



**SACRAMENTO COUNTY
TREASURY OVERSIGHT COMMITTEE**
*Regular Meeting — Friday, February 17, 2023 / 9:00 a.m.
Zoom Teleconference*

Public Participation Information

Pursuant to AB 361, the Sacramento County Treasury Oversight Committee will hold its February 17, 2023, meeting via teleconferencing and without a physical meeting location. If you wish to watch the meeting and/or address the Committee, you can connect using the Zoom video-conferencing system. In order to do so, you must have an Internet-connected computer or mobile device. To join the meeting on a computer or mobile phone:
<https://saccounty-net.zoomgov.com/j/16101266677>

If you wish to address the Committee, you will also need a microphone. If connecting from a mobile device, please download the necessary Zoom app in advance of the meeting.

If you do not have access to Zoom video-conferencing and wish to address the Committee, please contact Dave Matuskey at matuskeyd@saccounty.gov no later than February 16, 2023, at noon p.m. so that arrangements can be made for you to address the Committee by telephone at a pre-determined time.

If you are an individual with a disability, and you require a modification or accommodation to the above procedures in order to observe or address the meeting, please contact Dave Matuskey at (916) 874-4251.

Out of an abundance of caution, and as a precaution against technical difficulties, we strongly recommend that any member of the public who wishes to address the Committee email their comments to in advance to ensure that the Committee will receive and consider them. Such comments may be emailed to matuskeyd@saccounty.gov. Failure to submit comments in advance does not preclude addressing the Committee during the meeting.

Please be advised that the Committee meeting will be recorded in its entirety.

AGENDA

ITEM	SUBJECT
1.	Call To Order And Introductions.
2.	Comments From The Public.
3.	Approval Of November 18, 2022, Meeting Minutes.
4.	Presentation Of The Sacramento County Annual Investment Policy Of The Pooled Investment Fund For Calendar Year 2023.
5.	Member Update.
6.	Discussion And Action On The Non-Pooled Funds Portfolio Report And Internal Audit Of Non-Pooled Investment Funds For The Quarter Ended December 31, 2022.
7.	Discussion And Action On The Quarterly Report Of The Pooled Investment Fund For The Quarter Ended December 31, 2022, And Compliance With Investment Policy.
8.	Overview Of Pooled Investment Fund Statistics From Various Jurisdictions For December 2022.
9.	Community Reinvestment Act Program.
10.	FPPC Form 700.
11.	Next Meeting Reminder - Friday, May 19, 2023.
12.	Adjournment.

CALL TO ORDER AND INTRODUCTIONS.

NO WRITTEN REPORT

COMMENTS FROM THE PUBLIC.

NO WRITTEN REPORT

APPROVAL OF NOVEMBER 18, 2022, MEETING MINUTES.



SACRAMENTO COUNTY
TREASURY OVERSIGHT COMMITTEE
Regular Meeting — Friday, November 18, 2022 / 9:00 a.m.
Zoom Teleconference

MINUTES

PRESENT: Angelica Hernandez, Ben Lamera, Jeremiah Loughry, Ivan Myrick, Dave O'Toole, Joseph Wilson.

ABSENT: Mary Beth Barber, Chris Parker, David Villanueva.

STAFF: Peter Aw-Yang, Dave Matuskey, Joyce Renison, Bernard Santo Domingo.

GUESTS: Vera Sevrouk.

1. CALL TO ORDER AND INTRODUCTIONS.

Vice Chair Joseph Wilson called the meeting to order at 9:02 a.m.

2. COMMENTS FROM THE PUBLIC.

There were no comments from the public.

3. APPROVAL OF AUGUST 19, 2022, MEETING MINUTES.

The minutes of the August 19, 2022, meeting were approved on a motion made by Ben Lamera, seconded by Angelica Hernandez, and carried (5-0) with Dave O'Toole abstaining.

4. MEMBER UPDATE.

Dave Matuskey stated that the Clerk of the Board is accepting applications for the vacant 5th District position.

5. INTERNATIONAL FINANCE CORPORATION PRESENTATION.

Vera Sevrouk presented an overview of the International Finance Corporation.

6. DISCUSSION AND ACTION ON THE NON-POOLED FUNDS PORTFOLIO REPORT AND INTERNAL AUDIT OF THE NON-POOLED INVESTMENT FUNDS FOR THE QUARTER ENDED SEPTEMBER 30, 2022.

Bernard Santo Domingo presented the Quarterly Report of the Non-Pooled Funds Portfolio for the Quarter Ended September 30, 2022. Mr. Santo Domingo also presented the Internal Audit of Non-Pooled Investment Funds for the Quarter Ended September 30, 2022.

The Non-Pooled Funds Portfolio Report And Internal Audit Of The Non-Pooled Investment Funds For The Quarter Ended September 30, 2022, were accepted on a motion made by Angelica Hernandez, seconded by Jeremiah Loughry, and unanimously carried (6-0).

7. DISCUSSION AND ACTION ON THE QUARTERLY REPORT OF THE POOLED INVESTMENT FUND FOR THE QUARTER ENDED SEPTEMBER 30, 2022, AND COMPLIANCE WITH INVESTMENT POLICY.

Bernard Santo Domingo presented the Quarterly Report Of The Pooled Investment Fund For The Quarter Ended September 30, 2022, 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 raised the federal funds rate three-quarters of a percentage point at the November meeting, bringing the rate to a range of 3.75% to 4.00%. He stated that inflation appears to be starting to slow down, and the market is now expecting a 50 basis points rate hike in December, rather than 75 basis points. Mr. Santo Domingo said the focus is now on the terminal rate, which futures expect to be around 5%. He projects rates on the Pooled Investment Fund to rise quickly over the in short term.

The Quarterly Report of the Pooled Investment Fund For The Quarter Ended September 30, 2022, were accepted on a motion made by Jeremiah Loughry, seconded by Angelica Hernandez, and unanimously carried (6-0).

8. OVERVIEW OF POOLED INVESTMENT FUND STATISTICS FROM VARIOUS JURISDICTION FOR SEPTEMBER 2022.

Bernard Santo Domingo presented the *Investment Fund Statistics Questionnaire Results – September 2022, Comparison of Various County Pooled Investment Funds and LAIF – 12-Month Yield Performance as of September 2022, and Overview of Pooled Investment Fund Statistics from Various Jurisdictions – Comparison of Yields and Average Weighted Maturities from December 31, 2021 – September 30, 2022.*

9. COMMUNITY REINVESTMENT ACT PROGRAM.

Dave Matuskey reported that a September outreach to bank that had previously participated in the Community Reinvestment Act Program resulted in the receipt of three applications with two banks awarded a deposit.

10. NEXT MEETING REMINDER.

Joseph Wilson reminded the committee that the next regular meeting of the Treasury Oversight Committee is scheduled for Friday, February 17, 2023.

11. ADJOURNMENT.

The meeting was adjourned at 10:09 a.m.

Respectfully submitted:

Approved:

Dave Matuskey
Investment Officer

Chris Parker, Chair
Treasury Oversight Committee

cc: Treasury Oversight Committee Members
Department of Finance Staff

PRESENTATION OF THE SACRAMENTO COUNTY ANNUAL INVESTMENT POLICY
OF THE POOLED INVESTMENT FUND FOR CALENDAR YEAR 2023.

APPROVED
BOARD OF SUPERVISORS
by Reso No 2022-1002
DEC 06 2022
BY *Florence Jones*
Clerk of the Board

**COUNTY OF SACRAMENTO
CALIFORNIA**

8

For the Agenda of:
December 6, 2022

To: Board of Supervisors

Through: Ann Edwards, County Executive
David Villanueva, Deputy County Executive, Administrative Services

From: Ben Lamera, Director of Finance, Department of Finance

Subject: Delegation Of Investment Authority To The Director Of Finance And Approval Of The Annual Investment Policy Of The Pooled Investment Fund For Calendar Year 2023

District(s): All

RECOMMENDED ACTION

Adopt the attached resolution:

1. Renewing the delegation of authority to the Director of Finance to invest funds in the County Treasury and to sell and exchange securities; and
2. Approving the Annual Investment Policy of the Pooled Investment Fund for Calendar Year 2023.

