get noticed in today’s competitive digital world. Their clients span numerous vertical markets such as consumer goods, manufacturing, accounting and tax services, software and hardware, retail and healthcare.

We will be terminating Quemuel Communications, Inc. current two year lease.

FISCAL IMPACTS:  
None.

ATTACHMENT:  
None.
BOARD OF PORT COMMISSIONERS

JANUARY 10, 2018

CONSENT AGENDA ITEM B
TERMINATION OF OFFICE LEASE AGREEMENT AND APPROVAL OF NEW OFFICE LEASE AGREEMENT FOR COASTWIDE CORPORATION
To: Board of Port Commissioners  
From: Robin Baer, Property Manager  
Subject: Termination of Agreement and Approval of New Office Lease Agreement for Coastwide Corporation, 1583 Spinnaker Drive #212

RECOMMENDATION:  
That the Board of Port Commissioners:  
   a) Approve by motion the termination of a lease agreement, dated January 17, 2017 for the premises located at 1575 Spinnaker Drive #205/#205A, consisting of 1,326 square feet; and  
   b) Approve by motion a new office lease agreement for the premises located at 1583 Spinnaker Drive #212, consisting of 374 square feet between the Ventura Port District dba Ventura Harbor Village and Coastwide Corporation for a one-year term.

SUMMARY:  
Coastwide has decided to downsize after eleven years at the Village and wants a smaller space to conduct business and eventually retire.

BACKGROUND:  
Coastwide Corporation is a Real Estate Development company that have been a Village tenant since 2006. Coastwide Corporation also holds a General Building Contractor, Fire Protection Contractor and Plumbing license. They have projects throughout California and Arizona. They love the Ventura Harbor and would like to continue tenancy for two more years.

We will be terminating Coastwide Corporation’s current one year lease and entering into a new one year lease.

FISCAL IMPACT:  
This new lease reflects current market rental rates for retail space in the complex. The lease will have a yearly step increase.

We look forward to continued success with this tenant. Staff recommends the Board’s approval of the new lease transaction.

ATTACHMENT:  
None.
BOARD OF PORT COMMISSIONERS

JANUARY 10, 2018

CONSENT AGENDA ITEM C
FIRST AMENDMENT TO PRE-OPTION AGREEMENT FOR PARCELS 5 AND 8 DEVELOPMENT
RECOMMENDATION:
That the Board of Port Commissioners approve the First Amendment to Pre-Option Agreement between the Ventura Port District and H. Parker Hospitality for the development of Parcels 5 and 8.

SUMMARY:
On September 13, 2017 the Board of Port Commissioners approved the Pre-Option Agreement “Agreement” between the Ventura Port District and H. Parker Hospitality for the development of Parcels 5 and 8. The Agreement allows both parties to extend the 120-day term by mutual agreement.

BACKGROUND:
On May 24, 2017, the Board selected H. Parker Hospitality (“Parker”) for proposed development at Parcel 5 and Parcel 8. The parties have determined the next step in the development process is the completion of certain due diligence items, by the District and Parker, as detailed in the Agreement. Both parties have made significant progress in completing these tasks. However it is estimated that two additional months are needed to complete the tasks.

Per the Agreement the District is providing updated preliminary title reports and preliminary property surveys, while Parker will complete environmental site assessments, archaeological assessments, biological assessments and geotechnical studies. The term of this First Amendment will be for a period of 60 days, during which time, these tasks will be completed. Also, during this extended term, staff will continue to negotiate the terms of the Option and Lease Agreements with Parker for future Board consideration.

FISCAL IMPACTS:
The District’s expense for completing its obligations under the pre-option agreement to date is approximately $10,000 for preliminary title reports and land survey work.

ATTACHMENT:
Attachment 1 – First Amendment to Pre-Option Agreement
AMENDMENT NO. 1 TO PRE-OPTION AGREEMENT

IDENTIFICATION

This Amendment Number One to Pre-Option Agreement (“Amendment No. 1”) is made and entered into as of the _____ day of January, by and between VENTURA PORT DISTRICT, a port district formed under and pursuant to Part 4 of the California Harbors and Navigation Code of the State of California (“VPD”) and H. PARKER HOSPITALITY, LLC, a California limited liability company (“PARKER”) (individually, “Party” or collectively, “Parties”).

RECITALS

1. Effective September 13, 2017, VPD and PARKER entered into a Pre-Option Agreement as a first step in the anticipated negotiation of an Option to Lease and Ground Lease for the ultimate development of Parcels 5 and 8 in Ventura Harbor.

2. By its terms, the Pre-Option Agreement was to expire 120 days after its Effective Date, or on January 11, 2018, “. . .unless the Term is extended by mutual written consent of the Parties.”

