



**SACRAMENTO COUNTY
TREASURY OVERSIGHT COMMITTEE**
Regular Meeting — Friday, November 17, 2017 / 9:00 a.m.
700 H Street, Hearing Room One, Room 1487
Sacramento, California 95814

AGENDA

ITEM SUBJECT

1. Call To Order And Introductions.
2. Comments From The Public.
3. Approval Of August 18, 2017, Meeting Minutes.
4. Discussion And Action On The Internal Audit Of Non-Pooled Investment Funds For The Quarter Ended September 30, 2017.
5. Status Report On Member Positions.
6. Discussion And Action On The Non-Pooled Funds Portfolio Report For The Quarter Ended September 30, 2017.
7. Discussion And Action On The Quarterly Report Of The Pooled Investment Fund For The Quarter Ended September 30, 2017, And Compliance With Investment Policy.
8. Overview Of Pooled Investment Fund Statistics From Various Jurisdictions For September 2017.
9. Discussion On The Recommended Change To The Community Reinvestment Act Program And The Investment Policy.
10. Discussion On Selection Of Banking And Custodian Services.
11. Next Meeting Reminder - Friday, February 16, 2018.
12. Adjournment.

CALL TO ORDER AND INTRODUCTIONS.

NO WRITTEN REPORT

COMMENTS FROM THE PUBLIC.

NO WRITTEN REPORT

APPROVAL OF AUGUST 18, 2017, MEETING MINUTES.



SACRAMENTO COUNTY
TREASURY OVERSIGHT COMMITTEE
Regular Meeting — Friday, August 18, 2017 / 9:00 a.m.
700 H Street, Hearing Room One, Room 1487
Sacramento, California 95814

MINUTES

PRESENT: Gerardo Castillo, Jeremy Edwards, Angelica Hernandez, Ben Lamera, Chris Parker, Ronald Seaman, Michael Smith, David Villanueva.

ABSENT: Brandon Rose.

STAFF: Peggy Marti, Alan Matré, Dave Matuskey, Bernard Santo Domingo.

GUESTS: Jerry Legg.

1. CALL TO ORDER AND INTRODUCTIONS.

Vice Chair Gerardo Castillo called the meeting to order at 9:00 a.m.

2. COMMENTS FROM THE PUBLIC.

Jerry Legg of Five Star Bank asked the committee to consider revising the bank credit rating requirements in the investment policy for the Community Reinvestment Act Program deposits.

3. APPROVAL OF MAY 19, 2017, MEETING MINUTES.

The minutes of the May 19, 2017, meeting were approved as amended on a motion made by Ronald Seaman, seconded by Chris Parker, and carried (7-0) with one abstention.

4. DISCUSSION AND ACTION ON THE INTERNAL AUDIT OF NON-POOLED INVESTMENT FUNDS FOR THE QUARTER ENDED JUNE 30, 2017.

Alan Matré reported for the quarter ended June 30, 2017, that fifteen issues, three of which were new and one of which was external, were reviewed and no instances of non-compliance were found.

The Internal Audit Of Non-Pooled Investment Funds For The Quarter ended June 30, 2017, was accepted on a motion made by Chris Parker, seconded by Jeremy Edwards, and unanimously carried (8-0).

5. STATUS REPORT ON MEMBER POSITIONS.

Dave Matuskey stated that the District 1 public member position is still vacant and that the District 3 and 4 public member representatives were reappointed for three-year terms expiring June 30, 2020. Mr. Matuskey also noted that Gerardo Castillo was reelected as the Schools and Community College District Representative for a three-year term also expiring June 30, 2020.

6. DISCUSSION AND ACTION ON THE QUARTERLY REPORT OF THE NON-POOLED FUNDS PORTFOLIO REPORT FOR THE QUARTER ENDED JUNE 30, 2017.

Bernard Santo Domingo presented the Quarterly Report of the Non-Pooled Funds Portfolio for the Quarter Ended June 30, 2017.

The Non-Pooled Funds Portfolio Reports For The Quarter Ended June 30, 2017, was accepted on a motion made by David Villanueva, seconded by Angelica Hernandez, and unanimously carried (8-0).

7. DISCUSSION AND ACTION ON THE QUARTERLY REPORT OF THE POOLED INVESTMENT FUND FOR THE QUARTER ENDED JUNE 30, 2017, AND COMPLIANCE WITH INVESTMENT POLICY.

Bernard Santo Domingo presented the Quarterly Report Of The Non-Pooled Funds Portfolio For The Quarter ended June 30, 2017, and Compliance with Investment Policy. He stated that the Pooled Investment Fund was in compliance with the investment policy and California Government Code.

Bernard Santo Domingo provided his economic commentary. He noted that the FOMC has raised the Fed Funds rate three times since December 2016, but the Fed Fund Futures show only a 33% chance of a rate hike by December 2017. He stated that the key factor in future interest rates is inflation, which isn't showing up in major indicators at a level the FOMC wants to see. He also stated that, due to the current market rates and the yields on maturing investments, he expects the pooled fund yield to continue to rise over the next three quarters.

Mr. Santo Domingo stated that counsel reviewed whether or not Wells Fargo could be used as a broker/dealer or its securities purchased by the pool due to it's CRA rating falling below satisfactory, and it was determined that Government Code Section 53635.2 applies to depository and not investment transactions. Peggy Marti stated that an RFP for banking services will be released soon and will require respondents to have a CRA rating of satisfactory or better. Ben Lamera stated the Department of Finance would reach out to the committee members to be involved in the bank selection.

The Quarterly Reports of the Pooled Investment Fund For The Quarter Ended June 30, 2017, were accepted on a motion made by Angelica Hernandez, seconded by Jeremy Edwards, and unanimously carried (8-0).

8. OVERVIEW OF POOLED INVESTMENT FUND STATISTICS FROM VARIOUS JURISDICTION FOR JUNE 2017.

Bernard Santo Domingo presented the *Investment Fund Statistics Questionnaire Results – June 2017, Comparison of Various County Pooled Investment Funds and LAIF – 12-Month Yield Performance as of June 2017, and Overview of Pooled Investment Fund Statistics from Various Jurisdictions – Comparison of Yields and Average Weighted Maturities from September 30, 2016 – June 30, 2017.*

9. DISCUSSION AND ACTION ON REPORT OF COMPLIANCE WITH GOVERNMENT CODE SECTION 27133(c) AND INVESTMENT POLICY REGARDING POLITICAL CONTRIBUTIONS

Bernard Santo Domingo presented the Report of Compliance with Government Code Section 27133(c) and Investment Policy Regarding Political Contributions and stated that all broker/dealers and direct issuers were in compliance.

The Report of Compliance with Government Code Section 27133(c) and Investment Policy Regarding Political Contributions was accepted on a motion made by Chris Parker, seconded by David Villanueva, and unanimously carried (8-0).

10. DISCUSSION ON COMMERCIAL PAPER DEFAULT RISK.

Dave Matuskey presented research on the historical default rates of commercial paper meeting the pool's minimum credit rating requirements.

11. NEXT MEETING REMINDER.

Vice Chair Gerardo Castillo reminded the committee that the next regular meeting of the Treasury Oversight Committee is scheduled for Friday, November 17, 2017, in the County Administration Center's Hearing Room One, Room 1487.

12. ADJOURNMENT.

The meeting was adjourned at 9:44 a.m.

Respectfully submitted:

Approved:

Dave Matuskey
Investment Officer

Brandon Rose, Chair
Treasury Oversight Committee

cc: Treasury Oversight Committee Members
Department of Finance Staff

DISCUSSION AND ACTION ON THE INTERNAL AUDIT OF NON-POOLED
INVESTMENT FUNDS FOR THE QUARTER ENDED SEPTEMBER 30, 2017.

COUNTY OF SACRAMENTO

Treasury Oversight Committee
Non-Pooled Investments
Agreed-Upon Procedures Report

For the Quarter Ended September 30, 2017

Audit Staff:

Alan A. Matré, C.P.A.
Kyle R. Hammon

Chief of Audits
Auditor

**COUNTY OF SACRAMENTO
TREASURY OVERSIGHT COMMITTEE
NON-POOLED INVESTMENTS
AGREED-UPON PROCEDURES REPORT
FOR THE QUARTER ENDED SEPTEMBER 30, 2017**

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Agreed-Upon Procedures Report1

Sample of Non-Pooled Investments for Quarter Ended September 30, 2017 - Schedule I3



County of Sacramento

October 23, 2017

The Honorable Board of Supervisors and the
Sacramento County Treasury Oversight Committee
County of Sacramento, California

We have performed the procedures enumerated below and on the next page to a selected sample of the County of Sacramento (County), non-pooled investments, for the quarter ended September 30, 2017. The County of Sacramento, Treasury Oversight Committee (Committee) is responsible for establishing and maintaining effective internal controls, and compliance with the governing investment policy documents for the non-pooled investments. The sufficiency of the procedures is solely the responsibility of the Committee. Consequently, we make no representation regarding the sufficiency of the procedures described below and on the next page either for the purpose for which this report has been requested or for any other purpose. This report is applicable solely to procedures referred to below and on the next page and is not intended to pertain to any of the Committee's other operations, procedures, or compliance with laws and regulations.

The procedures we performed for the non-pooled investments for the quarter ended September 30, 2017 are summarized as follows below and on the next page:

1. We inspected the organization chart and written internal control procedures for investment and accounting of non-pooled investments to identify any conflicts of interest and inadequate segregation of duties.

Finding: We did not note any exceptions as a result of our procedures.

2. We verified that the SunGard Financial Services, Inc., Advanced Portfolio System II non-pooled investment balances agreed with the custodian statements.

Finding: We did not note any exceptions as a result of our procedures.

3. We inspected the portfolio monitoring report for ten selected investments and tested for accuracy.

Finding: We did not note any exceptions as a result of our procedures.

4. We verified that investments were made in accordance with the governing investment policy documents as described on the next page:

Non-Pooled Investment Policy

Non-Pooled Investments primarily consist of investments purchased with proceeds from Mello Roos Bonds (MR), Revenue Bonds (REV), General Obligation Bonds (GO), Assessment District Bonds (AD), Community Facilities District Bonds (CFD), Certificates of Participation Notes (COPs), and Tobacco Securitization Proceeds (TSP). The investment policy for the bonds is set forth in either the bond resolution, the bond indenture or by the bond insurer (governing investment policy document). The investment policy for the Tobacco Securitization Proceed is set forth in the Tobacco Securitization bond resolution and bond indenture.

The majority of the bond investments are limited to those authorized by California Government Code Section 53601 et seq. Any other authorized investments are indicated in the governing investment policy document.

Finding: We did not note any exceptions as a result of our procedures.

5. We selected ten non-pooled investments based upon outstanding issues at July 1, 2017, that included any new issues since July 1, 2017 to inspect for compliance with the governing investment policy documents described at Procedure Number 4.

Finding: We did not note any exceptions as a result of our procedures. See Schedule I, *Sample of Non-Pooled Investments* for sample tested.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to, and did not perform an audit, examination, or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the Committee's non-pooled investments, or results of our procedures referred to above and on the previous page. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the County Board of Supervisors, County Treasury Oversight Committee and the Committee's management and should not be used for any other purpose. It is not intended to be, and should not be, used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Sincerely,

BEN LAMERA
DIRECTOR OF FINANCE



By: Alan A. Matré, C.P.A.
Chief of Audits

**COUNTY OF SACRAMENTO
SAMPLE OF NON-POOLED INVESTMENTS
FOR QUARTER ENDED SEPTEMBER 30, 2017**

<u>Issue</u> ⁽¹⁾	Book Value <u>09/30/17</u>	<u>% of Portfolio</u>
Sac City USD Series 2017E (GO)	\$ 118,466,524	18 %
Airport System 2009 C&D (REV)	21,856,724	3
Laguna Creek Refunding (MR)	3,555,233	1
Robla SD, Series 2015 A (GO)	2,699,110	<1
Center USD, Series 2016E (GO)	2,100,554	<1
Airport System 2008 D-E (REV)	1,940,411	<1
Metro Air Park (MR)	796,380	<1
REG SAN 2000 C SWAP (REV)	768,158	<1
Tobacco Settlement Ref 2005 (TSP)	513,600	<1
<i>SASD Upper Lateral Loan Prog (SEP)</i>	<u>464,675</u>	<u><1</u>
 Total internally managed Non-Pooled Investments tested ⁽²⁾	 <u>\$ 153,161,369</u>	 <u>Approx. 23%</u>

- (1) The selected sample of non-pooled investments for the quarter ended September 30, 2017 was selected based upon outstanding issues at July 1, 2017, plus any untested new issues since quarter ended July 1, 2017.
- (2) The total amount of internally managed non-pooled investments for the quarter ended September 30, 2017 was \$657,642,286.
- (3) The total amount of externally managed non-pooled investments for the quarter ended September 30, 2017 was \$21,651,919.