BACKGROUND

Government Code Section 53607 allows the Board to annually delegate the authority to invest funds in the County Treasury and to sell and exchange securities to the Director of Finance. The Board serves as a fiduciary unless this authority is delegated. The Board has annually delegated the authority to invest funds in the County Treasury and to sell and exchange securities to the Director of Finance since 1996. The Board has also approved the Annual Investment Policy of the Pooled Investment Fund (Investment Policy) every year since 1987.

The only significant change to the Investment Policy for 2023 is the removal of the Fitch Viability and Support Rating requirements for banks. The Viability Rating is a measure of a bank's financial strength and the Support Rating is a measure of the likelihood of the bank receiving extraordinary support, particularly from shareholders or national governments, if needed. Historically, Fitch used the Viability and Support Ratings to derive an all-encompassing long-term default rating for banks, but in November 2021,

Delegation Of Investment Authority To The Director Of Finance And Approval
Of The Annual Investment Policy Of The Pooled Investment Fund For
Calendar Year 2023

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they withdrew the publication of Support Ratings for banks. Since financial strength and the likelihood of support are embedded in the Fitch long-term default rating, and the Investment Policy still requires a long-term default rating of A or higher from Fitch if one is available, the references to Fitch Viability and Support Ratings have been removed.

All other changes to the Investment Policy are grammatical corrections or clarifications and do not affect the intent of the policy. A clean version of the policy is provided as Attachment 2.

FINANCIAL ANALYSIS

Investment performance and compliance is evaluated quarterly by the Treasury Oversight Committee and annually by external auditors. Monthly and quarterly reports are also provided to the Board.

Attachment(s):

RES – Delegation of Investment Authority and Approval of Investment Policy

ATT 1 – 2023 Investment Policy (strikethrough)

ATT 2 – 2023 Investment Policy (clean)

RESOLUTION NO. 2022-1002

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SACRAMENTO RENEWING THE AUTHORITY OF THE DIRECTOR OF FINANCE TO INVEST FUNDS AND APPROVING THE ANNUAL INVESTMENT POLICY OF THE POOLED INVESTMENT FUND FOR CALENDAR YEAR 2023

WHEREAS, the Board of Supervisors delegated authority to invest funds in the County Treasury to the Director of Finance on December 7, 2021, in accordance with Government Code Sections 27000.1 and 53607; and

WHEREAS, the authority to invest funds in the County Treasury, delegated to the Director of Finance, expires after one year under Government Code Sections 27000.1 and 53607; and

WHEREAS, the Board of Supervisors has reviewed the delegation of authority to the Director of Finance to invest funds in the County Treasury and the Annual Investment Policy of the Pooled Investment Fund for Calendar Year 2023 and finds it to be reasonable and prudent;

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors hereby renews the delegation of authority to the Director of Finance to invest funds in the County Treasury and to sell and exchange securities in accordance with the California Government Code and approves the Annual Investment Policy of the Pooled Investment Fund for Calendar Year 2023.

Resolution Of The Board Of Supervisors Of The County Of Sacramento
Renewing The Authority Of The Director Of Finance To Invest Funds And
Approving The Annual Investment Policy Of The Pooled Investment Fund For
Calendar Year 2023
Page 2

On a motion by Supervisor Desmond, seconded by Supervisor Kennedy,
the foregoing Resolution was passed and adopted by the Board of Supervisors
of the County of Sacramento this 6th day of December, 2022, by the following
vote, to wit:

AYES: Supervisors Desmond, Frost, Kennedy, Serna, Nottoli

NOES: None

ABSENT: None

ABSTAIN: None

RECUSAL: None

(PER POLITICAL REFORM ACT (§ 18702.5.))



ATTEST: Alorence Evans
Clerk, Board of Supervisors

Don Nottoli

Chair of the Board of Supervisors
of Sacramento County, California

FILED
BOARD OF SUPERVISORS

DEC 06 2022

BY Alorence Evans
CLERK OF THE BOARD

In accordance with Section 25103 of the Government Code
of the State of California a copy of the document has been
delivered to the Chair of the Board of Supervisors, County
of Sacramento on December 6, 2022

By [Signature]
Deputy Clerk, Board of Supervisors



SACRAMENTO COUNTY

Annual Investment Policy of the Pooled Investment Fund

CALENDAR YEAR ~~2022~~2023

*Approved by the
Sacramento County Board of Supervisors*

December ~~76~~, ~~2021~~2022
Resolution No. ~~2021-0770~~

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SACRAMENTO COUNTY

Annual Investment Policy of the Pooled Investment Fund

CALENDAR YEAR ~~2022~~2023

I. Authority

Under the Sacramento County Charter, the Board of Supervisors established the position of Director of Finance and by ordinance will annually review and renew the Director of Finance's authority to invest and reinvest all the funds in the County Treasury.

II. Policy Statement

This Investment Policy (Policy) establishes cash management and investment guidelines for the Director of Finance, who is responsible for the stewardship of the Sacramento County Pooled Investment Fund. Each transaction and the entire portfolio must comply with California Government Code and this Policy. All portfolio activities will be judged by the standards of the Policy and its investment objectives. Activities that violate its spirit and intent will be considered contrary to the Policy.

III. Standard of Care

The Director of Finance is the Trustee of the Pooled Investment Fund and therefore, a fiduciary subject to the prudent investor standard. The Director of Finance, employees involved in the investment process, and members of the Sacramento County Treasury Oversight Committee (Oversight Committee) shall refrain from all personal business activities that could conflict with the management of the investment program. All individuals involved will be required to report all gifts and income in accordance with California state law. When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the Director of Finance shall act with care, skill, prudence, and diligence to meet the aims of the investment objectives listed in Section IV, Investment Objectives.

IV. Investment Objectives

The Pooled Investment Fund shall be prudently invested in order to earn a reasonable return, while awaiting application for governmental purposes. The specific objectives for the Pooled Investment Fund are ranked in order of importance.

A. Safety of Principal

The preservation of principal is the primary objective. Each transaction shall seek to ensure that capital losses are avoided, whether they be from securities default or erosion of market value.

B. Liquidity

As a second objective, the Pooled Investment Fund should remain sufficiently flexible to enable the Director of Finance to meet all operating requirements that may be reasonably anticipated in any depositor's fund.

C. Public Trust

In managing the Pooled Investment Fund, the Director of Finance and the authorized investment traders should avoid any transactions that might impair public confidence in Sacramento County and the participating local agencies. Investments should be made with precision and care, considering the probable safety of the capital as well as the probable income to be derived.

D. Maximum Rate of Return

As the fourth objective, the Pooled Investment Fund should be designed to attain a market average rate of return through budgetary and economic cycles, consistent with the risk limitations, prudent investment principles and cash flow characteristics identified herein. For comparative purposes, the State of California Local Agency Investment Fund (LAIF) will be used as a performance benchmark. The Pooled Investment Fund quarterly performance benchmark target has been set at or above LAIF's yield. This benchmark was chosen because LAIF's portfolio structure is similar to the Pooled Investment Fund.

V. Pooled Investment Fund Investors

The Pooled Investment Fund investors are comprised of Sacramento County, school and community college districts, districts directed by the Board of Supervisors, and independent special districts and joint powers authorities whose treasurer is the Director of Finance. Any local agencies not included in this category are subject to California Government Code section 53684 and are referred to as outside investors.

VI. Implementation

In order to provide direction to those responsible for management of the Pooled Investment Fund, the Director of Finance has established this Policy and will provide it to the Oversight Committee and render it to legislative bodies of local agencies that participate in the Pooled Investment Fund. In accordance with California Government Code section 53646, et seq., the Board of Supervisors shall review and approve this Policy annually at a public meeting.