3. VPD and PARKER have each undertaken to perform the obligations required of them under the Pre-Option Agreement and have concluded that additional time is required in order to perform all of the due diligence items contemplated in the Pre-Option Agreement.

4. The parties are therefore entering into this Amendment No. 1 for the purpose of extending the term of the Pre-Option Agreement.
AGREEMENT

1. The parties hereby agree to extend the Term of the Pre-Option Agreement for a period of sixty (60) calendar days from the natural expiration date set forth in Paragraph A of said Agreement. Under the terms of this First Amendment, the Pre-Option Agreement will now expire on March 12, 2018.

2. Except as expressly provided above, all the terms and provisions of the Pre-Option Agreement are unchanged and remain in full force and effect.

IN WITNESS WHEREOF, each Party has caused this First Amendment to Pre-Option Agreement to be executed by an authorized official on the date set forth below and agrees to abide by its terms.

DATED: ____________

VENTURA PORT DISTRICT

By: ______________________________

DATED: ____________

H. PARKER HOSPITALITY, LLC

By: _____________________________

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STANDARD AGENDA ITEM 1
Annual Reserve Policy Review
RECOMMENDATION:
That the Board of Port Commissioners accept the current Ventura Port District Reserve Policy, Resolution No. 3225, dated August 28, 2013.

SUMMARY:
The last time the Reserve Policy was brought before the Board for review was December 7, 2016. Legal Counsel and staff have reviewed the current policy and have determined that no changes are necessary at this time.

BACKGROUND:
The prudent management of the District requires that reserve funds be established and maintained to fund scheduled and unscheduled expenses. It is good practice to review the Reserve Policy annually.

In Resolution No. 3225, the Board revised the policy so that the Unrestricted Reserve balance would be equal to 40% of the operating budget to ensure service continuity. Any unrestricted reserve funds in excess of such minimum reserve are to be moved to the Capital Improvement Reserve Fund at the end of each fiscal year.

At this time the District has two reserve funds that are mandated; the Dredging Reserve and the Fisheries Complex Reserve. The Dredging Reserve is mandated by a lawsuit judgment and the Fisheries Complex Reserve is mandated by the language in a tenant lease.

FISCAL IMPACT:
None

ATTACHMENTS:
Attachment 1 - Resolution No. 3225 Reserve Policy dated August 28, 2013
RESOLUTION NO. 3225

RESOLUTION OF THE BOARD OF PORT COMMISSIONERS
OF VENTURA PORT DISTRICT ADOPTING A RESERVE POLICY

WHEREAS, the Ventura Port District ("District") manages and operates a commercial and recreational boat harbor in the City of San Buenaventura, for the benefit of the city residents and the public generally; and

WHEREAS, the District maintains funds in unrestricted and restricted accounts for such purposes as capital improvements, debt service and emergency and disaster response; and

WHEREAS, the prudent management of the District requires that reserve funds be established and maintained to fund scheduled and unscheduled expenses, and to identify the amount of funds specifically dedicated for each purpose and to provide periodic review of the reserve funding levels to ensure such levels are and will be adequate to meet the projected needs of the District; and

WHEREAS, the Board of Port Commissioners has previously determined that it is in the best interest of the District to establish dedicated and restricted reserve funds for various purposes and to implement a formal policy regarding the level of funding and use of such reserve fund; and

WHEREAS, the Board of Port Commissioners adopted Resolution No.3190 on June 27, 2012, establishing the Ventura Port District Reserve Policy; and

WHEREAS, the Board of Port Commissioners has determined that it is in the best interest of the District to revise the District's Reserve Policy in the following manner: (i) all unexpended Unrestricted Reserve funds in excess of the minimum reserve amount will be transferred to the Capital Improvement Reserve Fund; and (ii) to allow for the balance of the Capital Improvement Reserve Fund to appreciate if necessary.

NOW THEREFORE, THE BOARD OF PORT COMMISSIONERS OF VENTURA PORT DISTRICT IS HEREBY RESOLVED, that the District's Reserve Policy adopted by Resolution No. 3190 on June 27, 2012 be deleted in its entirety and replaced as follows:

Res. 3225

- 1 -
VENTURA PORT DISTRICT RESERVE POLICY

1) The District will maintain sufficient revenues to meet its operating expenses, debt service, depreciation expenses, and prescribed reserves.

2) The District will hold cash and/or investments in reserve as authorized by the District’s Investment Policy, and in accordance with state and federal laws.

3) The District reserves should be examined and adjusted each year based on the operating surplus or deficit at the conclusion of each fiscal year, according to reserve fund prioritization.