Fund Type

(GO) – General Obligation Bonds

(REV) – Revenue Bonds

(TSP) – Tobacco Securitization Proceeds

(MR) – Mello Roos Bonds

(SEP) – Funds Held For Unique Purposes

Indicates new issue

STATUS REPORT ON MEMBER POSITIONS.

Department of Finance

Ben Lamera
Director



Divisions

Administration
Auditor-Controller
Consolidated Utilities Billing & Service
Investments
Tax Collection & Business Licensing
Treasury

County of Sacramento

Inter-Departmental Memorandum

November 17, 2017

To: Treasury Oversight Committee

From: Ben Lamera 
Director of Finance

Subject: **STATUS REPORT ON MEMBER POSITIONS**

First District

On June 9, 2015, Jaspreet Singh was removed from the First District public member position for non-attendance. The Clerk of the Board is still advertising the vacancy and has not received any applications.

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DISCUSSION AND ACTION ON THE NON-POOLED FUNDS PORTFOLIO
REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 2017.



COUNTY OF SACRAMENTO

DEPARTMENT OF FINANCE

NON-POOLED FUNDS PORTFOLIO REPORT

FOR QUARTER ENDED SEPTEMBER 30, 2017

**COUNTY OF SACRAMENTO
DEPARTMENT OF FINANCE**

NON-POOLED FUNDS PORTFOLIO REPORT

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PORTFOLIO CONCENTRATION & CREDIT QUALITY

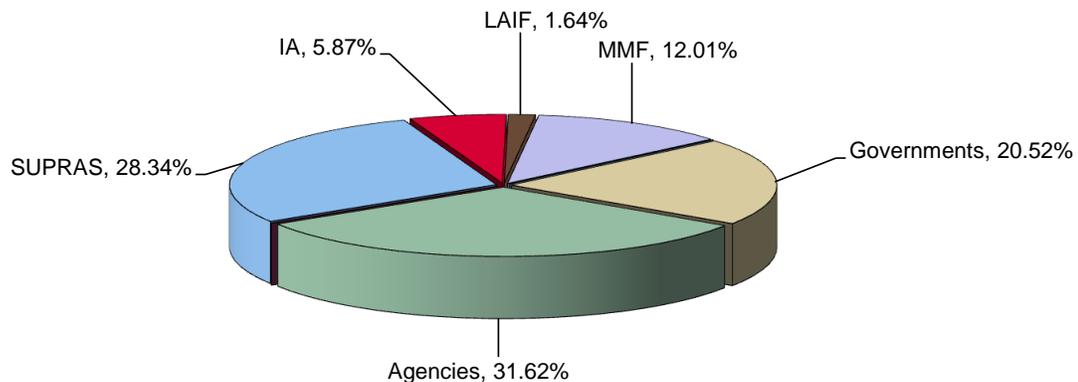
All Non-Pooled Funds	1
Appendix A: Detailed Listing Of Non-Pooled Funds	2
Appendix B: Glossary Of Investment Terms	3

COUNTY OF SACRAMENTO
Non-Pooled Funds - September 30, 2017

Portfolio Sector Concentration Profile
ALL NON-POOLED FUNDS

Sector	Credit Quality	Dollar Amount At Cost	Percent
GOVERNMENTS	AA+/Aaa/AAA		
Treasury Bills		\$ 136,646,988.15	20.12%
Treasury Notes		\$ -	0.00%
Treasury Bonds		\$ -	0.00%
SLGs		\$ 2,772,480.00	0.41%
SUBTOTAL		\$ 139,419,468.15	20.52%
AGENCIES	AA+/Aaa/AAA		
FHLB		\$ -	0.00%
FHLB Discount Notes		\$ 154,573,926.90	22.76%
FNMA		\$ -	0.00%
FNMA Discount Notes		\$ -	0.00%
FFCB		\$ -	0.00%
FFCB Discount Notes		\$ 40,117,892.71	5.91%
FHLMC		\$ -	0.00%
FHLMC Discount Notes		\$ 20,087,874.77	2.96%
SUBTOTAL		\$ 214,779,694.38	31.62%
COMMERCIAL PAPER (CP)	A-1/P-1, or A-1/P-1/F1, or better	\$ -	0.00%
CERTIFICATE OF DEPOSIT (CD)	A-1/P-1, or A-1/P-1/F1, or better	\$ -	0.00%
WASHINGTON SUPRANATIONALS (SUPRAS)	AAA/Aaa/AAA	\$ 192,503,536.04	28.34%
INVESTMENT AGREEMENTS (IA)	Not Rated	\$ 39,887,197.40	5.87%
LOCAL AGENCY INVESTMENT FUND (LAIF)	Not Rated	\$ 11,150,000.00	1.64%
MONEY MARKET FUNDS (MMF)	AAA	\$ 81,554,308.85	12.01%
SWEEP	Not Rated	\$ -	0.00%
TOTAL		\$ 679,294,204.82	100.00%

A detailed listing of all Non-Pooled Funds is provided in Appendix A on page 2 of this report.



County of Sacramento Non-Pooled Investment Funds

As of September 30, 2017

Fund	Description	Type	Funded Date	Maturity Date	Amount Issued	Book Value	Bond/Note TIC/NIC
Fiscal Agent Trustee Funds							
5030-35	REG SAN 2000 C SWAP	REV	1/2/2003	12/1/2030	100,000,000	768,158.44	3.740%
5174-75	Robla SD, Series 2015 A	GO	2/18/2015	8/1/2044	6,400,000	2,699,110.27	3.603%
5186-87	San Juan USD, Elec 12, Ser 17	GO	3/14/2017	8/1/2028	70,000,000	68,123,552.48	2.225%
5277	SASD Series 2015 Refunding	REV	5/5/2015	8/1/2035	45,435,000	126.35	3.392%
5340-45	2006 Public Facilities Projects	COP	5/11/2006	2/1/2036	40,860,000	2,231,006.08	4.708%
5367-69	North Vineyard No. 1 2016	MR	6/8/2016	9/1/2045	13,410,000	10,340,763.59	3.740%
5390-93	SRCSO REF 2005	REV	9/7/2005	12/1/2023	61,220,000	14.05	4.414%
5410	Tobacco Settlement Ref 2005	TSP	12/6/2005	6/1/2045	255,486,288	513,600.22	5.807%
5450-54	SRCSO 2006	REV	7/20/2006	12/1/2036	338,960,000	10,828,898.76	4.746%
5455-57	SRCSO 2014A	REV	7/10/2014	12/1/2044	378,510,000	21,625,427.75	3.823%
5510-14	Water Financing Authority	REV	5/9/2007	6/1/2039	413,420,000	25,716,252.87	4.260%
5520-23	Metro Air Park 2007B	MR	12/14/2007	8/1/2034	40,200,000	2,947,705.56	6.886%
5553	Center USD, Series 2016E	GO	8/16/2016	8/1/2031	4,996,601	2,100,554.24	2.744%
5624	Galt JUSD Series 2017	GO	6/21/2017	8/1/2046	16,000,000	15,877,994.36	3.590%
5630-33	Airport System 2008 A	REV	5/1/2008	7/1/2041	169,575,000	1,940,818.86	5.353%
5696-97	San Juan USD, Elec 02, Ser 17	GO	3/14/2017	8/1/2026	23,475,000	24,211,582.07	2.206%
5760-65	Airport System 2008 B-C	REV	5/1/2008	7/1/2039	326,620,000	4,519,890.65	5.353%
5770-73	Airport System 2008 D-E	REV	5/1/2008	7/1/2026	89,430,000	1,940,411.30	5.161%
5800-07	Airport System 2009 A&B	REV	7/28/2009	7/1/2041	201,800,000	13,258,339.23	5.473%
5810-15	Airport System 2009 C&D	REV	7/28/2009	7/1/2041	278,250,000	21,856,724.33	6.010%
5830-34	2010 Refunding COPs	COP	3/12/2010	2/1/2030	126,105,000	11,585,872.90	5.097%
5860-63	SASD Series 2010 A&B	REV	8/11/2010	8/1/2040	126,620,000	114.73	4.069%
5870-74	Airport System 2010	REV	8/25/2010	7/1/2040	128,300,000	10,870,269.61	4.744%
5890-92	San Juan USD, Elec 02, Ser 2011	GO	6/10/2011	6/1/2026	10,600,000	2,884,323.57	5.336%
5970-76	North Vineyard No. 2 2016	MR	6/8/2016	9/1/2046	23,155,000	8,476,285.46	4.036%
6040	SASD Upper Lateral Loan Prog	SEP	9/11/2017	n/a	500,000	464,675.47	n/a
6100-01	SAFCA CAD Series 2016 A&B	AD	12/7/2016	10/1/2047	278,195,000	95,144,773.66	3.977%
6120-25	FCUSD SFID #3,4,5	GO	12/22/2016	10/1/2041	83,000,000	43,139,915.18	4.114%
6130-31	San Juan USD, Elec 16, Ser 17	GO	3/14/2017	8/1/2019	39,920,000	28,811,980.86	1.201%
6303-04	Robla SD, Series 2015 B	GO	11/5/2015	8/1/2045	10,100,000	10,040,809.97	4.015%
6305-06	Robla SD, Series 2015 I	GO	11/4/2015	8/1/2037	2,000,000	1,986,401.42	4.072%
6310-12	Sac City USD Series 2015	GO	6/4/2015	8/1/2040	90,000,000	36,840,317.40	3.672%
6315-18	Sac City USD Series 2016	GO	6/8/2016	8/1/2041	14,000,000	11,880,133.93	2.904%
6350-55	Public Facilities, 94 (Coroner)	REV	10/25/1994	10/1/2024	89,500,000	6,463,075.00	6.494%
6440-00	LAIF, STA Transport. Authority	SEP	11/15/1995	n/a	n/a	11,150,000.00	n/a
6581-84	Elliott Ranch Refunding	MR	8/13/1997	9/1/2021	21,415,000	2,502,052.44	6.231%
6600-04	Laguna Creek Refunding	MR	12/30/1997	12/1/2020	31,980,000	3,555,232.67	5.751%
6680-86	Metro Air Park	MR	12/30/1998	12/1/2021	5,310,000	796,380.11	7.000%
6720-27	Regional Sanitation 2000-A/B	REV	6/22/2000	12/1/2027	386,845,000	2.58	5.628%
6820-23	Co. Sanitation Ser. 2001	REV	6/28/2001	12/1/2027	124,010,000	35.27	n/a
6890-92	Tobacco Settlement 01A/B	TSP	8/23/2001	6/1/2027	193,405,888	887,309.33	n/a
6980-84	Metro Air Park 2004 A	MR	4/8/2004	8/1/2034	63,460,000	7,289,326.12	6.890%
50A0	Airport System Refund 2016A	REV	12/21/2016	7/1/2041	89,000,000	1,117,627.93	4.332%
50B0	Airport System Refund 2016B	REV	12/21/2016	7/1/2041	92,790,000	1,164,973.00	4.373%
50C0	Sac City USD Series 2017E	GO	5/25/2017	5/1/2047	112,000,000	118,466,523.81	3.550%
50D0	Sac City USD Series 2017C	GO	5/25/2017	5/1/2047	10,000,000	10,622,941.72	3.599%
Book Value Subtotal Of Fiscal Agent Trustee Funds:						\$657,642,285.60	
Other Separate Trustees							
5410	Tobacco Securitization Authority 2005 Refunding						
	Collection Account		12/6/2005	6/1/2045		1,325.39	
	Operating Account		12/6/2005	6/1/2045		85,546.32	
	Sr Debt Service Account		12/6/2005	6/1/2045		5,762,419.92	
	Sr Liquidity Reserve Account		12/6/2005	6/1/2045		15,800,135.30	
	Sr Turbo Redemption Account		12/6/2005	6/1/2045		2,492.29	
	Subtotal					21,651,919.22	
Book Value Subtotal Of Funds Held By Other Separate Trustees:						\$21,651,919.22	
TOTAL NON-POOLED INVESTMENT FUNDS BOOK VALUE:						\$679,294,204.82	
New issues are reflected in blue.							
FUND TYPES:							
TSP - Tobacco Securitization Proceeds		MR - Mello Roos Bonds					
TR - Tax & Revenue Anticipation Notes		GO - General Obligation Bonds					
SEP - Funds held for unique purposes		AD - Assessment District Bonds					
REV - Revenue Bonds		COP - Certificates of Participation					
TC - Tax Collection Account							

GLOSSARY OF INVESTMENT TERMS

A-1+/A-1 – Highest short-term credit ratings assigned by Standard & Poor’s.