This Policy provides a detailed description of investment parameters used to implement the investment process and includes the following: investable funds; authorized instruments; prohibited investments; credit requirements; maximum maturities and concentrations; repurchase agreements; Community Reinvestment Act Program; criteria

and qualifications of broker/dealers and direct issuers; investment guidelines, management style and strategy; Approved Lists; and calculation of yield and costs.

VII. Internal Controls

The Director of Finance shall establish internal controls to provide reasonable assurance that the investment objectives are met and to ensure that the assets are protected from loss, theft, or misuse. To assist in implementation and internal controls, the Director of Finance has established an Investment Group and a Review Group.

The Investment Group, which is comprised of the Director of Finance and his/her designees, is responsible for maintenance of the investment guidelines and Approved Lists. These guidelines and lists can be altered daily, if needed, to adjust to the ever-changing financial markets. The guidelines can be more conservative or match the policy language. In no case can the guidelines override the Policy.

The Review Group, which is comprised of the Director of Finance and his/her designees, is responsible for the monthly review and appraisal of all the investments purchased by the Director of Finance and staff. This review includes bond proceeds, which are invested separately from the Pooled Investment Fund and are not governed by this Policy.

The Director of Finance shall establish a process for daily, monthly, quarterly, and annual review and monitoring of the Pooled Investment Fund activity. The following articles, in order of supremacy, govern the Pooled Investment Fund:

1. California Government Code
2. Annual Investment Policy
3. Current Investment Guidelines
4. Approved Lists (see page 9, Section IX.K)

The Director of Finance shall review the daily investment activity and corresponding bank balances.

Monthly, the Review Group shall review all investment activity and its compliance to the corresponding governing articles and investment objectives.

All securities purchased, with the exception of bank deposits, money market mutual funds, and LAIF, shall be delivered to the independent third-party custodian selected by the Director of Finance. This includes all collateral for repurchase agreements. All trades, where applicable, will be executed by delivery versus payment by the designated third-party custodian.

VIII. Sacramento County Treasury Oversight Committee

In accordance with California Government Code section 27130 et seq., the Board of Supervisors, in consultation with the Director of Finance, has created the Sacramento County Treasury Oversight Committee (Oversight Committee). Annually, the Oversight

Committee shall cause an audit to be conducted on the Pooled Investment Fund. The meetings of the Oversight Committee shall be open to the public and subject to the Ralph M. Brown Act.

A member of the Oversight Committee may not be employed by an entity that has contributed to the campaign of a candidate for the office of local treasurer, or contributed to the campaign of a candidate to be a member of a legislative body of any local agency that has deposited funds in the county treasury, in the previous three years or during the period that the employee is a member of the Oversight Committee. A member may not directly or indirectly raise money for a candidate for local treasurer or a member of the Sacramento County Board of Supervisors or governing board of any local agency that has deposited funds in the county treasury while a member of the Oversight Committee. Finally, a member may not secure employment with, or be employed by bond underwriters, bond counsel, security brokerages or dealers, or financial services firms, with whom the treasurer is doing business during the period that the person is a member of the Oversight Committee or for one year after leaving the committee.

The Oversight Committee is not allowed to direct individual investment decisions, select individual investment advisors, brokers or dealers, or impinge on the day-to-day operations of the Department of Finance treasury and investment operations.

IX. Investment Parameters

A. Investable Funds

Total Investable Funds (TIF) for purposes of this Policy are all Pooled Investment Fund moneys that are available for investment at any one time, including the estimated bank account float. Included in TIF are funds of outside investors, if applicable, for which the Director of Finance provides investment services. Excluded from TIF are all funds held in separate portfolios.

The Cash Flow Horizon is the period in which the Pooled Investment Fund cash flow can be reasonably forecasted. This Policy establishes the Cash Flow Horizon to be one (1) year.

Once the Director of Finance has deemed that the cash flow forecast can be met, the Director of Finance may invest funds in securities with maturities beyond one year. These securities will be referred to as the Core Portfolio.

B. Authorized Investments

Authorized investments shall match the general categories established by the California Government Code sections 53601 et seq. and 53635 et seq. Authorized investments shall include, in accordance with California Government Code section 16429.1, investments into LAIF. Authorization for specific instruments within these general categories, as well as narrower portfolio concentration and maturity limits, will be established and maintained by the Investment Group as part of the Investment

Guidelines. As the California Government Code is amended, this Policy shall likewise become amended.

C. Prohibited Investments

No investments shall be authorized that have the possibility of returning a zero or negative yield if held to maturity except for securities issued by, or backed by, the United States government during a period of negative market interest rates. Prohibited investments shall include inverse floaters, range notes, and interest only strips derived from a pool of mortgages.

All legal investments issued by a tobacco-related company are prohibited. A tobacco-related company is defined as an entity that makes smoking products from tobacco used in cigarettes, cigars, or snuff or for smoking in pipes. The tobacco-related issuers restricted from any investment are any component companies in the Dow Jones U.S. Tobacco Index or the NYSE Arca Tobacco Index.

D. Credit Requirements

Except for municipal obligations and Community Reinvestment Act (CRA) bank deposits and certificates of deposit, the issuer's short-term credit ratings shall be at or above A-1 by Standard & Poor's, P-1 by Moody's, and, if available, F1 by Fitch, and the issuer's long-term credit ratings shall be at or above A by Standard & Poor's, A2 by Moody's, and, if available, A by Fitch. There are no credit requirements for Registered State Warrants. All other municipal obligations shall be at or above a short-term rating of SP-1 by Standard & Poor's, MIG1 by Moody's, and, if available, F1 by Fitch. ~~In addition, domestic banks are limited to those with a Fitch Viability rating of a or better, without regard to modifiers. The Investment Group is granted the authority to specify approved California banks with Fitch Viability ratings of bbb+ but they must have a Support rating of 1. Foreign banks with domestic licensed offices must have a Sovereign rating of AAA from Standard and Poor's, Moody's, or Fitch and a Fitch Viability rating of a or better, without regard to modifiers; however, a foreign bank may have a Fitch Viability rating of bbb+ but they must have a Support rating of 1. Domestic savings banks must have a Fitch Viability rating of a or better, without regard to modifiers, or may have a rating of bbb+ but they must a Support rating of 1.~~

Community Reinvestment Act Program Credit Requirements

Maximum Amount	Minimum Requirements
Up to the FDIC- or NCUSIF-insured limit for the term of the deposit	Banks — FDIC Insurance Coverage
	Credit Unions — NCUSIF Insurance Coverage <i>Credit unions are limited to a maximum deposit of the NCUSIF-insured limit since they are not rated by nationally recognized rating agencies and are not required to provide collateral on public deposits.</i>

Maximum Amount	Minimum Requirements	
Over the FDIC- or NCUSIF-insured limit	<i>(Any 2 of 3 ratings)</i>	
	S&P: A-2	OR Through a private sector entity that assists in the placement of deposits to achieve FDIC insurance coverage of the full deposit and accrued interest.
	Moody's: P-2	
	Fitch: F-2	
Collateral is required		

Eligible banks must have Community Reinvestment Act performance ratings of "satisfactory" or "outstanding" from their federal regulator. In addition, deposits greater than the federally-insured amount must be collateralized. Banks must either have a letter of credit issued by the Federal Home Loan Bank of San Francisco or place securities worth between 110% and 150% of the value of the deposit with the Federal Reserve Bank of San Francisco, the Home Loan Bank of San Francisco, or a trust bank.

Since credit unions do not have Community Reinvestment Act performance ratings, they must demonstrate a commitment to community reinvestment lending and charitable activities comparable to what is required of banks.

All commercial paper and medium-term note issues must be issued by corporations operating within the United States and having total assets in excess of one billion dollars (\$1,000,000,000).