4) The District will maintain a reserve of cash and/or investments for both unrestricted and restricted purposes as follows:

   ➢ **Unrestricted Reserve:** Unrestricted reserve funds are to be used to ensure the continued orderly operation of Ventura Harbor. Such funds are primarily to be used for operations and maintenance within the Harbor and are intended to provide a mechanism for the District to immediately undertake unanticipated operation and maintenance activities and to manage cash-flow fluctuations, including emergency repairs. A minimum reserve equal to 40% of the operating budget will be maintained to ensure service continuity. Any unrestricted reserve funds in excess of such minimum reserve amount that is not expended as of the last day of the then-current fiscal year will be moved to the Capital Improvement Reserve Fund.

   The District Accounting Manager should invest unrestricted reserve funds in liquid money market accounts such as LAIF, so that the funds are immediately available for District use.

   ➢ **Restricted Reserves:** Restricted reserve funds are to be set in the following amounts and used for the specific purposes for which the restricted reserve funds are created. At the present time, the District maintains the following restricted reserve funds:

   - **Capital Improvement Reserve Fund:** The Capital Improvement Reserve Fund is intended to establish available cash assets to fund capital expenditures to support the future capital needs of the District in accordance with the District’s Capital Improvement Plan. The level of funding in this reserve fund for the next fiscal year should be established based on the projected need to pay for planned and unplanned capital improvements for such fiscal year. In establishing the level of funding based on the projected need to pay for planned and
unplanned capital improvements for any given fiscal year, the District may, but shall not be obligated to, take into account unexpended reserve funds from year-to-year and accumulations thereon including, but not limited to, any unrestricted reserve funds transferred to the Capital Improvement Reserve Fund. The minimum balance maintained should be at least equal to the asset depreciation for the preceding fiscal year.

- **Dredging Reserve Fund:** The funds in the Dredging Reserve Fund are required to be maintained at a minimum level of $3,000,000 in order to comply with a judgment entered against the District in 1979. Funds in the Dredging Reserve Fund are to be used solely and only to pay the cost of dredging and related activities to maintain appropriate water depths in the channels into and within the Harbor, and specifically in the Stub Channel providing water access to Ventura Keys.

- **Fisheries Complex Reserve Fund:** Funds deposited in the Fisheries Complex Reserve Fund are intended to provide funding to upgrade and improve the District’s commercial fishing pier. The District has a policy of requiring tenants involved in commercial fishing operations to contribute toward the cost of improving the commercial fishing pier when they renew their leases. All payments received from such commercial fishing tenants are deposited in the Fisheries Complex Reserve Fund and will be used to pay the cost of improving and upgrading the pier when it becomes necessary to do so.

The Accounting Manager of the District shall invest funds held in these restricted reserve funds in secure accounts such as LAIF and invested in accordance with the District's investment policy.

5) At least annually the Board should review all reserve accounts and make a determination regarding the continuing need for and purposes of the reserve funds, the appropriate levels of accumulation and the conditions precedent to utilization of the reserve funds.

6) When additional reserve funds are to be established, they should be established by Board resolution, which should include:

   (a) A statement of the purpose for which the reserve is created;

   (b) To the extent possible, specification of minimum and maximum parameters for the accumulation of the monies in the reserve fund; and
(c) Specification of the conditions under which reserve funds shall be expended or transferred, consistent with Board directives.

7) This Ventura Port District Reserve Policy shall become effective on the date of its adoption and District staff is hereby directed to take all actions necessary to implement this Policy and to maintain the designated reserve funds.

PASSED AND ADOPTED at a regular meeting of the Board of Port Commissioners of the Ventura Port District held on August 28, 2013

[Signature]
Chairman

ATTEST:

[Signature]
Secretary

STATE OF CALIFORNIA )
COUNTY OF VENTURA ) ss.
CITY OF SAN BUENAVENTURA )

I, Everard Ashworth, Secretary of the Ventura Port District, a public corporation, do hereby certify that the above and foregoing Resolution No. 3225 was duly passed and adopted by the Board of Port Commissioners of said District at a regular meeting thereof held on the 28th day of August 2013, by the following vote:

AYES: Commissioners Ashworth, Bravo, Friedman, Smith and Chairman Carson
NOES: None

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said District this 28th day of August 2013.

[Signature]
Secretary

(Seal)

Resolution No. 3225

- 4 -
BOARD OF PORT COMMISSIONERS

JANUARY 10, 2018

STANDARD AGENDA ITEM 2
ANNUAL INVESTMENT POLICY REVIEW
RECOMMENDATION:
That the Board of Port Commissioners adopt Resolution No. 3345, which reflects minor changes to the Ventura Port District’s Investment Policy and rescind Resolution No. 3326.

SUMMARY:
The Government Code requires that the governing board of every local agency conduct an annual review of its investment policy. The District’s current Investment Policy, Resolution No. 3326, was adopted by the Board on December 7, 2016.

BACKGROUND:
Legal Counsel recently conducted a review of the Investment Policy Resolution No. 3326 and recommends some minor updates that are redlined in Attachment 1. The updates were primarily to clarify the verbiage describing approved investment rating categories.

