

**GOVERNMENT CODE - GOV**

**TITLE 5. LOCAL AGENCIES [50001 - 57550]**

*(Title 5 added by Stats. 1949, Ch. 81)*

**DIVISION 2. CITIES, COUNTIES, AND OTHER AGENCIES [53000 - 55821]**

*(Division 2 added by Stats. 1949, Ch. 81)*

**PART 1. POWERS AND DUTIES COMMON TO CITIES, COUNTIES, AND OTHER AGENCIES [53000 - 54999.7]** *(Part 1 added by Stats. 1949, Ch. 81)*

**CHAPTER 4. Financial Affairs [53600 - 53997]**

*(Chapter 4 added by Stats. 1949, Ch. 81)*

**ARTICLE 1. Investment of Surplus [53600 - 53610]**

*(Article 1 added by Stats. 1949, Ch. 81)*

**53600.**

As used in this article, "local agency" means county, city, city and county, including a chartered city or county, school district, community college district, public district, county board of education, county superintendent of schools, or any public or municipal corporation.

*(Amended by Stats. 1987, Ch. 887, Sec. 2)*

**53600.3.**

Except as provided in subdivision (a) of Section 27000.3, all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. 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. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.

*(Amended by Stats. 1996, Ch. 749, Sec. 5. Effective January 1, 1997)*

**53600.5.**

When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the primary objective of a trustee shall be to safeguard the principal of the funds under its control. The secondary objective shall be to meet the liquidity needs of the depositor. The third objective shall be to achieve a return on the funds under its control.

*(Amended by Stats. 1996, Ch. 749, Sec. 5. Effective January 1, 1997)*