The Investment Group may raise these credit standards as part of the Investment Guidelines and Approved Lists. Appendix A provides a Comparison and Interpretation of Credit Ratings by Standard & Poor's, Moody's, and Fitch.

E. Maximum Maturities

Due to the nature of the invested funds, no investment with limited market liquidity should be used. Appropriate amounts of highly-liquid investments, such as U.S. Treasury and Agency obligations, should be maintained to accommodate unforeseen withdrawals.

The maximum maturity, determined as the term from the date of ownership to the date of maturity, for each investment shall be established as follows:

- U.S. Treasury and Agency Obligations.....5 years
- Washington Supranational Obligations¹5 years
- Municipal Notes5 years
- Registered State Warrants5 years

¹ The International Bank for Reconstruction and Development, International Finance Corporation, and Inter-American Development Bank.

Bankers Acceptances	180 days
Commercial Paper	270 days
Negotiable Certificates of Deposit.....	180 days
CRA Bank Deposit/Certificates of Deposit	1 year
Repurchase Agreements	1 year
Reverse Repurchase Agreements	92 days
Medium-Term Corporate Notes.....	180 days
Collateralized Mortgage Obligations	180 days

The Investment Group may reduce these maturity limits to a shorter term as part of the Investment Guidelines and the Approved Lists.

The ultimate maximum maturity of any investment shall be five (5) years. The dollar-weighted average maturity of all securities shall be equal to or less than three (3) years.

F. Maximum Concentrations

No more than 80% of the portfolio may be invested in issues other than U.S. Treasury and Agency obligations. The maximum allowable percentage for each type of security is set forth as follows:

U.S. Treasury and Agency Obligations	100%
Municipal Notes.....	80%
Registered State Warrants.....	80%
Bankers Acceptances	40%
Commercial Paper	40%
Washington Supranational Obligations.....	30%
Negotiable Certificates of Deposit and CRA Deposit/Certificates of Deposit	30%
Repurchase Agreements	30%
Reverse Repurchase Agreements	20%
Medium-Term Corporate Notes.....	30%
Money Market Mutual Funds.....	20%
Collateralized Mortgage Obligations	20%
Local Agency Investment Fund (LAIF).....	(per State limit)

The Investment Group may reduce these concentrations as part of the Investment Guidelines and the Approved Lists.

Excluding U.S. Treasury and Agency obligations, no more than 10% of the portfolio, may be invested in securities of a single issuer including its related entities.

Where a percentage limitation is established above, for the purpose of determining investment compliance, that maximum percentage will be applied on the date of purchase.

G. Repurchase Agreements

Under California Government Code section 53601, paragraph (j) and section 53635, the Director of Finance may enter into Repurchase Agreements and Reverse Repurchase Agreements. The maximum maturity of a Repurchase Agreement shall be one year. The maximum maturity of a reverse repurchase agreement shall be 92 days, and the proceeds of a reverse repurchase agreement may not be invested beyond the expiration of the agreement. The reverse repurchase agreement must be "matched to maturity" and meet all other requirements in the code.

All repurchase agreements must have an executed Sacramento County Master Repurchase Agreement on file with both the Director of Finance and the Broker/Dealer. Repurchase Agreements executed with approved broker-dealers must be collateralized with either: (1) U.S. Treasury and Agency obligations with a market value of 102% for collateral marked to market daily; or (2) money market instruments on the Approved Lists of the County that meet the qualifications of the Policy, with a market value of 102%. Since the market value of the underlying securities is subject to daily market fluctuations, investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day. Use of mortgage-backed securities for collateral is not permitted. Strictly for purposes of investing the daily excess bank balance, the collateral provided by the Sacramento County's depository bank can be U.S. Treasury and Agency obligations valued at 110%, or mortgage-backed securities valued at 150%.

H. Community Reinvestment Act Program

The Director of Finance has allocated within the Pooled Investment Fund, a maximum of \$90 million for the Community Reinvestment Act Program to encourage community investment by financial institutions, which includes community banks and credit unions, and to acknowledge and reward local financial institutions that support the community's financial needs. The Director of Finance may increase this amount, as appropriate, while staying within the investment policy objectives and maximum maturity and concentration limits. The eligible banks and savings banks must have Community Reinvestment Act performance ratings of "satisfactory" or "outstanding" from each financial institution's regulatory authority. The minimum credit requirements are located on page 5 of Section IX.D.

I. Criteria and Qualifications of Brokers/Dealers and Direct Issuers

All transactions initiated on behalf of the Pooled Investment Fund and Sacramento County shall be executed through either government security dealers reporting as primary dealers to the Market Reports Division of the Federal Reserve Bank of New York or direct issuers that directly issue their own securities that have been placed on the Approved List of brokers/dealers and direct issuers. Further, these firms must have an investment grade rating from at least two national rating services, if available.

Brokers/Dealers and direct issuers that have exceeded the political contribution limits, as contained in Rule G-37 of the Municipal Securities Rulemaking Board, within the preceding four-year period to the Director of Finance, any member of the Board of Supervisors, or any candidate for the Board of Supervisors, are prohibited from the Approved List of brokers/dealers and direct issuers.

Each broker/dealer and direct issuer will be sent a copy of this Policy and a list of those persons authorized to execute investment transactions. Each firm must acknowledge receipt of such materials to qualify for the Approved List of brokers/dealers and direct issuers.

Each broker/dealer and direct issuer authorized to do business with Sacramento County shall, at least annually, supply the Director of Finance with audited financial statements.

J. Investment Guidelines, Management Style and Strategy

The Investment Group, ~~named by the Director of Finance~~, shall issue and maintain Investment Guidelines specifying authorized investments, credit requirements, permitted transactions, and issue maturity and concentration limits consistent with this Policy.

The Investment Group shall also issue a statement describing the investment management style and current strategy for the entire investment program. The management style and strategy can be changed to accommodate shifts in the financial markets, but at all times they must be consistent with this Policy and its objectives.

K. Approved Lists

The Investment Group, named by the Director of Finance, shall issue and maintain various Approved Lists. These lists are:

1. Approved Domestic Banks for all legal investments.
2. Approved Foreign Banks for all legal investments.
3. Approved Commercial Paper and Medium Term Note Issuers.
4. Approved Money Market Mutual Funds.
5. Approved Firms for Purchase or Sale of Securities (Brokers/Dealers and Direct Issuers).
6. Approved Banks / Credit Unions for the Community Reinvestment Act Program.

L. Calculation of Yield and Costs

The costs of managing the investment portfolio, including but not limited to: investment management; accounting for the investment activity; custody of the assets; managing and accounting for the banking; receiving and remitting deposits; oversight controls; and indirect and overhead expenses are charged to the

investment earnings based upon actual labor hours worked in respective areas. Costs of these respective areas are accumulated by specific cost accounting projects and charged to the Pooled Investment Fund on a quarterly basis throughout the fiscal year.

The Department of Finance will allocate the net interest earnings of the Pooled Investment Fund quarterly. The net interest earnings are allocated based upon the average daily cash balance of each Pooled Investment Fund participant.

X. Reviewing, Monitoring and Reporting of the Portfolio

The Review Group will prepare and present to the Director of Finance at least monthly a comprehensive review and evaluation of the transactions, positions, performance of the Pooled Investment Fund and compliance to the California Government Code, Policy, and Investment Guidelines.

Quarterly, the Director of Finance will provide to the Board of Supervisors, the Oversight Committee, and to any local agency participant that requests a copy, a detailed report on the Pooled Investment Fund. The report will also be posted on the Department of Finance website. Pursuant to California Government Code section 53646, the report will list the type of investments, name of issuer, maturity date, par and dollar amount of the investment. For the total Pooled Investment Fund, the report will list average maturity, the market value, and the pricing source. Additionally, the report will show any funds under the management of contracting parties, a statement of compliance to the Policy and a statement of the Pooled Investment Fund's ability to meet the expected expenditure requirements for the next six months.