FISCAL IMPACT:
None

ATTACHMENTS:
Attachment 1 – Resolution No. 3326 – Redlined
Attachment 2 – Resolution No. 3345 – Updated and Clean
ATTACHMENT 1

RESOLUTION NO. 3345, 3326

RESOLUTION OF THE BOARD OF PORT COMMISSIONERS OF 
THE VENTURA PORT DISTRICT 
ESTABLISHING ITS INVESTMENT POLICY

1.0 POLICY

WHEREAS, the Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern; and

WHEREAS, the legislative body of a local agency may invest surplus monies not required for the immediate necessities of the local agency in accordance with the provisions of California Government Code Sections 53635 and 53601 et seq.; and

WHEREAS, the General Manager of the Ventura Port District ("District") must annually prepare and submit a statement of investment policy and such policy, and any changes thereto, shall be considered by the Board of Port Commissioners ("Board") at a public meeting,

NOW THEREFORE, it shall be the policy of the District to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the District’s daily cash flow demands and conforming to all statutes governing the investment of District funds.

2.0 SCOPE

This investment policy applies to all financial assets of the District. These funds are accounted for in the annual district audit.

3.0 PRUDENCE

Investments shall be made with judgment and care, under circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the District, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent investor" standard (California Government Code Section 53600.3)
and shall be applied in the context of managing an overall portfolio. Investment officers 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.

4.0 OBJECTIVES

When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing District funds, the primary objectives, in priority order, of the investment activities shall be:

1. Safety: Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

2. Liquidity: The investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated.

3. Return on Investments: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

5.0 DELEGATION OF AUTHORITY

Authority to manage the investment program is derived from California Government Code Section 53600, et seq. Overall accountability and authority for implementation of this policy shall remain with the Board of Port Commissioners and overseen by the General Manager. Management responsibility for the investment program is hereby delegated to the General Manager who, where and when appropriate, shall establish written procedures for the operation of the investment program consistent with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy and such procedures that are established by the General Manager. The General Manager shall be responsible for all transactions undertaken and shall establish controls to regulate the activities of subordinate officials. Under the provisions of California Government Code Section 53600.3, the General Manager is a trustee and a fiduciary subject to the prudent investor standard.

6.0 ETHICS AND CONFLICTS OF INTEREST

The General Manager and officers and employees involved in the investment process shall refrain from personal business activity that could conflict or appear to conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.
7.0 AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The General Manager will maintain a list of financial institutions, selected on the basis of credit worthiness, financial strength, experience and minimal capitalization authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment and financial advisory services in the State of California. No public deposit shall be made except in a qualified public depository as established by state laws.

For brokers/dealers of government securities and other investments, the General Manager shall select only broker/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers or other applicable self-regulatory organizations.

Before engaging in investment transactions with a broker/dealer, the General Manager shall have received from said firm a signed Certification Form. This form shall attest that the individual responsible for the District's account with that firm has reviewed the District's Investment Policy and that the firm understands the policy and intends to present investment recommendations and transactions to the District that are appropriate under the terms and conditions of the Investment Policy.

The District is a local agency authorized to invest surplus monies in the Local Agency Investment Fund (LAIF). LAIF is a special trust fund in the custody of the State Treasurer and the Local Investment Advisory Board created under Government Code Section 16429.2 advises the State Treasurer on the investment and reinvestment of LAIF deposits. Each local agency with LAIF deposits has a separate account within LAIF, but the total deposits in LAIF are managed as a pooled investment account. The securities eligible for LAIF investments are statutorily specified in Government Code Section 16430 and are more conservative than those investments permitted under Government Code Section 53601, which governs the management of invested surplus monies by local agencies. Accordingly, the General Manager need not be concerned with the qualifications of those financial institutions and broker/dealers with whom LAIF transacts business.

8.0 AUTHORIZED AND SUITABLE INVESTMENTS

The District is empowered by California Government Code Section 53601 et seq. to invest in the following:

a. Bonds issued by the District.

b. United States Treasury Bills, Notes, Bonds, and Certificate of Indebtedness.

c. Registered state warrants or treasury notes or bonds issued by the State of California.
d. Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of revenues from 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.

e. Bonds, notes, warrants or other evidence of debt issued by a local agency within the State of 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.

f. 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.

g. Bankers’ acceptances, otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchase of bankers’ acceptances may not exceed one hundred eighty (180) days’ maturity or forty percent (40%) of the District’s money that may be invested pursuant to this policy. However, no more than thirty percent (30%) of the District’s money can be invested in the bankers’ acceptances of any single commercial bank.

h. Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization. The entity that issues the commercial paper shall either be:

(1) organized and operating within the United States as a general corporation, shall have total assets in excess of Five Hundred Million Dollars ($500,000,000), and shall issue debt, other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent higher by a nationally recognized statistical-rating organization; or

(2) organized within the United States as a special purpose corporation, trust, or limited liability company, have program-wide credit enhancements including, but not limited to, over-collateralization, letters of credit, or surety bond, and has commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical-rating organization.