AAA – Highest long-term credit rating assigned by Standard & Poor’s and Fitch.

Aaa – Highest long-term credit rating assigned by Moody’s.

AA+ – Second highest long-term credit rating assigned by Standard & Poor’s and Fitch.

Cash in Pool – Residual amounts of money invested in the Pooled Investment Fund that cannot be reasonably invested in separate investment securities (amounts typically less than \$100,000 per fund).

F1+/F1 – Highest short-term credit ratings assigned by Fitch.

FFCB – Federal Farm Credit Bank

FHLB – Federal Home Loan Bank

FHLMC – Federal Home Loan Mortgage Corporation

FNMA – Federal National Mortgage Association

Investment Agreement – A contract between a bond issuer and a financial institution that provides the issuer with a guaranteed interest rate for the duration of the contract.

LAIF – Local Agency Investment Fund is the State of California Treasurer’s Pool, which is created under Section 16429.1 of the Government Code. The County uses this account as a late draw savings account and as investments for TRANs proceeds.

P-1 – Highest short-term credit rating assigned by Moody’s.

Sweep – A money market account at Wells Fargo that invests any residual dollars into overnight securities (similar to cash in pool).

Washington Supranational – A Washington, D.C.-based international organization formed by multiple central governments to promote economic development for the member countries.

DISCUSSION AND ACTION ON THE QUARTERLY REPORT OF THE POOLED
INVESTMENT FUND FOR THE QUARTER ENDED SEPTEMBER 30, 2017, AND
COMPLIANCE WITH INVESTMENT POLICY.



Quarterly Pooled Investment Fund Report

As Prescribed By
California Government Code Section 53646

For The Quarter Ended September 30, 2017

Compliance to Investment Policy

Based on the Director of Finance's Review Group Month-End Reports, there were no items out of compliance with the Calendar Year 2017 Investment Policy during the quarter ended September 30, 2017.

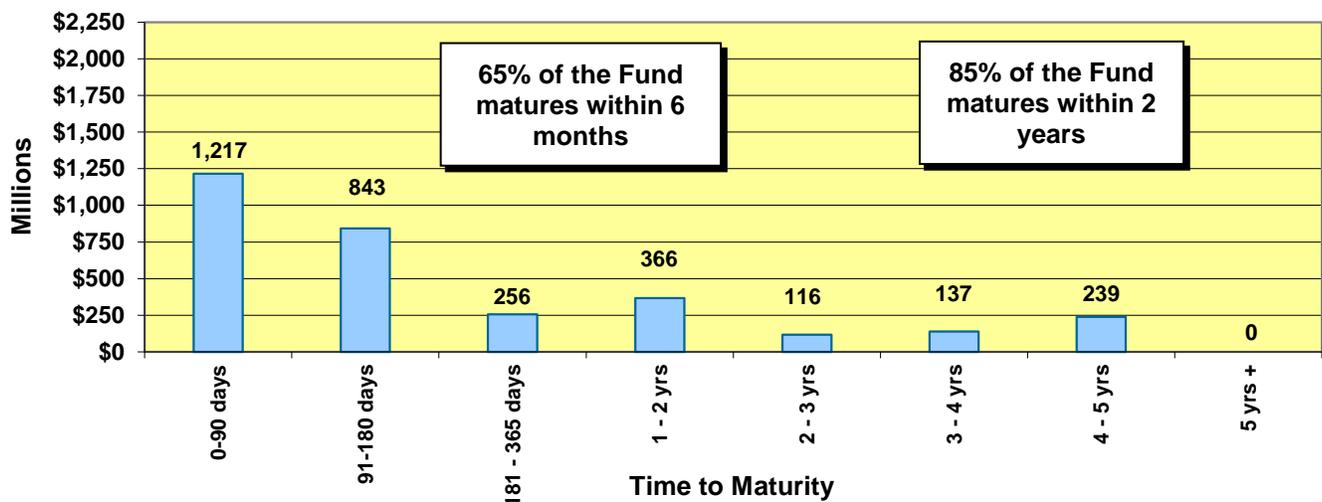
Portfolio Statistics	Quarter Ended 06/30/17	Quarter Ended 09/30/17
Average Daily Balance	\$3,872,198,711	\$3,331,146,624
Period-End Balance	\$3,918,146,360	\$3,173,198,716
Earned Interest Yield	1.14%	1.24%
Weighted Average Maturity	277 Days	340 Days
Duration in Years	0.743	0.912
Amortized Book Value	\$3,916,434,418	\$3,171,306,587
Market Value	\$3,917,739,101	\$3,170,962,315
Percent of Market to Cost	100.03%	99.99%

The earned interest yield presented above does not have any costs deducted. The investment management costs in prior years and this year continue to be approximately 8 basis points or 0.08%. The quarterly apportionment of earnings to participating funds will be made on a cash basis (as opposed to an accrual basis) for the first three quarters of the fiscal year. Earnings to participating funds will be annualized over the fiscal year based on a fund's cumulative average daily cash balance at each quarter end and fiscal year end. At fiscal year end (fourth quarter), the earnings of the Pool will be converted to an accrual basis for the fourth quarter earnings' allocation.

Portfolio Structure as of September 30, 2017¹

Investment Description	Percentage of Portfolio at Cost 06/30/17	Percentage of Portfolio at Cost 09/30/17	Percentage of Portfolio at Market 09/30/17	Earned Interest Yield at 09/30/17
<i>US Agency, Treasury & Municipal Notes (USATM):</i>				
<i>US Agency Notes</i>	25.82%	27.31%	27.26%	1.470%
<i>Notes/Discount Notes FFCB</i>	3.31%	6.14%	6.12%	1.402%
<i>Notes/Discount Notes FHLB</i>	14.58%	12.96%	12.96%	1.454%
<i>Notes/Discount Notes FNMA</i>	5.47%	6.44%	6.45%	1.587%
<i>Notes/Discount Notes FHLMC</i>	2.45%	1.77%	1.73%	1.404%
<i>US Treasury Notes</i>	0.00%	0.00%	0.00%	0.000%
<i>Municipal Notes</i>	0.58%	0.57%	0.57%	1.143%
Total USATM	26.40%	27.88%	27.83%	1.464%
Repurchase Agreements	0.00%	0.00%	0.00%	0.000%
Supranationals	13.26%	13.54%	13.49%	1.214%
Commercial Paper	29.38%	26.81%	26.89%	1.244%
Certificates of Deposit	29.30%	29.72%	29.74%	1.219%
LAIF	1.66%	2.05%	2.05%	1.084%
Money Market Accounts	0.00%	0.00%	0.00%	0.00%

POOLED INVESTMENT FUND MATURITIES AS OF SEPTEMBER 30, 2017
\$3.173 Billion



¹ Percentages may not add up to 100% due to rounding

Projected Cash Flow

Based upon our cash flow model projection dated October 11, 2017, summarized below, we have sufficient cash flow to meet expenditures for the next 12 months.

Month	Bank Balance	Receipts & Maturities	Disbursements	Difference	Less Investments Beyond One Year	Funds Available for Future Cash Flow Needs*
<i>Dollar amounts represented in millions</i>						
Oct	20.0	\$1,148.2	\$768.9	\$379.3	\$45.0	\$334.3
Nov	20.0	\$1,143.4	\$707.1	\$436.3	\$45.0	\$391.3
Dec	20.0	\$1,423.0	\$780.3	\$642.7	\$45.0	\$597.7
Jan	20.0	\$1,259.9	\$892.2	\$367.7	\$45.0	\$322.7
Feb	20.0	\$908.3	\$605.1	\$303.2	\$45.0	\$258.2
Mar	20.0	\$936.5	\$539.8	\$396.7	\$45.0	\$351.7
Apr	20.0	\$1,204.8	\$709.8	\$495.0	\$45.0	\$450.0
May	20.0	\$816.9	\$875.5	(\$58.6)	\$45.0	(\$103.6)
Jun	20.0	\$736.9	\$612.9	\$124.0	\$45.0	\$79.0
Jul	20.0	\$472.6	\$1,099.0	(\$626.4)	\$45.0	(\$671.4)
Aug	20.0	\$594.0	\$826.6	(\$232.6)	\$45.0	(\$277.6)
Sep	20.0	\$702.8	\$588.1	\$114.7	\$45.0	\$69.7

*Any excess net cash flow amounts in this column will be used to fund negative cash flow positions in later months.

Detailed Listing of Investments

A complete detailed listing of all investments for the Pooled Investment Fund as of September 30, 2017, is contained in the back of this report. This report notes the type of investment; name of the security; the CUSIP; the purchase date; the maturity date; the coupon and the yield; the par value, book value and market value of each security; the pricing source for the market value; and the duration of each security.

External third-party investment manager(s) at September 30, 2017:

<u>Investment</u>	<u>Firm</u>	<u>Amount</u>
Local Agency Investment Fund	State Treasurer's Office	\$65,000,000.00

The Fund uses an external investment accounting system called APS2 by FIS AvantGard. The market valuations are based upon the pricing of Interactive Data Corporation (IDC).

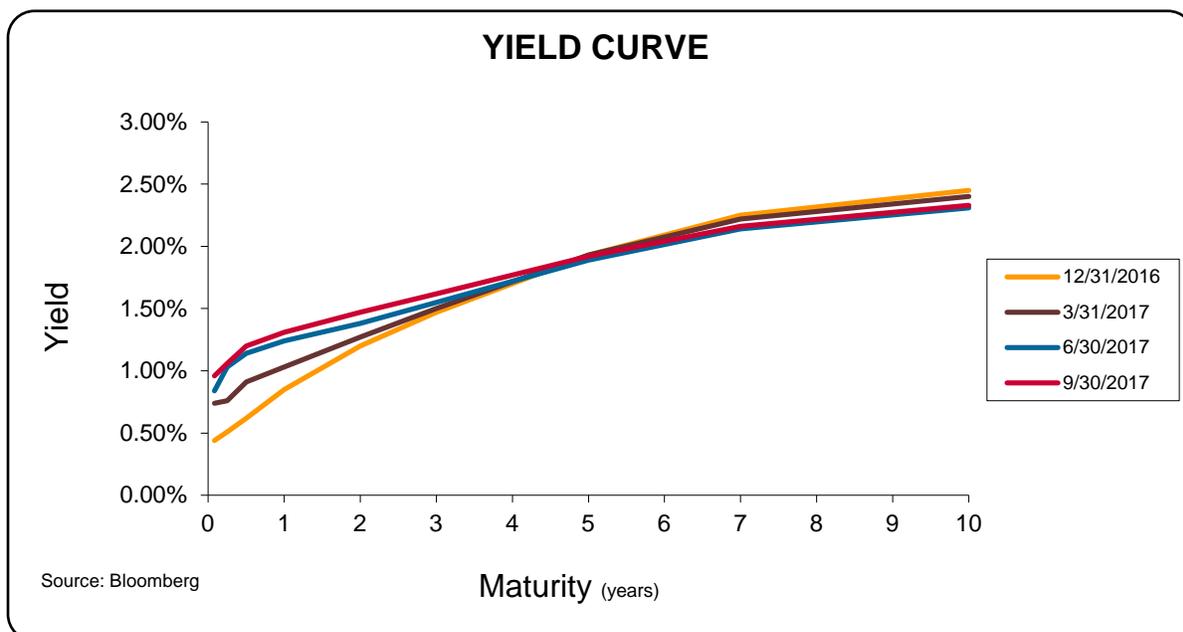
THIS COMPLETES THE QUARTERLY REPORT REQUIREMENTS OF CALIFORNIA GOVERNMENT CODE § 53646.