XI. Withdrawal Requests for Pooled Fund Investors

The Director of Finance will honor all requests to withdraw funds for normal cash flow purposes that are approved by the Director of Finance at a one dollar net asset value. Any requests to withdraw funds for purposes other than immediate cash flow needs, such as for external investing, are subject to the consent of the Director of Finance. In accordance with California Government Code Sections 27133(h) and 27136, such requests for withdrawals must first be made in writing to the Director of Finance. When evaluating a request to withdraw funds, the Director of Finance will take into account the effect of a withdrawal on the stability and predictability of the Pooled Investment Fund and the interests of other depositors. Any withdrawal for such purposes will be at the market value of the Pooled Investment Fund on the date of the withdrawal.

XII. Limits on Honoraria, Gifts, and Gratuities

In accordance with California Government Code Section 27133(d), this Policy establishes limits for the Director of Finance; individuals responsible for management of the portfolios; and members of the Investment Group and Review Group who direct individual investment decisions, select individual investment advisors and broker/dealers, and conduct day-to-day investment trading activity. The limits also apply

to members of the Oversight Committee. Any individual who receives an aggregate total of gifts, honoraria and gratuities in excess of \$50 in a calendar year from a broker/dealer, bank or service provider to the Pooled Investment Fund must report the gifts, dates and firms to the designated filing official and complete the appropriate State forms.

No individual may receive aggregate gifts, honoraria, and gratuities from any single source in a calendar year in excess of the amount specified in Section 18940.2(a) of Title 2, Division 6 of the California Code of Regulations. This limitation was \$520 for the period January 1, 2021, to December 31, 2022. The limitation for January 1, 2023, to December 31, 2024 will be adjusted for inflation by the State Fair Political Practices Commission by January 2023. Any violation must be reported to the State Fair Political Practices Commission.

XIII. Terms and Conditions for Outside Investors

Outside investors may invest in the Pooled Investment Fund through California Government Code Section 53684. Their deposits are subject to the consent of the Director of Finance. The legislative body of the local agency must approve the Sacramento County Pooled Investment Fund as an authorized investment and execute a Memorandum of Understanding. Any withdrawal of these deposits must be made in writing 30 days in advance and will be paid based upon the market value of the Pooled Investment Fund. If the Director of Finance considers it appropriate, the deposits may be returned at any time to the local agency.

Appendix A

Comparison and Interpretation of Credit Ratings

Long Term Debt & Individual Bank Ratings				
Rating Interpretation	Moody's	S&P	Fitch	Fitch Viability Rating
<i>Best-quality grade</i>	Aaa	AAA	AAA	aaa
<i>High-quality grade</i>	Aa1	AA+	AA+	aa+
	Aa2	AA	AA	aa
	Aa3	AA-	AA-	aa-
<i>Upper Medium Grade</i>	A1	A+	A+	a+
	A2	A	A	a
	A3	A-	A-	a-
<i>Medium Grade</i>	Baa1	BBB+	BBB+	bbb+
	Baa2	BBB	BBB	bbb
	Baa3	BBB-	BBB-	bbb-
<i>Speculative Grade</i>	Ba1	BB+	BB+	bb+
	Ba2	BB	BB	bb
	Ba3	BB-	BB-	bb-
<i>Low Grade</i>	B1	B+	B+	b+
	B2	B	B	b
	B3	B-	B-	b-
<i>Poor Grade to Default</i>	Caa	CCC+	CCC	ccc
<i>In Poor Standing</i>	-	CCC	-	
	-	CCC-	-	
<i>Highly Speculative Default</i>	Ca	CC	CC	cc
	C	-	-	c
<i>Default</i>	-	-	DDD	f
	-	-	DD	f
	-	D	D	f

Short Term / Municipal Note Investment Grade Ratings			
Rating Interpretation	Moody's	S&P	Fitch
<i>Superior Capacity</i>	MIG-1	SP-1+/SP-1	F1+/F1
<i>Strong Capacity</i>	MIG-2	SP-2	F2
<i>Acceptable Capacity</i>	MIG-3	SP-3	F3

Appendix A

Short Term / Commercial Paper Investment Grade Ratings

Rating Interpretation	Moody's	S&P	Fitch
<i>Superior Capacity</i>	P-1	A-1+/A-1	F1+/F1
<i>Strong Capacity</i>	P-2	A-2	F2
<i>Acceptable Capacity</i>	P-3	A-3	F3

Fitch Support Ratings

<i>Rating</i>	<i>Interpretation</i>
1	A bank for which there is an extremely high probability of external support. The potential provider of support is very highly rated in its own right and has a very high propensity to support the bank in question. This probability of support indicates a minimum Long-Term Rating floor of 'A-'.
2	A bank for which there is a high probability of external support. The potential provider of support is highly rated in its own right and has a high propensity to provide support to the bank in question. This probability of support indicates a Long-Term Rating floor in the 'BBB' category.
3	A bank for which there is a moderate probability of support because of uncertainties about the ability or propensity of the potential provider of support to do so. This probability of support indicates a Long-Term Rating floor in the 'BB' category.
4	A bank for which there is a limited probability of support because of significant uncertainties about the ability or propensity of any possible provider of support to do so. This probability of support indicates a minimum Long-Term Rating floor of 'B+' or 'B'.
5	A bank for which there is a possibility of external support, but it cannot be relied upon. This may be due to a lack of propensity to provide support or to very weak financial ability to do so. This probability of support indicates a Long-Term Rating floor no higher than 'B-' and in many cases no floor at all.



SACRAMENTO COUNTY

**Annual Investment Policy
of the Pooled Investment Fund**

CALENDAR YEAR 2023

*Approved by the
Sacramento County Board of Supervisors*

December 6, 2022
Resolution No.

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SACRAMENTO COUNTY

Annual Investment Policy of the Pooled Investment Fund

CALENDAR YEAR 2023

I. Authority

Under the Sacramento County Charter, the Board of Supervisors established the position of Director of Finance and by ordinance will annually review and renew the Director of Finance's authority to invest and reinvest all the funds in the County Treasury.

II. Policy Statement

This Investment Policy (Policy) establishes cash management and investment guidelines for the Director of Finance, who is responsible for the stewardship of the Sacramento County Pooled Investment Fund. Each transaction and the entire portfolio must comply with California Government Code and this Policy. All portfolio activities will be judged by the standards of the Policy and its investment objectives. Activities that violate its spirit and intent will be considered contrary to the Policy.

III. Standard of Care

The Director of Finance is the Trustee of the Pooled Investment Fund and therefore, a fiduciary subject to the prudent investor standard. The Director of Finance, employees involved in the investment process, and members of the Sacramento County Treasury Oversight Committee (Oversight Committee) shall refrain from all personal business activities that could conflict with the management of the investment program. All individuals involved will be required to report all gifts and income in accordance with California state law. When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the Director of Finance shall act with care, skill, prudence, and diligence to meet the aims of the investment objectives listed in Section IV, Investment Objectives.

IV. Investment Objectives

The Pooled Investment Fund shall be prudently invested in order to earn a reasonable return, while awaiting application for governmental purposes. The specific objectives for the Pooled Investment Fund are ranked in order of importance.

A. Safety of Principal

The preservation of principal is the primary objective. Each transaction shall seek to ensure that capital losses are avoided, whether they be from securities default or erosion of market value.

B. Liquidity

As a second objective, the Pooled Investment Fund should remain sufficiently flexible to enable the Director of Finance to meet all operating requirements that may be reasonably anticipated in any depositor's fund.

C. Public Trust

In managing the Pooled Investment Fund, the Director of Finance and the authorized investment traders should avoid any transactions that might impair public confidence in Sacramento County and the participating local agencies. Investments should be made with precision and care, considering the probable safety of the capital as well as the probable income to be derived.