Eligible commercial paper shall have a maximum maturity of two hundred seventy (270) days or less. The District shall invest no more than twenty-five percent (25%) of its money in eligible commercial paper. The District shall purchase no more than ten percent (10%) of the outstanding commercial paper of any single corporate issue.
i. Negotiable certificates of deposit issued by a nationally or state chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federal or state licensed branch of a foreign bank. Purchases of negotiable certificates of deposit shall not exceed thirty percent (30%) of the District's money which may be invested pursuant to this policy. The Board of Port Commissioners and the General Manager are prohibited from investing District funds, or funds in the District’s custody, in negotiable certificates of deposit issued by a state or federal credit union if a member of the Board of Port Commissioners, or any person with investment decision making authority within the District also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

j. Repurchase/Reverse Repurchase Agreements of any securities authorized by Section 53601. The market value of securities that underlay a repurchase agreement shall be valued at one hundred two percent (102%) or greater of the funds borrowed against those securities, and are subject to the special limits and conditions of California Government Code 53601(j).

k. Medium term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five (5) 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. Notes eligible for investment under this subdivision shall be rated in a rating category of "A" or its equivalent or better by a nationally recognized rating service. Purchases of medium term notes shall not include other instruments authorized by this policy and shall not exceed thirty percent (30%) of the District’s money which may be invested pursuant to this policy.

l. Shares of beneficial interest issued by diversified management companies (mutual funds) investing in the securities and obligations authorized by this policy, and shares in money market mutual funds, subject to the restrictions of Government Code Section 53601(l). The purchase price of investments under this subdivision shall not exceed twenty percent (20%) of the District’s investments under this policy. However, no more than ten percent (10%) of the District’s money may be invested in any one mutual fund.

m. Moneys held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not
inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.

n. Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest in securities of the types listed by Government Code Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by Government Code Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank which is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.

o. Any mortgage pass-through security, collateralized mortgage obligation, mortgage backed or other pay-through bond, equipment lease backed certificate, consumer receivable pass-through certificate, or consumer receivable backed bond of a maximum of five (5) years maturity. Securities eligible for investment under this subdivision shall be issued by an issuer rated in a rating category of having an “A” or its equivalent or better higher rating for the issuer's debt as provided by a nationally recognized rating service and the securities shall be rated in a rating category of “AA” or its equivalent or better by a nationally recognized rating service. Purchase of securities authorized by this subdivision shall not exceed twenty percent (20%) of the District’s money that may be invested pursuant to this policy.

p. Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized under Government Code Section 53601. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible, the joint powers authority issuing the shares must have retained an investment advisor that is registered or exempt from registration with the Securities and Exchange Commission, have not less than five years of experience in investing in the securities and obligations authorized under Government Code Section 53601, and have assets under management in excess of five hundred million dollars ($500,000,000.00).

q. United States 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, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. These types of investments must be rated in a rating category of “AA” or its equivalent or better by a nationally
recognized statistical rating organization and cannot exceed 30% of the District’s moneys that may be invested pursuant to Section 53601.

r. Proposition 1A receivables sold pursuant to California Government Code Section 53999. A “Proposition 1A receivable” constitutes the right to payment of moneys due or to become due to a local agency, pursuant to clause (iii) of subparagraph (B) of paragraph (1) of subdivision (a) of Section 25.5 of Article XIII of the California Constitution and Section 100.06 of the Revenue and Taxation Code.

s. Any other investment security authorized under the provisions of California Government Code Sections 5922 and 53601.

A summary of the limitations and special conditions that apply to each of the above listed investment securities is attached and included by reference in this Investment Policy.

The District shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools or any investment that may result in a zero interest accrual if held to maturity.

9.0 COLLATERALIZATION

All certificates of deposits must be collateralized by United States Treasury Obligations. Collateral must be held by a third party trustee and valued on a monthly basis. The percentage of collateralizations on repurchase and reverse agreements will adhere to the amount required under California Government Code Section 53601(j)(2).

10.0 SAFEKEEPING AND CUSTODY

All security transactions entered into by the District shall be conducted on delivery-versus-payment (DVP) basis. All securities purchased or acquired shall be delivered to the District by book entry, physical delivery or by third party custodial agreement.