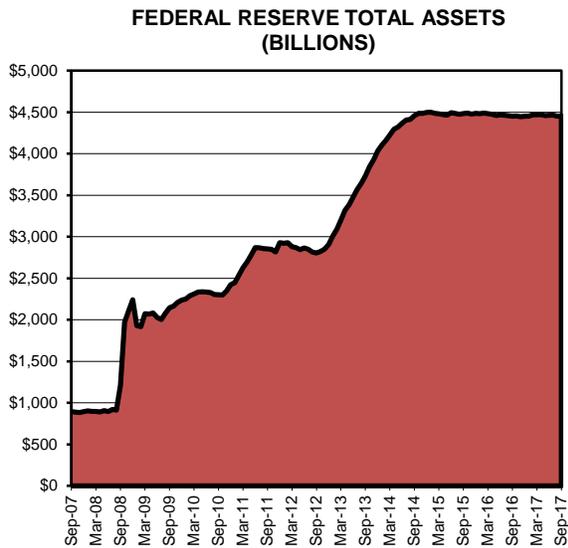
Financial Markets Commentary

On September 20, 2017, the Federal Open Market Committee (FOMC) unanimously voted to hold the overnight federal funds at a range of 1.00% to 1.25%. The FOMC has raised the rate two times so far this year and is expecting one more hike in December. The FOMC also announced that the start of the unwinding of their \$4.5 trillion Federal Reserve balance sheet will begin in late October. The strategy is to let \$6 billion in US Treasury bills and \$4 billion in mortgage-back securities (MBS) roll off every month and gradually increase the amount to \$30 billion US Treasuries and \$20 billion MBS per month. A projected reduction of \$600 billion by the end of next year would be a significant tightening of the money supply beyond any changes to the federal funds rate.

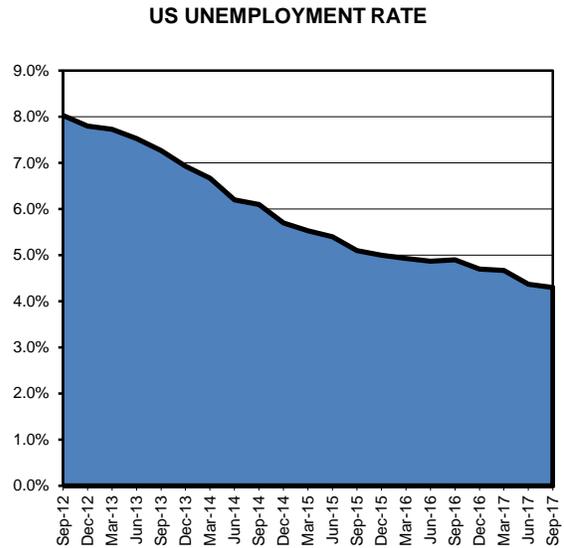
The FOMC still expresses confidence the US economy is at or near full employment and inflation expectations will near their 2 percent target. Economic releases over the next several months are going to be clouded because of the devastating hurricanes that affected large chunks of the US economy including Texas and Florida. The US unemployment rate fell to its lowest level since 2001 at 4.2% in September despite hurricane induced job losses. Average hourly wages accelerated but were attributed to temporary stimulus from hurricane relief efforts. Food and energy prices increased from disruptions to the supply chain and may filter through to core inflation measures, at least temporarily.

The Federal Reserve expects a modest, gradual upward trend in interest rates with a forecast of three quarter-point rate hikes in 2018, two in 2019, and normalizing in 2020 at a range of 2.75% to 3.00%. The interest rate forecast and future FOMC actions on its balance sheet will be data dependent as repeatedly stated by the FOMC and Chair Yellen. An important caveat to the current FOMC policy stance and forecast is that Federal Reserve Chair Janet Yellen's term will expire in February 2018 and three positions on the committee remain vacant, and the makeup of the committee could be dramatically altered by President Trump's nominations. Over the next several quarters, we still expect the yield on the Pooled Investment Fund to rise at a moderate pace.





Source: Bloomberg



Source: Bloomberg

Portfolio Management Strategy

During the past quarter, we continued to provide adequate liquidity to meet the cash flow needs of the Pooled Investment Fund participants. We are currently funding the cash flows for February 2018. We are purchasing two- and five-year U. S. Treasury, U.S. Agency, and Washington Supranational securities on a monthly basis for the “CORE” portfolio, which is composed of all securities maturing beyond one year. This laddered structure stabilizes the yield over longer periods. Over the next quarter, our quarterly yield should range between 1.35% and 1.45%.

Respectfully submitted,
Bernard Santo Domingo
Chief Investment Officer

Concur,
Ben Lamera
Director of Finance

Attachment County of Sacramento Short-Term Investment Portfolio

Release Date: October 19, 2017

COUNTY OF SACRAMENTO
SHORT-TERM INVESTMENT PORTFOLIO
POOLED FUNDS
AS OF 09/30/2017

<u>DESCRIPTION</u>	<u>CUSIP</u>	<u>PURCHASE DATE</u>	<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>TRADING YIELD</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>SOURCE</u>	<u>DURATION (YEARS)</u>
VR-SAC COUNTY 13-14		12/10/2013	8/1/2018	1.143%	1.143%	1,706,729.18	1,706,729.18	1,706,729.18	BOOK	0.835
VR-SAC COUNTY 14-15		12/9/2014	8/1/2019	1.143%	1.143%	3,924,569.67	3,924,569.67	3,924,569.67	BOOK	1.830
VR-SAC COUNTY 15-16		10/27/2015	8/3/2020	1.143%	1.143%	5,068,162.17	5,068,162.17	5,068,162.17	BOOK	2.827
VR-SAC COUNTY 16-17		11/1/2016	8/2/2021	1.143%	1.143%	7,411,964.46	7,411,964.46	7,411,964.46	BOOK	3.788
TOTAL VARIABLE RATE(MUNI)QUARTERLY				1.143%	1.143%	18,111,425.48	18,111,425.48	18,111,425.48		2.817
						0.57%	0.57%	0.57%		
FFCB NOTE (330)	3133EFWW3	1/27/2016	12/27/2017	0.875%	0.949%	5,000,000.00	4,993,000.00	4,998,500.00	SUNGARD	0.241
FFCB NOTE (260)	3133EFVC8	1/25/2016	1/19/2018	1.000%	0.952%	20,000,000.00	20,018,800.00	19,990,800.00	SUNGARD	0.304
FFCB NOTE (170)	3133EGJ48	11/16/2016	11/16/2018	0.890%	0.982%	25,000,000.00	24,954,500.00	24,848,750.00	SUNGARD	1.121
FFCB NOTE (45)	3133EG2S3	1/5/2017	1/3/2019	1.280%	1.301%	25,000,000.00	24,989,750.00	24,939,500.00	SUNGARD	1.249
FFCB NOTE (120)	3133EHUK7	8/14/2017	8/14/2019	1.400%	1.448%	25,000,000.00	24,976,450.00	24,925,750.00	SUNGARD	1.851
FFCB NOTE (170)	3133EHYJ6	9/12/2017	9/12/2019	1.375%	1.398%	25,000,000.00	24,988,500.00	24,913,500.00	SUNGARD	1.930
FFCB NOTE (260)	3133EE5Z9	8/28/2015	8/4/2020	1.750%	1.700%	10,000,000.00	10,023,500.00	10,014,400.00	SUNGARD	2.780
FFCB NOTE (120)	3133EFLZ8	10/28/2015	10/28/2020	1.460%	1.460%	5,000,000.00	5,000,000.00	4,962,950.00	SUNGARD	3.003
FFCB NOTE (86)	3133EFLZ8	10/28/2015	10/28/2020	1.460%	1.460%	5,000,000.00	5,000,000.00	4,962,950.00	SUNGARD	3.003
FFCB NOTE (85)	3133EFYZ4	2/18/2016	2/10/2021	1.375%	1.495%	10,000,000.00	9,942,600.00	9,799,900.00	SUNGARD	3.290
FFCB NOTE (260)	3133EHTS2	8/9/2017	8/3/2022	1.900%	1.895%	20,000,000.00	20,004,700.00	19,925,200.00	SUNGARD	4.635
FFCB NOTE (120)	3133EHYR8	9/14/2017	9/13/2022	1.750%	1.849%	20,000,000.00	19,906,200.00	19,755,800.00	SUNGARD	4.761
TOTAL FED FARM CREDIT BONDS(FFCB)				1.368%	1.402%	195,000,000.00	194,798,000.00	194,038,000.00		2.254
						6.14%	6.14%	6.12%		
FHLB NOTE (30)	3130A6LZ8	10/9/2015	10/26/2017	0.625%	0.724%	25,000,000.00	24,949,750.00	24,993,250.00	SUNGARD	0.071
FHLB NOTE (120)	3130A6RD1	11/4/2015	11/3/2017	0.850%	0.852%	25,000,000.00	24,999,250.00	24,996,250.00	SUNGARD	0.093
FHLB NOTE (330)	3130A6SW8	12/4/2015	12/19/2017	1.000%	1.067%	25,000,000.00	24,966,250.00	24,995,750.00	SUNGARD	0.219
FHLB NOTE (120)	313378A43	4/26/2013	3/9/2018	1.375%	0.843%	5,000,000.00	5,126,600.00	5,004,350.00	SUNGARD	0.438
FHLB NOTE (76)	313379DT3	6/10/2013	6/8/2018	1.250%	1.265%	5,000,000.00	4,996,500.00	4,998,750.00	SUNGARD	0.686
FHLB NOTE (85)	313373UU4	7/25/2013	6/8/2018	2.750%	1.615%	5,000,000.00	5,264,700.00	5,049,350.00	SUNGARD	0.682
FHLB NOTE (120)	313376BR5	12/24/2013	12/14/2018	1.750%	1.778%	5,000,000.00	4,993,400.00	5,018,000.00	SUNGARD	1.193
FHLB NOTE (120)	313376BR5	12/1/2016	12/14/2018	1.750%	1.209%	25,000,000.00	25,271,375.00	25,090,000.00	SUNGARD	1.193
FHLB NOTE (170)	3130AAS41	2/8/2017	2/8/2019	1.270%	1.278%	25,000,000.00	24,996,000.00	24,907,000.00	SUNGARD	1.346
FHLB NOTE (170)	3133782M2	3/2/2017	3/8/2019	1.500%	1.397%	25,000,000.00	25,051,150.00	25,010,750.00	SUNGARD	1.428
FHLB NOTE (20)	3130A2FH4	6/18/2014	6/14/2019	1.750%	1.853%	5,000,000.00	4,975,473.25	5,015,900.00	SUNGARD	1.680
FHLB NOTE (330)	3130A2FH4	8/1/2014	6/14/2019	1.750%	1.889%	5,000,000.00	4,967,750.00	5,015,900.00	SUNGARD	1.680
FHLB NOTE (120)	313379EE5	6/2/2017	6/14/2019	1.625%	1.389%	25,000,000.00	25,117,950.00	25,041,250.00	SUNGARD	1.682
FHLB NOTE (170)	3130ABRP3	7/12/2017	7/12/2019	1.450%	1.491%	25,000,000.00	24,979,875.00	24,950,000.00	SUNGARD	1.762
FHLB NOTE (120)	313383VN8	9/15/2014	9/13/2019	2.000%	1.884%	10,000,000.00	10,055,231.70	10,090,400.00	SUNGARD	1.923