D. Maximum Rate of Return

As the fourth objective, the Pooled Investment Fund should be designed to attain a market average rate of return through budgetary and economic cycles, consistent with the risk limitations, prudent investment principles and cash flow characteristics identified herein. For comparative purposes, the State of California Local Agency Investment Fund (LAIF) will be used as a performance benchmark. The Pooled Investment Fund quarterly performance benchmark target has been set at or above LAIF's yield. This benchmark was chosen because LAIF's portfolio structure is similar to the Pooled Investment Fund.

V. Pooled Investment Fund Investors

The Pooled Investment Fund investors are comprised of Sacramento County, school and community college districts, districts directed by the Board of Supervisors, and independent special districts and joint powers authorities whose treasurer is the Director of Finance. Any local agencies not included in this category are subject to California Government Code section 53684 and are referred to as outside investors.

VI. Implementation

In order to provide direction to those responsible for management of the Pooled Investment Fund, the Director of Finance has established this Policy and will provide it to the Oversight Committee and render it to legislative bodies of local agencies that participate in the Pooled Investment Fund. In accordance with California Government Code section 53646, et seq., the Board of Supervisors shall review and approve this Policy annually at a public meeting.

This Policy provides a detailed description of investment parameters used to implement the investment process and includes the following: investable funds; authorized instruments; prohibited investments; credit requirements; maximum maturities and concentrations; repurchase agreements; Community Reinvestment Act Program; criteria

and qualifications of broker/dealers and direct issuers; investment guidelines, management style and strategy; Approved Lists; and calculation of yield and costs.

VII. Internal Controls

The Director of Finance shall establish internal controls to provide reasonable assurance that the investment objectives are met and to ensure that the assets are protected from loss, theft, or misuse. To assist in implementation and internal controls, the Director of Finance has established an Investment Group and a Review Group.

The Investment Group, which is comprised of the Director of Finance and his/her designees, is responsible for maintenance of the investment guidelines and Approved Lists. These guidelines and lists can be altered daily, if needed, to adjust to the ever-changing financial markets. The guidelines can be more conservative or match the policy language. In no case can the guidelines override the Policy.

The Review Group, which is comprised of the Director of Finance and his/her designees, is responsible for the monthly review and appraisal of all the investments purchased by the Director of Finance and staff. This review includes bond proceeds, which are invested separately from the Pooled Investment Fund and are not governed by this Policy.

The Director of Finance shall establish a process for daily, monthly, quarterly, and annual review and monitoring of the Pooled Investment Fund activity. The following articles, in order of supremacy, govern the Pooled Investment Fund:

1. California Government Code
2. Annual Investment Policy
3. Current Investment Guidelines
4. Approved Lists (see page 9, Section IX.K)

The Director of Finance shall review the daily investment activity and corresponding bank balances.

Monthly, the Review Group shall review all investment activity and its compliance to the corresponding governing articles and investment objectives.

All securities purchased, with the exception of bank deposits, money market mutual funds, and LAIF, shall be delivered to the independent third-party custodian selected by the Director of Finance. This includes all collateral for repurchase agreements. All trades, where applicable, will be executed by delivery versus payment by the designated third-party custodian.

VIII. Sacramento County Treasury Oversight Committee

In accordance with California Government Code section 27130 et seq., the Board of Supervisors, in consultation with the Director of Finance, has created the Sacramento County Treasury Oversight Committee (Oversight Committee). Annually, the Oversight

Committee shall cause an audit to be conducted on the Pooled Investment Fund. The meetings of the Oversight Committee shall be open to the public and subject to the Ralph M. Brown Act.

A member of the Oversight Committee may not be employed by an entity that has contributed to the campaign of a candidate for the office of local treasurer, or contributed to the campaign of a candidate to be a member of a legislative body of any local agency that has deposited funds in the county treasury, in the previous three years or during the period that the employee is a member of the Oversight Committee. A member may not directly or indirectly raise money for a candidate for local treasurer or a member of the Sacramento County Board of Supervisors or governing board of any local agency that has deposited funds in the county treasury while a member of the Oversight Committee. Finally, a member may not secure employment with, or be employed by bond underwriters, bond counsel, security brokerages or dealers, or financial services firms, with whom the treasurer is doing business during the period that the person is a member of the Oversight Committee or for one year after leaving the committee.

The Oversight Committee is not allowed to direct individual investment decisions, select individual investment advisors, brokers or dealers, or impinge on the day-to-day operations of the Department of Finance treasury and investment operations.

IX. Investment Parameters

A. Investable Funds

Total Investable Funds (TIF) for purposes of this Policy are all Pooled Investment Fund moneys that are available for investment at any one time, including the estimated bank account float. Included in TIF are funds of outside investors, if applicable, for which the Director of Finance provides investment services. Excluded from TIF are all funds held in separate portfolios.

The Cash Flow Horizon is the period in which the Pooled Investment Fund cash flow can be reasonably forecasted. This Policy establishes the Cash Flow Horizon to be one (1) year.

Once the Director of Finance has deemed that the cash flow forecast can be met, the Director of Finance may invest funds in securities with maturities beyond one year. These securities will be referred to as the Core Portfolio.

B. Authorized Investments

Authorized investments shall match the general categories established by the California Government Code sections 53601 et seq. and 53635 et seq. Authorized investments shall include, in accordance with California Government Code section 16429.1, investments into LAIF. Authorization for specific instruments within these general categories, as well as narrower portfolio concentration and maturity limits, will be established and maintained by the Investment Group as part of the Investment

Guidelines. As the California Government Code is amended, this Policy shall likewise become amended.

C. Prohibited Investments

No investments shall be authorized that have the possibility of returning a zero or negative yield if held to maturity except for securities issued by, or backed by, the United States government during a period of negative market interest rates. Prohibited investments shall include inverse floaters, range notes, and interest only strips derived from a pool of mortgages.

All legal investments issued by a tobacco-related company are prohibited. A tobacco-related company is defined as an entity that makes smoking products from tobacco used in cigarettes, cigars, or snuff or for smoking in pipes. The tobacco-related issuers restricted from any investment are any component companies in the Dow Jones U.S. Tobacco Index or the NYSE Arca Tobacco Index.

D. Credit Requirements

Except for municipal obligations and Community Reinvestment Act (CRA) bank deposits and certificates of deposit, the issuer's short-term credit ratings shall be at or above A-1 by Standard & Poor's, P-1 by Moody's, and, if available, F1 by Fitch, and the issuer's long-term credit ratings shall be at or above A by Standard & Poor's, A2 by Moody's, and, if available, A by Fitch. There are no credit requirements for Registered State Warrants. All other municipal obligations shall be at or above a short-term rating of SP-1 by Standard & Poor's, MIG1 by Moody's, and, if available, F1 by Fitch.

Community Reinvestment Act Program Credit Requirements

Maximum Amount	Minimum Requirements
Up to the FDIC- or NCUSIF-insured limit for the term of the deposit	Banks — FDIC Insurance Coverage
	Credit Unions — NCUSIF Insurance Coverage <i>Credit unions are limited to a maximum deposit of the NCUSIF-insured limit since they are not rated by nationally recognized rating agencies and are not required to provide collateral on public deposits.</i>
Over the FDIC- or NCUSIF-insured limit	<p>(Any 2 of 3 ratings)</p> <p>S&P: A-2</p> <p>Moody's: P-2</p> <p>Fitch: F-2</p> <p style="text-align: center;">OR</p> <p>Collateral is required</p> <p>Through a private sector entity that assists in the placement of deposits to achieve FDIC insurance coverage of the full deposit and accrued interest.</p>

Eligible banks must have Community Reinvestment Act performance ratings of “satisfactory” or “outstanding” from their federal regulator. In addition, deposits greater than the federally-insured amount must be collateralized. Banks must either have a letter of credit issued by the Federal Home Loan Bank of San Francisco or place securities worth between 110% and 150% of the value of the deposit with the Federal Reserve Bank of San Francisco, the Home Loan Bank of San Francisco, or a trust bank.