11.0 DIVERSIFICATION

The District will diversify its investments by security type and institution. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. Diversification strategies shall be reviewed and revised periodically. In establishing specific diversification strategies, the following general policies and constraints shall apply:

a. Portfolio maturity dates shall be matched versus liabilities to avoid undue concentration in a specific maturity sector.

b. Maturities selected shall provide for stability of income and liquidity.
c. Disbursement and payroll dates shall be covered through maturities of investments, marketable United States Treasury bills or other cash equivalent instruments such as money market mutual funds.

12.0 REPORTING

The General Manager shall submit an investment report to the Board of Port Commissioners at least quarterly. The report shall include a complete description of the portfolio, the type of investments, the issuers, maturity dates, par values and the current market values of each component of the portfolio, including funds managed for District by third party contracted managers. The report will also include the source of the portfolio valuation. For all funds that are placed in LAIF, FDIC-insured accounts and/or in a county investment pool, the foregoing report elements may be replaced by copies of the latest statements from such institutions. The report must also include a certification that (1) all investment actions executed since the last report have been made in full compliance with the Investment Policy and, (2) the District will meet its expenditure obligations for the next six (6) months, as required by Government Code Section 53646(b)(2) and (3), respectively. The General Manager shall maintain a complete and timely record of all investment transactions.

13.0 INVESTMENT POLICY ADOPTION shall be reviewed on an annual basis, and modifications must be approved by the Board of Port Commissioners. This Investment Policy replaces that which was set forth in Resolution No. 3284-3326 on December 7, 2016, September 9, 2015.

PASSED, APPROVED AND ADOPTED this 10th day of January, December, 2016.

Jim Friedman, Chairman
Everard Ashworth

ATTEST:

Jim Friedman, Secretary

(Seal)
STATE OF CALIFORNIA  
COUNTY OF VENTURA  
CITY OF SAN BUENAVENTURA  

I, Jim Friedman Oscar Peña, Secretary of the Ventura Port District, a public corporation, do hereby certify that the above and foregoing Resolution No. 33453326 was duly passed and adopted by the Board of Port Commissioners of said District at a regular meeting thereof held on the 10th 7th day of January December, 2018, by the following vote:

AYES:
NOES:
ABSENT:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said District this 10th 7th day of January December, 2016 2018.

(Seal)  

Secretary
RESOLUTION NO. 3345

RESOLUTION OF THE BOARD OF PORT COMMISSIONERS OF
THE VENTURA PORT DISTRICT
ESTABLISHING ITS INVESTMENT POLICY

1.0 POLICY

WHEREAS, the Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern; and

WHEREAS, the legislative body of a local agency may invest surplus monies not required for the immediate necessities of the local agency in accordance with the provisions of California Government Code Sections 53635 and 53601 et seq.; and

WHEREAS, the General Manager of the Ventura Port District ("District") must annually prepare and submit a statement of investment policy and such policy, and any changes thereto, shall be considered by the Board of Port Commissioners ("Board") at a public meeting.

NOW THEREFORE, it shall be the policy of the District to invest funds in a manner which will provide the highest investment return with the maximum security while meeting the District’s daily cash flow demands and conforming to all statutes governing the investment of District funds.

2.0 SCOPE

This investment policy applies to all financial assets of the District. These funds are accounted for in the annual district audit.

3.0 PRUDENCE

Investments shall be made with judgment and care, under circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the District, which persons of prudence, discretion and intelligence exercise in the management of their own affairs; not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived. The standard of prudence to be used by investment officials shall be the "prudent investor" standard (California Government Code Section 53600.3).

Resolution No. 3345, January 10, 2018
and shall be applied in the context of managing an overall portfolio. Investment officers 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.

4.0 OBJECTIVES

When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing District funds, the primary objectives, in priority order, of the investment activities shall be:

1. Safety: Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

2. Liquidity: The investment portfolio will remain sufficiently liquid to enable the District to meet all operating requirements which might be reasonably anticipated.

3. Return on Investments: The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

5.0 DELEGATION OF AUTHORITY

Authority to manage the investment program is derived from California Government Code Section 53600, et seq. Overall accountability and authority for implementation of this policy shall remain with the Board of Port Commissioners and overseen by the General Manager. Management responsibility for the investment program is hereby delegated to the General Manager who, where and when appropriate, shall establish written procedures for the operation of the investment program consistent with this investment policy. No person may engage in an investment transaction except as provided under the terms of this policy and such procedures that are established by the General Manager. The General Manager shall be responsible for all transactions undertaken and shall establish controls to regulate the activities of subordinate officials. Under the provisions of California Government Code Section 53600.3, the General Manager is a trustee and a fiduciary subject to the prudent investor standard.

6.0 ETHICS AND CONFLICTS OF INTEREST

The General Manager and officers and employees involved in the investment process shall refrain from personal business activity that could conflict or appear to conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

Resolution No. 3345, January 10, 2018
7.0 AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The General Manager will maintain a list of financial institutions, selected on the basis of credit worthiness, financial strength, experience and minimal capitalization authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment and financial advisory services in the State of California. No public deposit shall be made except in a qualified public depository as established by state laws.