COUNTY OF SACRAMENTO
SHORT-TERM INVESTMENT PORTFOLIO
POOLED FUNDS
AS OF 09/30/2017

<u>DESCRIPTION</u>	<u>CUSIP</u>	<u>PURCHASE DATE</u>	<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>TRADING YIELD</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>SOURCE</u>	<u>DURATION (YEARS)</u>
FHLB NOTE (330)	313383VN8	10/20/2014	9/13/2019	2.000%	1.653%	10,000,000.00	10,162,300.00	10,090,400.00	SUNGARD	1.923
FHLB NOTE (120)	3130A0JR2	12/16/2014	12/13/2019	2.375%	1.713%	10,000,000.00	10,315,650.00	10,170,200.00	SUNGARD	2.145
FHLB NOTE (20)	313378J77	4/23/2015	3/13/2020	1.875%	1.455%	10,000,000.00	10,197,500.00	10,059,300.00	SUNGARD	2.407
FHLB NOTE (120)	313383HU8	6/12/2015	6/12/2020	1.750%	1.903%	10,000,000.00	9,927,290.00	10,016,600.00	SUNGARD	2.636
FHLB NOTE (45)	313383HU8	7/14/2015	6/12/2020	1.750%	1.851%	10,000,000.00	9,952,800.00	10,016,600.00	SUNGARD	2.636
FHLB NOTE (330)	3130A5Z77	9/28/2015	7/29/2020	1.830%	1.600%	10,000,000.00	10,106,700.00	10,030,000.00	SUNGARD	2.764
FHLB NOTE (45)	3130AABG2	12/16/2016	11/29/2021	1.875%	2.228%	20,000,000.00	19,670,800.00	20,016,400.00	SUNGARD	3.999
FHLB NOTE (170)	313378CR0	3/13/2017	3/11/2022	2.250%	2.129%	20,000,000.00	20,114,200.00	20,261,000.00	SUNGARD	4.253
FHLB NOTE (120)	313379Q69	6/13/2017	6/10/2022	2.125%	1.888%	20,000,000.00	20,225,000.00	20,127,800.00	SUNGARD	4.466
FHLB NOTE (120)	3130ABS23	7/14/2017	7/14/2022	2.000%	2.000%	20,000,000.00	20,000,000.00	19,988,000.00	SUNGARD	4.572
TOTAL FED HOME LOAN BANKS				1.596%	1.491%	380,000,000.00	381,383,494.95	380,953,200.00		1.938
						11.96%	12.02%	12.01%		
FNMA NOTE (76)	3135G0PQ0	10/26/2012	10/26/2017	0.875%	0.959%	5,000,000.00	4,979,550.00	4,999,450.00	SUNGARD	0.071
FNMA NOTE (77)	3135G0RT2	12/20/2012	12/20/2017	0.875%	0.885%	5,000,000.00	4,997,550.00	4,997,600.00	SUNGARD	0.222
FNMA NOTE (92)	3135G0TG8	2/28/2013	2/8/2018	0.875%	0.894%	5,000,000.00	4,995,435.00	4,993,350.00	SUNGARD	0.359
FNMA NOTE (330)	3135G0J61	3/4/2016	3/28/2018	0.875%	0.933%	25,000,000.00	24,970,250.00	24,962,750.00	SUNGARD	0.490
FNMA NOTE (76)	3135G0WJ8	5/21/2013	5/21/2018	0.875%	1.013%	5,000,000.00	4,966,370.00	4,987,200.00	SUNGARD	0.639
FNMA NOTE (120)	3135G0YM9	9/18/2013	9/18/2018	1.875%	2.091%	10,000,000.00	9,897,900.00	10,048,500.00	SUNGARD	0.962
FNMA NOTE (85)	3135G0YT4	11/27/2013	11/27/2018	1.625%	1.578%	10,000,000.00	10,022,500.00	10,013,000.00	SUNGARD	1.146
FNMA NOTE (330)	3135G0ZA4	2/21/2014	2/19/2019	1.875%	1.724%	10,000,000.00	10,071,800.00	10,055,600.00	SUNGARD	1.372
FNMA NOTE (330)	3135G0ZY2	11/26/2014	11/26/2019	1.750%	1.836%	10,000,000.00	9,958,950.00	10,038,000.00	SUNGARD	2.113
FNMA NOTE (20)	3135G0A78	1/30/2015	1/21/2020	1.625%	1.431%	10,000,000.00	10,092,965.20	10,012,600.00	SUNGARD	2.268
FNMA NOTE (120)	3135G0A78	2/13/2015	1/21/2020	1.625%	1.658%	10,000,000.00	9,984,400.00	10,012,600.00	SUNGARD	2.268
FNMA (330)	3135G0UU5	3/24/2015	3/6/2020	1.750%	1.544%	10,000,000.00	10,097,580.00	10,027,600.00	SUNGARD	2.390
FNMA NOTE (120)	3135G0H55	12/28/2015	12/28/2020	1.875%	1.836%	10,000,000.00	10,018,400.00	10,051,600.00	SUNGARD	3.148
FNMA NOTE (20)	3135G0Q89	10/13/2016	10/7/2021	1.375%	1.497%	20,000,000.00	19,883,440.00	19,622,600.00	SUNGARD	3.898
FNMA NOTE (45)	3135G0Q89	11/16/2016	10/7/2021	1.375%	1.775%	20,000,000.00	19,626,600.00	19,622,600.00	SUNGARD	3.897
FNMA NOTE (45)	3135G0S38	1/17/2017	1/5/2022	2.000%	2.043%	20,000,000.00	19,959,800.00	20,050,800.00	SUNGARD	4.090
FNMA NOTE (120)	3135G0T45	5/9/2017	4/5/2022	1.875%	2.005%	20,000,000.00	19,878,800.00	19,954,600.00	SUNGARD	4.315
TOTAL FED NAT MORT ASSOC				1.522%	1.587%	205,000,000.00	204,402,290.20	204,450,450.00		2.432
						6.45%	6.44%	6.45%		
FHLB D.N. (50)	313385MN3	9/29/2017	10/4/2017	0.975%	0.975%	30,000,000.00	29,995,937.50	29,998,500.00	SUNGARD	0.011
TOTAL FHLB DISC NOTES				0.975%	0.975%	30,000,000.00	29,995,937.50	29,998,500.00		0.011
						0.94%	0.95%	0.95%		

COUNTY OF SACRAMENTO
SHORT-TERM INVESTMENT PORTFOLIO
POOLED FUNDS
AS OF 09/30/2017

<u>DESCRIPTION</u>	<u>CUSIP</u>	<u>PURCHASE DATE</u>	<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>TRADING YIELD</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>SOURCE</u>	<u>DURATION (YEARS)</u>
FHLMC NOTE (92)	3137EABA6	11/28/2012	11/17/2017	5.125%	0.800%	5,000,000.00	6,051,620.00	5,025,300.00	SUNGARD	0.131
FHLMC NOTE (88)	3137EADN6	1/28/2013	1/12/2018	0.750%	0.963%	5,000,000.00	4,948,575.00	4,994,150.00	SUNGARD	0.285
FHLMC NOTE (86)	3137EADP1	3/12/2013	3/7/2018	0.875%	1.028%	5,000,000.00	4,962,900.00	4,992,900.00	SUNGARD	0.433
FHLMC NOTE (120)	3137EACA5	3/27/2014	3/27/2019	3.750%	1.832%	5,000,000.00	5,456,250.00	5,165,400.00	SUNGARD	1.465
FHLMC NOTE (120)	3137EADG1	5/30/2014	5/30/2019	1.750%	1.655%	10,000,000.00	10,045,460.00	10,043,500.00	SUNGARD	1.641
FHLMC NOTE (85)	3137EADK2	8/20/2014	8/1/2019	1.250%	1.727%	5,000,000.00	4,887,300.00	4,976,250.00	SUNGARD	1.817
FHLMC NOTE (120)	3137EADR7	5/20/2015	5/1/2020	1.375%	1.625%	10,000,000.00	9,881,500.00	9,945,400.00	SUNGARD	2.535
FHLMC NOTE (170)	3137EAEC9	8/17/2016	8/12/2021	1.125%	1.314%	10,000,000.00	9,908,900.00	9,745,800.00	SUNGARD	3.789
TOTAL FHLMC				1.923%	1.404%	55,000,000.00	56,142,505.00	54,888,700.00		1.787
						1.73%	1.77%	1.73%		
IFC NOTE (45)	45950VHL3	2/11/2016	2/12/2018	0.850%	0.850%	25,000,000.00	25,000,000.00	24,952,500.00	SUNGARD	0.370
IFC NOTE (45)	45950VJB3	4/18/2016	4/18/2018	0.876%	0.876%	25,000,000.00	25,000,000.00	25,000,000.00	SUNGARD	0.548
IFC NOTE (45)	45950VJD9	5/12/2016	5/12/2018	0.870%	0.870%	25,000,000.00	25,000,000.00	25,000,000.00	SUNGARD	0.615
IBRD NOTE (45)	45905UWZ3	6/20/2016	6/20/2018	0.890%	0.890%	25,000,000.00	25,000,000.00	24,924,750.00	SUNGARD	0.720
IFC NOTE (45)	45950KCC2	7/18/2016	7/16/2018	1.250%	0.816%	9,000,000.00	9,077,130.00	8,984,430.00	SUNGARD	0.791
IBRD NOTE (170)	45905UUL6	7/14/2016	7/26/2018	1.200%	0.841%	16,000,000.00	16,115,520.00	16,115,520.00	SUNGARD	0.819
IFC NOTE (45)	45950VJR8	8/12/2016	8/12/2018	0.880%	0.880%	25,000,000.00	25,000,000.00	24,881,000.00	SUNGARD	0.864
IFC NOTE (170)	45950VJY3	9/15/2016	9/14/2018	0.925%	0.925%	25,000,000.00	25,000,000.00	24,878,250.00	SUNGARD	0.953
IADB NOTE (23)	4581X0CK2	10/7/2016	9/25/2018	1.500%	0.991%	14,000,000.00	14,138,320.00	14,004,480.00	SUNGARD	0.982
IBRD NOTE (45)	459058ER0	10/7/2016	10/5/2018	1.000%	0.977%	11,000,000.00	11,005,060.00	10,956,880.00	SUNGARD	1.006
IBRD NOTE (20)	459058DL4	4/11/2017	3/15/2019	1.876%	1.412%	25,000,000.00	25,219,750.00	25,122,500.00	SUNGARD	1.444
IADB NOTE (45)	458182DX7	5/8/2017	5/13/2019	1.000%	1.438%	25,000,000.00	24,783,500.00	24,738,750.00	SUNGARD	1.604
IADB NOTE (45)	4581X0CD8	11/12/2015	11/9/2020	2.125%	1.887%	10,000,000.00	10,112,900.00	10,084,100.00	SUNGARD	3.000
IBRD NOTE (45)	45905UUY8	2/4/2016	2/4/2021	1.550%	1.550%	10,000,000.00	10,000,000.00	9,841,900.00	SUNGARD	3.265
IBRD NOTE (45)	459058EW9	3/9/2016	3/9/2021	1.626%	1.667%	10,000,000.00	9,979,880.00	9,925,500.00	SUNGARD	3.358
IBRD NOTE(45)	459058EW9	4/22/2016	3/9/2021	1.626%	1.413%	10,000,000.00	10,099,780.00	9,925,500.00	SUNGARD	3.358
IBRD NOTE (170)	459058FH1	5/24/2016	5/24/2021	1.376%	1.376%	10,000,000.00	9,980,400.00	9,820,500.00	SUNGARD	3.556
IBRD NOTE (170)	459058FH1	6/17/2016	5/24/2021	1.376%	1.376%	10,000,000.00	10,030,300.00	9,820,500.00	SUNGARD	3.556
IBRD NOTE (170)	45905UXP4	7/26/2016	7/26/2021	1.300%	1.305%	10,000,000.00	9,997,500.00	9,692,300.00	SUNGARD	3.733
IADB NOTE (170)	4581X0CV8	9/16/2016	9/14/2021	1.250%	1.439%	20,000,000.00	19,818,800.00	19,460,200.00	SUNGARD	3.869
IBRD NOTE (85)	459058DY6	2/15/2017	2/10/2022	1.626%	2.177%	20,000,000.00	19,481,600.00	19,688,400.00	SUNGARD	4.217
IBRD NOTE (170)	45905UH23	4/27/2017	4/27/2022	1.930%	1.942%	20,000,000.00	19,989,000.00	19,989,000.00	SUNGARD	4.365
TOTAL SUPRANATIONALS				1.244%	1.224%	380,000,000.00	379,829,440.00	377,806,960.00		1.865
						11.96%	11.97%	11.91%		