Since credit unions do not have Community Reinvestment Act performance ratings, they must demonstrate a commitment to community reinvestment lending and charitable activities comparable to what is required of banks.

All commercial paper and medium-term note issues must be issued by corporations operating within the United States and having total assets in excess of one billion dollars (\$1,000,000,000).

The Investment Group may raise these credit standards as part of the Investment Guidelines and Approved Lists. Appendix A provides a Comparison and Interpretation of Credit Ratings by Standard & Poor’s, Moody’s, and Fitch.

E. Maximum Maturities

Due to the nature of the invested funds, no investment with limited market liquidity should be used. Appropriate amounts of highly-liquid investments, such as U.S. Treasury and Agency obligations, should be maintained to accommodate unforeseen withdrawals.

The maximum maturity, determined as the term from the date of ownership to the date of maturity, for each investment shall be established as follows:

U.S. Treasury and Agency Obligations.....	5 years
Washington Supranational Obligations ¹	5 years
Municipal Notes	5 years
Registered State Warrants	5 years
Bankers Acceptances	180 days
Commercial Paper.....	270 days
Negotiable Certificates of Deposit	180 days
CRA Bank Deposit/Certificates of Deposit.....	1 year
Repurchase Agreements	1 year
Reverse Repurchase Agreements.....	92 days
Medium-Term Corporate Notes	180 days
Collateralized Mortgage Obligations.....	180 days

¹ The International Bank for Reconstruction and Development, International Finance Corporation, and Inter-American Development Bank.

The Investment Group may reduce these maturity limits to a shorter term as part of the Investment Guidelines and the Approved Lists.

The ultimate maximum maturity of any investment shall be five (5) years. The dollar-weighted average maturity of all securities shall be equal to or less than three (3) years.

F. Maximum Concentrations

No more than 80% of the portfolio may be invested in issues other than U.S. Treasury and Agency obligations. The maximum allowable percentage for each type of security is set forth as follows:

U.S. Treasury and Agency Obligations	100%
Municipal Notes.....	80%
Registered State Warrants.....	80%
Bankers Acceptances	40%
Commercial Paper	40%
Washington Supranational Obligations.....	30%
Negotiable Certificates of Deposit and CRA Deposit/Certificates of Deposit	30%
Repurchase Agreements	30%
Reverse Repurchase Agreements	20%
Medium-Term Corporate Notes.....	30%
Money Market Mutual Funds.....	20%
Collateralized Mortgage Obligations	20%
Local Agency Investment Fund (LAIF).....	(per State limit)

The Investment Group may reduce these concentrations as part of the Investment Guidelines and the Approved Lists.

Excluding U.S. Treasury and Agency obligations, no more than 10% of the portfolio, may be invested in securities of a single issuer including its related entities.

Where a percentage limitation is established above, for the purpose of determining investment compliance, that maximum percentage will be applied on the date of purchase.

G. Repurchase Agreements

Under California Government Code section 53601, paragraph (j) and section 53635, the Director of Finance may enter into Repurchase Agreements and Reverse Repurchase Agreements. The maximum maturity of a Repurchase Agreement shall be one year. The maximum maturity of a reverse repurchase agreement shall be 92 days, and the proceeds of a reverse repurchase agreement may not be invested beyond the expiration of the agreement. The reverse repurchase agreement must be "matched to maturity" and meet all other requirements in the code.

All repurchase agreements must have an executed Sacramento County Master Repurchase Agreement on file with both the Director of Finance and the

Broker/Dealer. Repurchase Agreements executed with approved broker-dealers must be collateralized with either: (1) U.S. Treasury and Agency obligations with a market value of 102% for collateral marked to market daily; or (2) money market instruments on the Approved Lists of the County that meet the qualifications of the Policy, with a market value of 102%. Since the market value of the underlying securities is subject to daily market fluctuations, investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day. Use of mortgage-backed securities for collateral is not permitted. Strictly for purposes of investing the daily excess bank balance, the collateral provided by the Sacramento County's depository bank can be U.S. Treasury and Agency obligations valued at 110%, or mortgage-backed securities valued at 150%.

H. Community Reinvestment Act Program

The Director of Finance has allocated within the Pooled Investment Fund, a maximum of \$90 million for the Community Reinvestment Act Program to encourage community investment by financial institutions, which includes community banks and credit unions, and to acknowledge and reward local financial institutions that support the community's financial needs. The Director of Finance may increase this amount, as appropriate, while staying within the investment policy objectives and maximum maturity and concentration limits. The eligible banks and savings banks must have Community Reinvestment Act performance ratings of "satisfactory" or "outstanding" from each financial institution's regulatory authority. The minimum credit requirements are located on page 5 of Section IX.D.

I. Criteria and Qualifications of Brokers/Dealers and Direct Issuers

All transactions initiated on behalf of the Pooled Investment Fund and Sacramento County shall be executed through either government security dealers reporting as primary dealers to the Market Reports Division of the Federal Reserve Bank of New York or direct issuers that directly issue their own securities that have been placed on the Approved List of brokers/dealers and direct issuers. Further, these firms must have an investment grade rating from at least two national rating services, if available.

Brokers/Dealers and direct issuers that have exceeded the political contribution limits, as contained in Rule G-37 of the Municipal Securities Rulemaking Board, within the preceding four-year period to the Director of Finance, any member of the Board of Supervisors, or any candidate for the Board of Supervisors, are prohibited from the Approved List of brokers/dealers and direct issuers.

Each broker/dealer and direct issuer will be sent a copy of this Policy and a list of those persons authorized to execute investment transactions. Each firm must acknowledge receipt of such materials to qualify for the Approved List of brokers/dealers and direct issuers.

Each broker/dealer and direct issuer authorized to do business with Sacramento County shall, at least annually, supply the Director of Finance with audited financial statements.

J. Investment Guidelines, Management Style and Strategy

The Investment Group shall issue and maintain Investment Guidelines specifying authorized investments, credit requirements, permitted transactions, and issue maturity and concentration limits consistent with this Policy.

The Investment Group shall also issue a statement describing the investment management style and current strategy for the entire investment program. The management style and strategy can be changed to accommodate shifts in the financial markets, but at all times they must be consistent with this Policy and its objectives.

K. Approved Lists

The Investment Group, named by the Director of Finance, shall issue and maintain various Approved Lists. These lists are:

1. Approved Domestic Banks for all legal investments.
2. Approved Foreign Banks for all legal investments.
3. Approved Commercial Paper and Medium Term Note Issuers.
4. Approved Money Market Mutual Funds.
5. Approved Firms for Purchase or Sale of Securities (Brokers/Dealers and Direct Issuers).
6. Approved Banks / Credit Unions for the Community Reinvestment Act Program.

L. Calculation of Yield and Costs

The costs of managing the investment portfolio, including but not limited to: investment management; accounting for the investment activity; custody of the assets; managing and accounting for the banking; receiving and remitting deposits; oversight controls; and indirect and overhead expenses are charged to the investment earnings based upon actual labor hours worked in respective areas. Costs of these respective areas are accumulated by specific cost accounting projects and charged to the Pooled Investment Fund on a quarterly basis throughout the fiscal year.

The Department of Finance will allocate the net interest earnings of the Pooled Investment Fund quarterly. The net interest earnings are allocated based upon the average daily cash balance of each Pooled Investment Fund participant.

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XI. Withdrawal Requests for Pooled Fund Investors

The Director of Finance will honor all requests to withdraw funds for normal cash flow purposes that are approved by the Director of Finance at a one dollar net asset value. Any requests to withdraw funds for purposes other than immediate cash flow needs, such as for external investing, are subject to the consent of the Director of Finance. In accordance with California Government Code Sections 27133(h) and 27136, such requests for withdrawals must first be made in writing to the Director of Finance. When evaluating a request to withdraw funds, the Director of Finance will take into account the effect of a withdrawal on the stability and predictability of the Pooled Investment Fund and the interests of other depositors. Any withdrawal for such purposes will be at the market value of the Pooled Investment Fund on the date of the withdrawal.