For brokers/dealers of government securities and other investments, the General Manager shall select only broker/dealers who are licensed and in good standing with the California Department of Securities, the Securities and Exchange Commission, the National Association of Securities Dealers or other applicable self-regulatory organizations.

Before engaging in investment transactions with a broker/dealer, the General Manager shall have received from said firm a signed Certification Form. This form shall attest that the individual responsible for the District's account with that firm has reviewed the District's Investment Policy and that the firm understands the policy and intends to present investment recommendations and transactions to the District that are appropriate under the terms and conditions of the Investment Policy.

The District is a local agency authorized to invest surplus monies in the Local Agency Investment Fund (LAIF). LAIF is a special trust fund in the custody of the State Treasurer and the Local Investment Advisory Board created under Government Code Section 16429.2 advises the State Treasurer on the investment and reinvestment of LAIF deposits. Each local agency with LAIF deposits has a separate account within LAIF, but the total deposits in LAIF are managed as a pooled investment account. The securities eligible for LAIF investments are statutorily specified in Government Code Section 16430 and are more conservative than those investments permitted under Government Code Section 53601, which governs the management of invested surplus monies by local agencies. Accordingly, the General Manager need not be concerned with the qualifications of those financial institutions and broker/dealers with whom LAIF transacts business.

8.0 AUTHORIZED AND SUITABLE INVESTMENTS

The District is empowered by California Government Code Section 53601 et seq. to invest in the following:

a. Bonds issued by the District.

b. United States Treasury Bills, Notes, Bonds, and Certificate of Indebtedness.

c. Registered state warrants or treasury notes or bonds issued by the State of California.
d. Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of revenues from 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.

e. Bonds, notes, warrants or other evidence of debt issued by a local agency within the State of 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.

f. 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.

g. Bankers' acceptances, otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchase of bankers' acceptances may not exceed one hundred eighty (180) days' maturity or forty percent (40%) of the District's money that may be invested pursuant to this policy. However, no more than thirty percent (30%) of the District’s money can be invested in the bankers' acceptances of any single commercial bank.

h. Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization. The entity that issues the commercial paper shall either be:

(1) organized and operating within the United States as a general corporation, shall have total assets in excess of Five Hundred Million Dollars ($500,000,000), and shall issue debt, other than commercial paper, if any, that is rated in a rating category of "A" or its equivalent or higher by a nationally recognized statistical-rating organization; or

(2) organized within the United States as a special purpose corporation, trust, or limited liability company, have program-wide credit enhancements including, but not limited to, over-collateralization, letters of credit, or surety bond, and has commercial paper that is rated "A-1" or higher, or the equivalent, by a nationally recognized statistical-rating organization.

Eligible commercial paper shall have a maximum maturity of two hundred seventy (270) days or less. The District shall invest no more than twenty-five percent (25%) of its money in eligible commercial paper. The District shall purchase no more than ten percent (10%) of the outstanding commercial paper of any single corporate issue.
i. Negotiable certificates of deposit issued by a nationally or state chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federal or state licensed branch of a foreign bank. Purchases of negotiable certificates of deposit shall not exceed thirty percent (30%) of the District's money which may be invested pursuant to this policy. The Board of Port Commissioners and the General Manager are prohibited from investing District funds, or funds in the District's custody, in negotiable certificates of deposit issued by a state or federal credit union if a member of the Board of Port Commissioners, or any person with investment decision making authority within the District also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

j. Repurchase/Reverse Repurchase Agreements of any securities authorized by Section 53601. The market value of securities that underlay a repurchase agreement shall be valued at one hundred two percent (102%) or greater of the funds borrowed against those securities, and are subject to the special limits and conditions of California Government Code 53601(j).

k. Medium term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five (5) 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. Notes eligible for investment under this subdivision shall be rated in a rating category of "A" or its equivalent or better by a nationally recognized rating service. Purchases of medium term notes shall not include other instruments authorized by this policy and shall not exceed thirty percent (30%) of the District's money which may be invested pursuant to this policy.

l. Shares of beneficial interest issued by diversified management companies (mutual funds) investing in the securities and obligations authorized by this policy, and shares in money market mutual funds, subject to the restrictions of Government Code Section 53601(l). The purchase price of investments under this subdivision shall not exceed twenty percent (20%) of the District's investments under this policy. However, no more than ten percent (10%) of the District's money may be invested in any one mutual fund.

m. Moneys held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, installment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not
inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.