COUNTY OF SACRAMENTO
SHORT-TERM INVESTMENT PORTFOLIO
POOLED FUNDS
AS OF 09/30/2017

<u>DESCRIPTION</u>	<u>CUSIP</u>	<u>PURCHASE DATE</u>	<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>TRADING YIELD</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>SOURCE</u>	<u>DURATION (YEARS)</u>
IBRD D.N. (330)	459053PY4	6/27/2017	12/1/2017	1.130%	1.136%	50,000,000.00	49,753,597.22	49,913,500.00	SUNGARD	0.170
TOTAL SUPRANATIONALS D.N.				1.130%	1.136%	50,000,000.00	49,753,597.22	49,913,500.00		0.170
						1.57%	1.57%	1.57%		
CP-BK OF MONTREAL(45)	06366GX38	5/2/2017	10/3/2017	1.150%	1.156%	35,000,000.00	34,827,819.44	34,997,666.67	SUNGARD	0.008
CP-BANK OF MONTREAL(45)	06366GX46	5/5/2017	10/4/2017	1.120%	1.125%	40,000,000.00	39,810,844.44	39,996,000.00	SUNGARD	0.011
CP-BK OF MONTREAL(45)	06366GX61	5/3/2017	10/6/2017	1.150%	1.156%	45,000,000.00	44,775,750.00	44,992,500.00	SUNGARD	0.016
CP-APPLE (85)	03785DY18	5/26/2017	11/1/2017	1.080%	1.085%	35,000,000.00	34,833,050.00	34,963,833.33	SUNGARD	0.088
CP-TORONTO (20)	89116EY23	6/2/2017	11/2/2017	1.200%	1.206%	20,000,000.00	19,898,000.00	19,978,666.67	SUNGARD	0.090
CP-MICROSOFT (85)	59515MY66	6/6/2017	11/6/2017	1.120%	1.125%	25,000,000.00	24,881,000.00	24,970,000.00	SUNGARD	0.101
CP-TORONTO (20)	89116EY80	6/14/2017	11/8/2017	1.330%	1.337%	30,000,000.00	29,837,075.00	29,962,000.00	SUNGARD	0.107
CP-TOYOTA (270)	89233GYD2	6/16/2017	11/13/2017	1.210%	1.216%	30,000,000.00	29,848,750.00	29,957,000.00	SUNGARD	0.120
CP-TORONTO (20)	89116EYN7	7/3/2017	11/22/2017	1.260%	1.266%	30,000,000.00	29,850,900.00	29,948,000.00	SUNGARD	0.145
CP-TOYOTA (270)	89233GZ41	7/25/2017	12/4/2017	1.280%	1.286%	65,000,000.00	64,694,933.33	64,859,022.22	SUNGARD	0.178
CP-COCA COLA (85)	19121BA25	7/28/2017	1/2/2018	1.270%	1.277%	50,000,000.00	49,721,305.56	49,837,250.00	SUNGARD	0.257
CP-TOYOTA (270)	89233HA87	8/9/2017	1/8/2018	1.300%	1.307%	25,000,000.00	24,862,777.78	24,913,375.00	SUNGARD	0.274
CP-APPLE (85)	03785EAA2	8/21/2017	1/10/2018	1.260%	1.266%	20,000,000.00	19,900,600.00	19,929,300.00	SUNGARD	0.279
CP-TOYOTA (270)	89233HAB0	8/25/2017	1/11/2018	1.290%	1.296%	15,000,000.00	14,925,287.50	14,946,450.00	SUNGARD	0.282
CP-COCA COLA (85)	19121BAB5	9/1/2017	1/11/2018	1.250%	1.256%	15,000,000.00	14,931,250.00	14,946,450.00	SUNGARD	0.282
CP-APPLE (85)	03785EAC8	8/18/2017	1/12/2018	1.260%	1.267%	20,000,000.00	19,897,100.00	19,927,900.00	SUNGARD	0.285
CP-APPLE (85)	03785EAC8	8/21/2017	1/12/2018	1.260%	1.266%	20,000,000.00	19,899,200.00	19,927,900.00	SUNGARD	0.285
CP-TOYOTA (270)	89233HAG9	8/28/2017	1/16/2018	1.290%	1.297%	20,000,000.00	19,898,950.00	19,925,100.00	SUNGARD	0.296
CP-TORONTO (20)	89116FAJ9	9/5/2017	1/18/2018	1.300%	1.306%	40,000,000.00	39,805,000.00	39,847,400.00	SUNGARD	0.301
CP-TORONTO (20)	89116FAP5	9/18/2017	1/23/2018	1.280%	1.286%	15,000,000.00	14,932,266.67	14,940,150.00	SUNGARD	0.315
CP-TORONTO (20)	89116FAQ3	9/19/2017	1/24/2018	1.280%	1.286%	10,000,000.00	9,954,844.44	9,959,750.00	SUNGARD	0.318
CP-COCA COLA (85)	19121BAS8	9/5/2017	1/26/2018	1.280%	1.287%	45,000,000.00	44,771,200.00	44,815,725.00	SUNGARD	0.323
CP-MICROSOFT (85)	59515NAS2	9/12/2017	1/26/2018	1.220%	1.226%	15,000,000.00	14,930,866.67	14,938,575.00	SUNGARD	0.323
CP-MICROSOFT (85)	59515NAS2	9/13/2017	1/26/2018	1.220%	1.226%	30,000,000.00	29,862,750.00	29,877,150.00	SUNGARD	0.323
CP-MICROSOFT (85)	59515NAS2	9/13/2017	1/26/2018	1.220%	1.226%	50,000,000.00	49,771,250.00	49,795,250.00	SUNGARD	0.323
CP-COCA COLA (85)	19121BAS8	9/20/2017	1/26/2018	1.240%	1.245%	30,000,000.00	29,867,733.33	29,877,150.00	SUNGARD	0.323
CP-GE CAP TREAS (118)	36164KB75	9/21/2017	2/7/2018	1.290%	1.296%	35,000,000.00	34,825,670.83	34,835,704.17	SUNGARD	0.356
CP-GE CAP TREAS (118)	36164KBG5	9/25/2017	2/16/2018	1.320%	1.327%	45,000,000.00	44,762,400.00	44,774,025.00	SUNGARD	0.381
TOTAL COMMERCIAL PAPER DISC				1.238%	1.244%	855,000,000.00	850,778,574.99	852,639,293.06		0.219
						26.92%	26.81%	26.89%		
CD-RABOBANK (280)	21685VXT1	4/13/2017	10/2/2017	1.190%	1.190%	20,000,000.00	20,000,000.00	20,000,093.13	SUNGARD	0.005
CD-SVENSKA (260)	86958JLW7	4/18/2017	10/2/2017	1.155%	1.150%	25,000,000.00	25,000,576.78	25,000,068.30	SUNGARD	0.005

COUNTY OF SACRAMENTO
SHORT-TERM INVESTMENT PORTFOLIO
POOLED FUNDS
AS OF 09/30/2017

<u>DESCRIPTION</u>	<u>CUSIP</u>	<u>PURCHASE DATE</u>	<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>TRADING YIELD</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>SOURCE</u>	<u>DURATION (YEARS)</u>
CD-NORDEA (260)	65590AGA8	4/28/2017	10/2/2017	1.120%	1.120%	30,000,000.00	30,000,000.00	30,000,024.49	SUNGARD	0.005
CD-SVENSKA (260)	86958JMS5	5/2/2017	10/2/2017	1.155%	1.150%	25,000,000.00	25,000,528.67	25,000,068.98	SUNGARD	0.005
CD-SVENSKA (260)	86958JMU0	5/5/2017	10/2/2017	1.175%	1.170%	15,000,000.00	15,000,310.98	15,000,058.07	SUNGARD	0.005
CD-ROYAL BK CANADA(260)	78009NT48	5/9/2017	10/6/2017	1.135%	1.135%	25,000,000.00	25,000,000.00	25,000,125.00	SUNGARD	0.016
CD-ROYAL BK CANADA (260)	78009NT55	5/10/2017	10/10/2017	1.135%	1.135%	40,000,000.00	40,000,000.00	40,000,333.68	SUNGARD	0.027
CD-SKANDINAVISKA(260)	83050FUL3	5/12/2017	10/12/2017	1.140%	1.140%	30,000,000.00	30,000,000.00	30,000,350.76	SUNGARD	0.033
CD-SKANDINAVISKA (120)	83050FUS8	5/15/2017	10/16/2017	1.140%	1.140%	30,000,000.00	30,000,000.00	30,000,469.01	SUNGARD	0.044
CD-SKANDINAVISKA (120)	83050FUY5	5/17/2017	10/20/2017	1.140%	1.140%	40,000,000.00	40,000,000.00	40,000,783.14	SUNGARD	0.055
CD-SKANDINAVISKA (260)	83050FVA6	5/18/2017	10/23/2017	1.140%	1.140%	25,000,000.00	25,000,000.00	25,000,563.38	SUNGARD	0.063
CD-ROYAL BK CANADA (260)	78009NT71	5/22/2017	10/24/2017	1.125%	1.125%	30,000,000.00	30,000,000.00	30,000,409.64	SUNGARD	0.066
CD-WELLS FARGO (170)	94989RLS5	5/26/2017	11/1/2017	1.100%	1.100%	60,000,000.00	60,000,000.00	59,999,772.56	SUNGARD	0.088
CD-SWEDBANK (120)	87019UK32	6/1/2017	11/3/2017	1.130%	1.130%	50,000,000.00	50,000,000.00	50,001,218.11	SUNGARD	0.093
CD-RABOBANK (280)	21685VZA0	6/7/2017	11/7/2017	1.250%	1.250%	28,000,000.00	28,000,000.00	28,004,298.52	SUNGARD	0.104
CD-SVENSKA (260)	86958JQA0	6/19/2017	11/17/2017	1.305%	1.300%	40,000,000.00	40,000,834.34	40,010,698.60	SUNGARD	0.131
CD-ROYAL BK CAN (260)	78009NU95	6/23/2017	11/17/2017	1.265%	1.265%	30,000,000.00	30,000,000.00	30,006,437.49	SUNGARD	0.131
CD-ROYAL BK CANADA(260)	78009NV94	6/28/2017	11/20/2017	1.275%	1.275%	35,000,000.00	35,000,000.00	35,008,482.29	SUNGARD	0.140
CD-RABOBANK (280)	21685VZW2	7/5/2017	12/1/2017	1.290%	1.290%	25,000,000.00	25,000,000.00	25,008,017.72	SUNGARD	0.170
CD-RABOBANK (280)	21685VA66	7/7/2017	12/1/2017	1.300%	1.300%	35,000,000.00	35,000,000.00	35,011,829.62	SUNGARD	0.170
CD-RABOBANK (280)	21685VA90	7/10/2017	12/1/2017	1.280%	1.280%	10,000,000.00	10,000,000.00	10,003,039.01	SUNGARD	0.170
CD-RABOBANK (280)	21685VD48	8/3/2017	12/6/2017	1.330%	1.330%	40,000,000.00	40,000,000.00	40,016,912.13	SUNGARD	0.183
CD-SVENSKA (260)	86958JRZ4	7/28/2017	1/2/2018	1.335%	1.330%	55,000,000.00	55,001,199.94	55,021,790.40	SUNGARD	0.257
CD-SWEDBANK (120)	87019UV48	8/3/2017	1/4/2018	1.300%	1.300%	35,000,000.00	35,000,000.00	35,010,934.92	SUNGARD	0.263
CD-SWEDBANK (120)	87019UW47	8/10/2017	1/9/2018	1.300%	1.300%	25,000,000.00	25,000,000.00	25,008,236.97	SUNGARD	0.277
CD-NORDEA (120)	65590AKM7	8/14/2017	1/9/2018	1.300%	1.300%	25,000,000.00	25,000,000.00	25,008,248.89	SUNGARD	0.277
CD-NORDEA (120)	65590ALH7	9/8/2017	1/26/2018	1.300%	1.300%	40,000,000.00	40,000,000.00	40,015,550.28	SUNGARD	0.323
CD-NORDEA (260)	65590ALW4	9/27/2017	2/1/2018	1.290%	1.290%	40,000,000.00	40,000,000.00	40,015,076.80	SUNGARD	0.335
CD-SWEDBANK (120)	87019U3N7	9/28/2017	2/1/2018	1.250%	1.250%	35,000,000.00	35,000,000.00	35,008,394.89	SUNGARD	0.335
TOTAL CERT. OF DEPOSIT/THRIFT NOTES				1.220%	1.219%	943,000,000.00	943,003,450.71	943,162,286.78		0.139
						29.69%	29.72%	29.74%		
LAIF POOL		7/31/1997	3/31/2018	1.084%	1.084%	65,000,000.00	65,000,000.00	65,000,000.00	BOOK	0.497
TOTAL PASSBOOK ACCOUNTS				1.084%	1.084%	65,000,000.00	65,000,000.00	65,000,000.00		0.497
						2.05%	2.05%	2.05%		
Grand Total				<u>1.307%</u>	<u>1.290%</u>	<u>3,176,111,425.48</u>	<u>3,173,198,716.05</u>	<u>3,170,962,315.32</u>		<u>0.912</u>



Department of Finance
BEN LAMERA, DIRECTOR OF FINANCE
POOLED INVESTMENT FUND

Monthly Review — September 2017

PORTFOLIO COMPLIANCE

Based on the Director of Finance Review Group Month-End Report, the entire portfolio was in *full compliance* with the Sacramento County Annual Investment Policy for the Pooled Investment Fund for Calendar Year 2017 and California Government Code.¹

PORTFOLIO STATISTICS

Portfolio's Month-End Balance	\$3,173,198,716
<i>Earned Income Yield for the Month</i>	<i>1.30%</i>
Weighted Average Maturity (Days)	340
Estimated Duration (Years)	0.912
Amortized Book Value	\$3,171,306,587
Month-End Market Value	\$3,170,962,315
Percent of Market to Book Value ²	99.99%

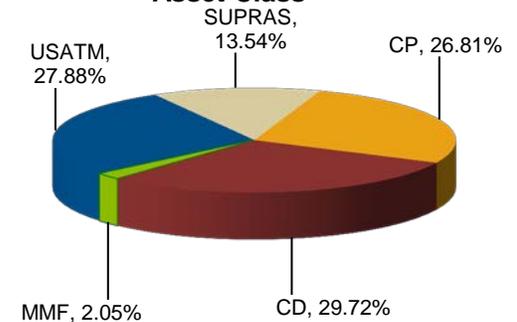
Investment Objectives

- **Safety of Principal**
- **Liquidity**
- **Public Trust**
- **Maximum Rate of Return**

External third party Investment Manager(s) at month end:

State Treasurer's Office (LAIF)	\$65,000,000
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Percentage Portfolio Structure by Asset Class³



PORTFOLIO STRUCTURE³

Investment Description	Portfolio at Cost	Yield at Month End
US Agency, Treasury & Municipal Notes (USATM):		
US Agency Notes	27.31%	1.470%
US Treasury Notes	0.00%	0.000%
Municipal Notes	0.57%	1.143%
Total USATM	27.88%	1.464%
Supranationals (SUPRAS)	13.54%	1.214%
Commercial Paper (CP)	26.81%	1.244%
Certificates of Deposit (CD)	29.72%	1.219%
LAIF/Money Market Funds (MMF)	2.05%	1.084%
Repurchase Agreements (REPO)	0.00%	0.000%

**US Agency Notes Breakdown
Percent of Portfolio at Cost³**

FCCB Notes/Discount Notes	6.14%
FHLB Notes/Discount Notes	12.96%
FNMA Notes/Discount Notes	6.44%
FHLMC Notes/Discount Notes	1.77%
Total US Agency Notes	27.31%

¹ This monthly review complies with all of the elements required by California Government Code §53646(b), with the exception of a detailed listing of each investment. A complete copy of the *Quarterly Pooled Investment Fund Report*, including a detailed listing of each investment, is available on the Department of Finance, Investment Division Web page at <http://www.finance.sacounty.net/Investments/RptQuarterly.asp>.

² Percent of market to book value is calculated using amortized book value. The GASB 31 fair value reported in the CAFR is calculated using the book value at purchase.

³ Percentages may not add up to totals due to rounding

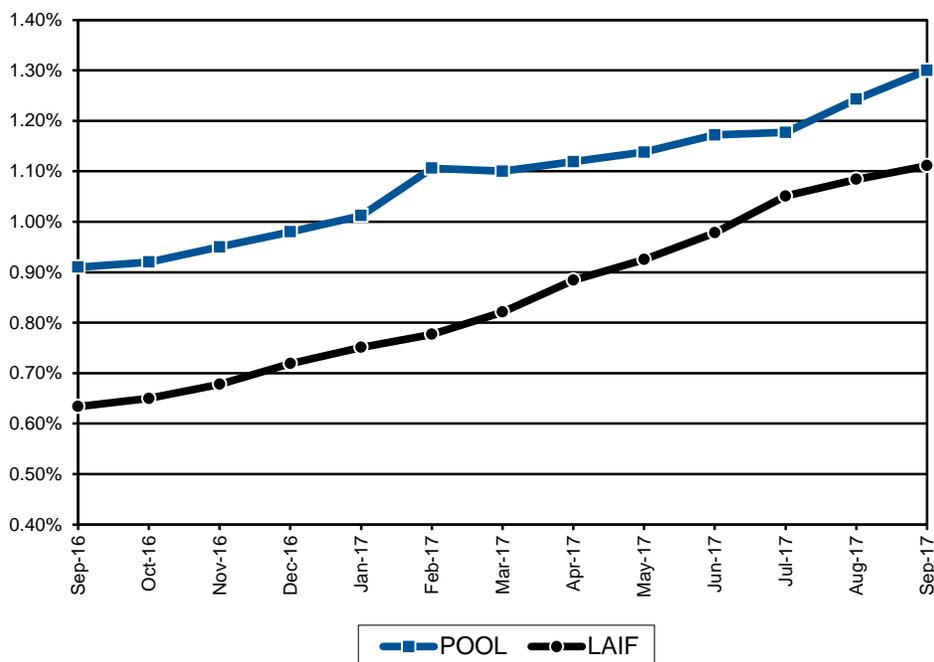
YIELD HISTORY

The earned interest yield history represents gross yields; **costs have not been deducted**. The estimated investment management costs in the prior year were approximately 8 basis points or 0.08%. The quarterly apportionment of earnings to participating funds will be made on a **cash basis** (as opposed to an accrual basis) for the first three quarters of the fiscal year. Earnings to participating funds will be annualized over the fiscal year based on a fund's cumulative average daily cash balance at each quarter end and fiscal year end. At fiscal year end (fourth quarter), the earnings of the pool will be converted to an accrual basis for the fourth quarter earnings' allocation.

YIELD TRENDS⁴

Earned Interest Yield Over Last 12 Months

Earned Income Yield History		
MONTH	POOL	LAIF
Sep-16	0.91%	0.63%
Oct-16	0.92%	0.65%
Nov-16	0.95%	0.68%
Dec-16	0.98%	0.72%
Jan-17	1.01%	0.75%
Feb-17	1.11%	0.78%
Mar-17	1.10%	0.82%
Apr-17	1.12%	0.88%
May-17	1.14%	0.93%
Jun-17	1.17%	0.98%
Jul-17	1.18%	1.05%
Aug-17	1.24%	1.08%
Sep-17	1.30%	1.11%



CASH FLOW PROJECTION

The Pooled Investment Fund cash requirements are based on a 14-month historical cash flow model. The model has been adjusted for expected non-reoccurring participant liquidity needs. This projection, updated on October 11, 2017, is sufficient to meet cash flow expenditures for the next six months.

Month	Beginning Bank Balance	Receipts & Maturities	Disbursements	Difference	Less Investments Beyond 1 year	Funds Available to Invest for Future Cash Flow Needs ⁵
<i>Dollar amounts represented in millions</i>						
Oct	20.0	\$1,148.2	\$768.9	\$379.3	\$45.0	\$334.3
Nov	20.0	\$1,143.4	\$707.1	\$436.3	\$45.0	\$391.3
Dec	20.0	\$1,423.0	\$780.3	\$642.7	\$45.0	\$597.7
Jan	20.0	\$1,259.9	\$892.2	\$367.7	\$45.0	\$322.7
Feb	20.0	\$908.3	\$605.1	\$303.2	\$45.0	\$258.2
Mar	20.0	\$936.5	\$539.8	\$396.7	\$45.0	\$351.7

If you have any questions about the Pooled Investment Fund, please call Chief Investment Officer Bernard Santo Domingo at (916) 874-7320 or Investment Officer Dave Matuskey at (916) 874-4251.

⁴ The earned income yield is the total net earnings divided by the average daily portfolio balance multiplied by 365 and then divided by the actual number of days in the month. The reported yield fluctuates based upon the number of days in the month, thus resulting in the anomaly of higher yields being reported for months with fewer days. February's yield is a prime example of such an anomaly.

⁵ Any excess net cash flow amounts in this column will be used to fund the negative cash flow positions in later months.

Department of Finance

Ben Lamera
Director



Investments Division

Bernard Santo Domingo
Chief Investment Officer

County of Sacramento

Inter-Departmental Memorandum

November 17, 2017

To: Treasury Oversight Committee

From: Bernard Santo Domingo
Chief Investment Officer

BSD

Subject: **INVESTMENT APPROVED LISTS**

Attached for your review is a report of the changes made to the Investment Approved Lists for the quarter ended September 30, 2017. The report reflects additions, deletions, and reaffirmations of investment providers for the following approved lists:

- Domestic Banks for All Legal Investments;
- Foreign Banks for All Legal Investments;
- Commercial Paper and Medium-Term Note Programs;
- Community Reinvestment Banks and Credit Unions;
- Firms for Purchase and Sale of Securities (Broker/Dealers and Direct Issuers); and
- Money Market Funds.

If you have any questions regarding these changes, please don't hesitate to call me at (916) 874-7320.

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**Changes to the Investment Approved Lists
For the Quarter Ended September 30, 2017**

<i>Reaffirmed</i>	<i>Added¹</i>	<i>Deleted</i>
Domestic Banks for all Legal Investments		
Foreign Banks for all Legal Investments		
Commercial Paper & Medium-Term Note Issuers		
Chevron Exxon Mobil General Electric Toyota	General Electric Capital Treasury	
Community Reinvestment Act Approved Banks & Credit Unions		
Firms for Purchase and Sale of Securities (Broker/Dealers & Direct Issuers)		
All		
Money Market Funds		

¹ This company or fund satisfies the Annual Investment Policy of the Pooled Investment Fund's minimum credit rating requirement.

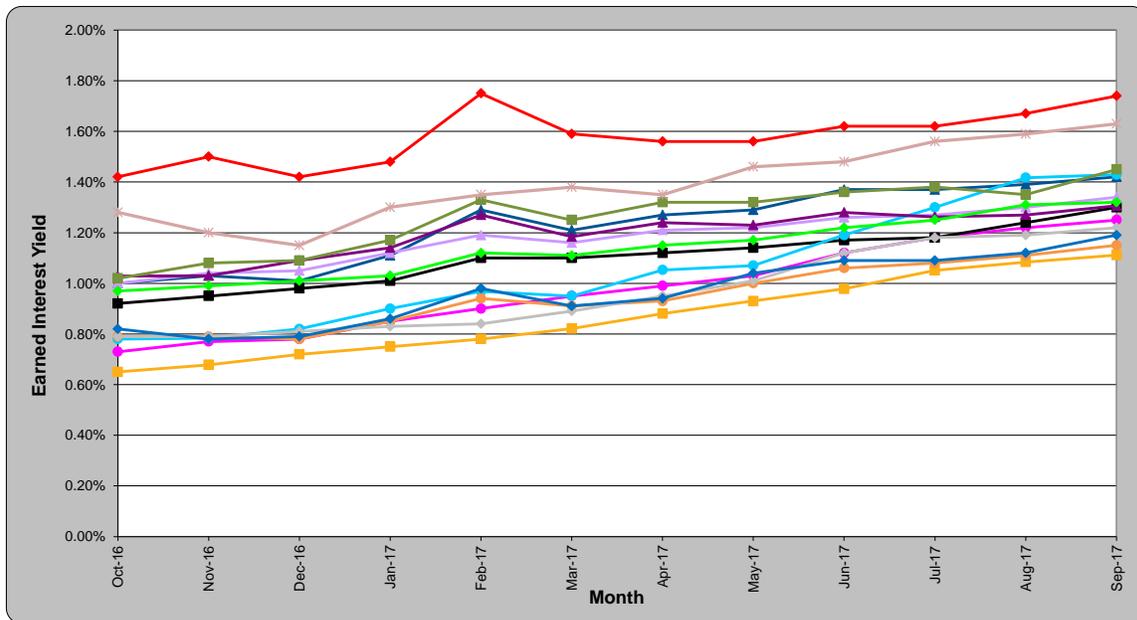
OVERVIEW OF POOLED INVESTMENT FUND STATISTICS FROM VARIOUS
JURISDICTIONS FOR SEPTEMBER 2017.