n. Notes, bonds, or other obligations that are at all times secured by a valid first priority security interest in securities of the types listed by Government Code Section 53651 as eligible securities for the purpose of securing local agency deposits having a market value at least equal to that required by Government Code Section 53652 for the purpose of securing local agency deposits. The securities serving as collateral shall be placed by delivery or book entry into the custody of a trust company or the trust department of a bank which is not affiliated with the issuer of the secured obligation, and the security interest shall be perfected in accordance with the requirements of the Uniform Commercial Code or federal regulations applicable to the types of securities in which the security interest is granted.

o. Any mortgage pass-through security, collateralized mortgage obligation, mortgage backed or other pay-through bond, equipment lease backed certificate, consumer receivable pass-through certificate, or consumer receivable backed bond of a maximum of five (5) years maturity. Securities eligible for investment under this subdivision shall be issued by an issuer rated in a rating category of “A” or its equivalent or better for the issuer’s debt as provided by a nationally recognized rating service and the securities shall be rated in a rating category of “AA” or its equivalent or better by a nationally recognized rating service. Purchase of securities authorized by this subdivision shall not exceed twenty percent (20%) of the District’s money that may be invested pursuant to this policy.

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q. United States 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, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. These types of investments must be rated in a rating category of “AA” or its equivalent or better by a nationally
recognized statistical rating organization and cannot exceed 30% of the District’s moneys that may be invested pursuant to Section 53601.

r. Proposition 1A receivables sold pursuant to California Government Code Section 53999. A “Proposition 1A receivable” constitutes the right to payment of moneys due or to become due to a local agency, pursuant to clause (iii) of subparagraph (B) of paragraph (1) of subdivision (a) of Section 25.5 of Article XIII of the California Constitution and Section 100.06 of the Revenue and Taxation Code.

s. Any other investment security authorized under the provisions of California Government Code Sections 5922 and 53601.

A summary of the limitations and special conditions that apply to each of the above listed investment securities is attached and included by reference in this Investment Policy.

The District shall not invest any funds covered by this Investment Policy in inverse floaters, range notes, interest-only strips derived from mortgage pools or any investment that may result in a zero interest accrual if held to maturity.

9.0 COLLATERALIZATION

All certificates of deposits must be collateralized by United States Treasury Obligations. Collateral must be held by a third party trustee and valued on a monthly basis. The percentage of collateralizations on repurchase and reverse agreements will adhere to the amount required under California Government Code Section 53601(j)(2).

10.0 SAFEKEEPING AND CUSTODY

All security transactions entered into by the District shall be conducted on delivery-versus-payment (DVP) basis. All securities purchased or acquired shall be delivered to the District by book entry, physical delivery or by third party custodial agreement.

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The District will diversify its investments by security type and institution. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer or a specific class of securities. Diversification strategies shall be reviewed and revised periodically. In establishing specific diversification strategies, the following general policies and constraints shall apply:

a. Portfolio maturity dates shall be matched versus liabilities to avoid undue concentration in a specific maturity sector.

b. Maturities selected shall provide for stability of income and liquidity.
c. Disbursement and payroll dates shall be covered through maturities of investments, marketable United States Treasury bills or other cash equivalent instruments such as money market mutual funds.

12.0 REPORTING

The General Manager shall submit an investment report to the Board of Port Commissioners at least quarterly. The report shall include a complete description of the portfolio, the type of investments, the issuers, maturity dates, par values and the current market values of each component of the portfolio, including funds managed for District by third party contracted managers. The report will also include the source of the portfolio valuation. For all funds that are placed in LAIF, FDIC-insured accounts and/or in a county investment pool, the foregoing report elements may be replaced by copies of the latest statements from such institutions. The report must also include a certification that (1) all investment actions executed since the last report have been made in full compliance with the Investment Policy and, (2) the District will meet its expenditure obligations for the next six (6) months, as required by Government Code Section 53646(b)(2) and (3), respectively. The General Manager shall maintain a complete and timely record of all investment transactions.

13.0 INVESTMENT POLICY ADOPTION shall be reviewed on an annual basis, and modifications must be approved by the Board of Port Commissioners. This Investment Policy replaces that which was set forth in Resolution No. 3326 on December 7, 2016.

PASSED, APPROVED AND ADOPTED this 10th day of January, 2018.

______________________________
Everard Ashworth, Chairman

ATTEST:

______________________________
Jim Friedman, Secretary

(Seal)
STATE OF CALIFORNIA  )
COUNTY OF VENTURA  ) ss.
CITY OF SAN BUENAVENTURA  )

I, Jim Friedman, Secretary of the Ventura Port District, a public corporation, do hereby certify that the above and foregoing Resolution No. 3345 was duly passed and adopted by the Board of Port Commissioners of said District at a regular meeting thereof held on the 10th day of January, 2018, by the following vote:

AYES:
NOES:
ABSENT:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said District this 10th day of January, 2018.

(Seal)  Secretary