**Investment Fund Statistics Questionnaire Results
September 2017**

Name of Fund	Earned Interest Yield	Portfolio Size (in millions)	Weighted Average Maturity (in days)	Percent Market Value
Sacramento County (Pooled)	1.30%	\$3,071.5	340	99.99%
Sacramento County (All)	1.29%	\$3,728.1	368	N/A
Local Agency Investment Fund (LAIF)	1.11%	\$20,431.1	190	99.90%
Contra Costa County (Pooled)	1.32%	\$2,191.3	173	100.11%
Contra Costa County (All)	1.30%	\$2,831.9	208	100.05%
Fresno County	1.74%	\$3,114.0	800	100.01%
Los Angeles County	1.42%	\$25,421.0	674	99.34%
Merced County	1.45%	\$769.0	538	99.84%
Nevada County	1.63%	\$173.1	909	99.76%
Orange County	1.15%	\$3,855.9	354	99.79%
Orange County (Schools)	1.14%	\$4,306.1	323	99.81%
Riverside County	1.25%	\$6,159.2	445	99.83%
San Diego County	1.34%	\$7,655.9	469	99.62%
San Francisco City and County	1.43%	\$8,100.9	521	99.89%
San Luis Obispo County	1.22%	\$795.8	303	99.88%
Solano County	1.19%	\$1,024.3	485	99.85%
Sonoma County (Pooled)	1.31%	\$1,905.9	511	99.67%
Sonoma County (All)	1.36%	\$1,930.1	540	100.45%

**COMPARISON OF VARIOUS COUNTY POOLED INVESTMENT FUNDS AND LAIF
12-MONTH YIELD PERFORMANCE AS OF SEPTEMBER 2017**

Jurisdiction	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17
◆ Contra Costa	0.97%	0.99%	1.01%	1.03%	1.12%	1.11%	1.15%	1.17%	1.22%	1.25%	1.31%	1.32%
◆ Fresno	1.42%	1.50%	1.42%	1.48%	1.75%	1.59%	1.56%	1.56%	1.62%	1.62%	1.67%	1.74%
■ LAIF	0.65%	0.68%	0.72%	0.75%	0.78%	0.82%	0.88%	0.93%	0.98%	1.05%	1.08%	1.11%
▲ Los Angeles	1.00%	1.03%	1.01%	1.11%	1.29%	1.21%	1.27%	1.29%	1.37%	1.37%	1.39%	1.42%
■ Merced	1.02%	1.08%	1.09%	1.17%	1.33%	1.25%	1.32%	1.32%	1.36%	1.38%	1.35%	1.45%
* Nevada	1.28%	1.20%	1.15%	1.30%	1.35%	1.38%	1.35%	1.46%	1.48%	1.56%	1.59%	1.63%
● Orange	0.79%	0.79%	0.78%	0.85%	0.94%	0.91%	0.93%	1.00%	1.06%	1.08%	1.11%	1.15%
● Riverside	0.73%	0.77%	0.78%	0.85%	0.90%	0.95%	0.99%	1.03%	1.12%	1.18%	1.22%	1.25%
■ Sacramento	0.92%	0.95%	0.98%	1.01%	1.10%	1.10%	1.12%	1.14%	1.17%	1.18%	1.24%	1.30%
▲ San Diego	1.00%	1.04%	1.05%	1.12%	1.19%	1.16%	1.21%	1.22%	1.26%	1.27%	1.30%	1.34%
● San Francisco	0.78%	0.78%	0.82%	0.90%	0.97%	0.95%	1.05%	1.07%	1.19%	1.30%	1.42%	1.43%
◆ San Luis Obispo	0.79%	0.79%	0.81%	0.83%	0.84%	0.89%	0.95%	1.01%	1.12%	1.18%	1.19%	1.22%
◆ Solano	0.82%	0.78%	0.79%	0.86%	0.98%	0.91%	0.94%	1.04%	1.09%	1.09%	1.12%	1.19%
▲ Sonoma	1.03%	1.03%	1.09%	1.14%	1.27%	1.18%	1.24%	1.23%	1.28%	1.26%	1.27%	1.31%



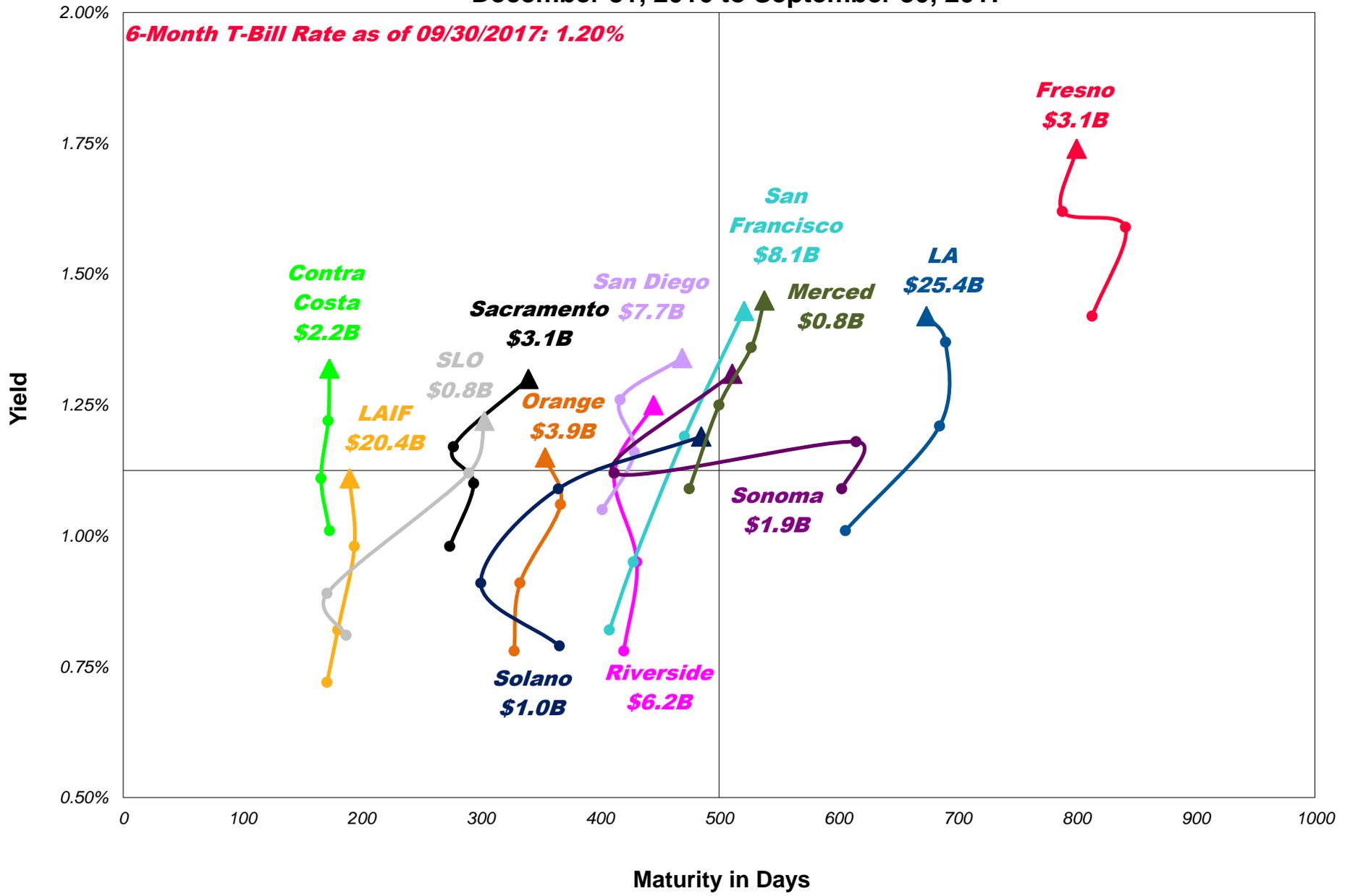
NOTE:

This graph is for illustration purposes only. When comparing performance returns, it is important to consider the cash flow needs of the individual pool fund participants in relation to the objectives of each county's investment policy.

Overview of Pooled Investment Fund Statistics from Various Jurisdictions

Comparison of Yields and Average Weighted Maturities

December 31, 2016 to September 30, 2017



DISCUSSION ON THE RECOMMENDED CHANGE TO THE COMMUNITY
REINVESTMENT ACT PROGRAM AND THE INVESTMENT POLICY.

Department of Finance

Ben Lamera
Director



Investments Division

Bernard Santo Domingo
Chief Investment Officer

County of Sacramento

November 17, 2017

To: Treasury Oversight Committee

From: Bernard Santo Domingo 
Chief Investment Officer

Subject: **COMMUNITY REINVESTMENT ACT PROGRAM UPDATE**

The purpose of this communication is to respond back to the Committee with an overview of the Community Reinvestment Act Program and the requirements and restrictions as defined in the Annual Investment Policy of the Pooled Investment Fund. The Director of Finance will be making a recommendation to the Board of Supervisors on December 5, 2017, to update the Community Reinvestment Act program. It is important to note regarding the proposed recommended changes to the Investment Policy, the Director of Finance is not asking for a recommendation from the Committee and this is only informational. As a reminder, the Treasury Oversight Committee may not direct investment decisions to the Director of Finance and its main responsibility is to cause the annual audit to determine the Director of Finance's compliance with the Investment Policy.

OVERVIEW OF THE CRA PROGRAM

In May 1992, the County of Sacramento Board of Supervisors adopted an outreach program now known as the CRA Program. To encourage banks to be active in supporting the community, the Board instructed the Director of Finance to design and implement a program to acknowledge and reward banks active in lending to the local community, specifically to low- and moderate-income neighborhoods of the County. The Director of Finance has allocated a portion of the County's Pooled Investment Fund to deposits with banks that meet the lending criteria in low- and moderate-income neighborhoods within Sacramento County. Qualified banks must also meet minimum credit and federal CRA ratings.

HISTORY

The first increase in the CRA program balance occurred in 2002 when we modified the collateral requirements for deposits over the FDIC-insured amount, then \$100,000. Previously, we requested banks to have individual collateralized accounts, which many banks could not accommodate. In 2002, we changed our investment guidelines to allow banks to collateralize deposits in the pooled account they use to collateralize other local agency deposits. Depending

on the types of securities pledged, banks must pledge collateral worth between 110% and 150% of the value of all local agency deposits.

The next significant increase to the CRA program occurred in 2003, when we amended the Investment Policy to lower the credit requirements for CRA Program banks. In the Investment Policy, the minimum required Standard & Poor's, Moody's and Fitch credit ratings were lowered from A-1, P-1, and F-1 to A-2, P-2, and F-2 respectively. These changes to the short-term rating requirements did not diminish the safety of principal. All deposits over the FDIC-insured amount still must be collateralized by securities worth 110% to 150% of the value of the deposit, and, for further safety, the collateral must be placed in a third-party custodial trust company, the Federal Reserve Bank, or the Home Loan Bank of San Francisco.

In 2006, we modified the CRA program to increase the maximum deposit per bank from \$5 million to \$10 million. Banks need to achieve a higher level of activity to receive \$10 million by demonstrating a higher level of small business and mortgage loan activity in low- and moderate-income areas in Sacramento County. Cumulatively, these changes have greatly enhanced our ability to effectively promote lending by banks to the local community, specifically for the low- and moderate-income neighborhoods of the County.

CRA Bank participation peaked in 2009 at \$65 million; currently we do not have any CRA related bank deposits. Some of our CRA Banks fell below the minimum credit ratings and/or experienced reduced demand for small business and mortgage loan activity in low- and moderate-income areas in Sacramento County as required by our CRA investment guidelines. In the wake of the mortgage and banking crisis of 2008, the cost of collateralization also increased, making CRA investments by banks less attractive, causing them to lower their interest rates on CDs below the minimums as required by the investment guidelines.

PROPOSED CHANGES

The recommended change to the Investment Policy for 2018 that will be brought to the Board of Supervisors on December 5, 2017, is to allow for the purchase of certificates of deposits with banks using placement services such as Certificate of Deposit Account Registry Service (CDARS). CDARS is a private sector entity that assists in the placement of deposits with multiple banks to achieve FDIC insurance coverage on the full deposit and accrued interest. These deposits are initiated with a bank the County chooses which, with the assistance of the placement service, deposits amounts below the FDIC-insured limit, currently \$250,000, with other banks, making the County's full deposit covered by FDIC insurance.

At our previous Treasury Oversight Committee meeting, an employee of a local community bank asked the Committee to drop all credit rating requirements for CRA Program deposits because of the collateral requirements of the imposed on them by the State of California. The collateral requirements may address the safety of collateralized bank deposits but it would still pose a liquidity concern regarding the uncertainty of when we will receive our deposits in the event of a bank failure. This makes unrated bank deposits an unsuitable option. Forty California-based banks have failed since 2008. The California Government Code, our Investment Policy and our

internal guidelines rely heavily on credit agencies to help in the monitoring of our investments. Removing them completely from monitoring one class of investments would significantly handicap the Investment staff from meeting its fiduciary responsibilities of monitoring the assets in the County Treasury.

DISCUSSION ON SELECTION OF BANKING AND CUSTODIAN SERVICES.

NO WRITTEN REPORT

NEXT MEETING REMINDER – FRIDAY, FEBRUARY 16, 2018.

NO WRITTEN REPORT

ADJOURNMENT

NO WRITTEN REPORT