XII. Limits on Honoraria, Gifts, and Gratuities

In accordance with California Government Code Section 27133(d), this Policy establishes limits for the Director of Finance; individuals responsible for management of the portfolios; and members of the Investment Group and Review Group who direct individual investment decisions, select individual investment advisors and broker/dealers, and conduct day-to-day investment trading activity. The limits also apply to members of the Oversight Committee. Any individual who receives an aggregate total of gifts, honoraria and gratuities in excess of \$50 in a calendar year from a broker/dealer, bank or service provider to the Pooled Investment Fund must report the gifts, dates and firms to the designated filing official and complete the appropriate State forms.

No individual may receive aggregate gifts, honoraria, and gratuities from any single source in a calendar year in excess of the amount specified in Section 18940.2(a) of Title 2, Division 6 of the California Code of Regulations. This limitation was \$520 for the

Appendix A

Comparison and Interpretation of Credit Ratings

Long Term Debt & Individual Bank Ratings			
Rating Interpretation	Moody's	S&P	Fitch
<i>Best-quality grade</i>	Aaa	AAA	AAA
<i>High-quality grade</i>	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
<i>Upper Medium Grade</i>	A1	A+	A+
	A2	A	A
	A3	A-	A-
<i>Medium Grade</i>	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-
<i>Speculative Grade</i>	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB-	BB-
<i>Low Grade</i>	B1	B+	B+
	B2	B	B
	B3	B-	B-
<i>Poor Grade to Default</i>	Caa	CCC+	CCC
<i>In Poor Standing</i>	-	CCC	-
	-	CCC-	-
<i>Highly Speculative Default</i>	Ca	CC	CC
	C	-	-
<i>Default</i>	-	-	DDD
	-	-	DD
	-	D	D

Short Term / Municipal Note Investment Grade Ratings			
Rating Interpretation	Moody's	S&P	Fitch
<i>Superior Capacity</i>	MIG-1	SP-1+/SP-1	F1+/F1
<i>Strong Capacity</i>	MIG-2	SP-2	F2
<i>Acceptable Capacity</i>	MIG-3	SP-3	F3

Appendix A

Short Term / Commercial Paper Investment Grade Ratings

Rating Interpretation	Moody's	S&P	Fitch
<i>Superior Capacity</i>	P-1	A-1+/A-1	F1+/F1
<i>Strong Capacity</i>	P-2	A-2	F2
<i>Acceptable Capacity</i>	P-3	A-3	F3

MEMBER UPDATE.

Department of Finance
Ben Lamera, Director
Joyce Renison, Deputy Director



County of Sacramento

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

Inter-Departmental Memorandum

February 17, 2023

To: Treasury Oversight Committee

From: Ben Lamera 
Director of Finance

Subject: **STATUS REPORT ON MEMBER POSITIONS**

School and Community College Districts Representative

The term for the School and Community College Districts Representative expires on June 30, 2023. Requests for nominations will be sent to all school and community college district pool participants in early March.

Public Members

The terms for public members representing Districts 3 and 4 will expire on June 30, 2023. Contact Dave Matuskey if you need any assistance in reapplying for your position. The Clerk of the Board is accepting applications for the 5th District position.

DISCUSSION AND ACTION ON THE NON-POOLED FUNDS PORTFOLIO REPORT AND
INTERNAL AUDIT OF NON-POOLED INVESTMENT FUNDS FOR THE QUARTER
ENDED DECEMBER 31, 2022.



COUNTY OF SACRAMENTO

DEPARTMENT OF FINANCE

NON-POOLED FUNDS PORTFOLIO REPORT

FOR QUARTER ENDED DECEMBER 31, 2022

**COUNTY OF SACRAMENTO
DEPARTMENT OF FINANCE**

NON-POOLED FUNDS PORTFOLIO REPORT

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PORTFOLIO CONCENTRATION & CREDIT QUALITY

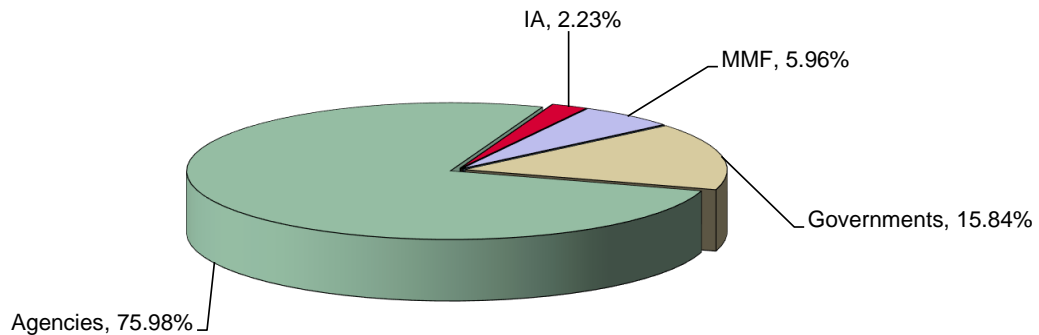
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Appendix A: Detailed Listing Of Non-Pooled Funds	2
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COUNTY OF SACRAMENTO
Non-Pooled Funds - December 31, 2022

Portfolio Sector Concentration Profile
ALL NON-POOLED FUNDS

Sector	Credit Quality	Dollar Amount At Cost	Percent
GOVERNMENTS	AA+/Aaa/AAA		
Treasury Bills		\$ 155,303,101.19	15.29%
Treasury Notes		\$ -	0.00%
Treasury Bonds		\$ -	0.00%
SLGs		\$ 5,522,480.00	0.54%
SUBTOTAL		\$ 160,825,581.19	15.84%
AGENCIES	AA+/Aaa/AAA		
FHLB		\$ 62,267,125.00	6.13%
FHLB Discount Notes		\$ 392,812,961.59	38.68%
FNMA		\$ -	0.00%
FNMA Discount Notes		\$ 166,615,824.59	16.41%
FFCB		\$ -	0.00%
FFCB Discount Notes		\$ 144,862,637.17	14.26%
FHLMC		\$ -	0.00%
FHLMC Discount Notes		\$ 4,989,708.33	0.49%
SUBTOTAL		\$ 771,548,256.68	75.98%
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	\$ -	0.00%
INVESTMENT AGREEMENTS (IA)	Not Rated	\$ 22,595,237.40	2.23%
LOCAL AGENCY INVESTMENT FUND (LAIF)	Not Rated	\$ -	0.00%
MONEY MARKET FUNDS (MMF)	AAA	\$ 60,547,035.14	5.96%
SWEEP	Not Rated		0.00%
TOTAL		\$ 1,015,516,110.41	100.00%

Sector concentrations are for all non-pooled funds in the aggregate. 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 December 31, 2022

Fund	Description	Type	Funded Date	Maturity Date	Amount Issued	Book Value	Bond/Note TIC/NIC
Fiscal Agent Trustee Funds							
5277	SASD Series 2015 Refunding	REV	5/5/2015	8/1/2035	45,435,000	310.77	3.392%
5390-93	SRCS D REF 2005	REV	9/7/2005	12/1/2023	61,220,000	1,092.00	4.414%
5455-57	SRCS D 2014A	REV	7/10/2014	12/1/2044	378,510,000	5,301.36	3.823%
5510-15	SCWA, Series 2007	REV	5/9/2007	6/1/2039	413,420,000	23,490,630.17	4.260%
5600-02	SRCS D REF 2007	REV	3/1/2007	12/1/2035	443,365,000	3,867.97	4.165%
5603-04	SRCS D REF 2021	REV	3/10/2021	12/1/2034	269,810,000	1,677.70	1.460%
5800-07	Airport System 2009 A&B	REV	7/28/2009	7/1/2041	201,800,000	18,602,621.62	5.473%
5810-15	Airport System 2009 C&D	REV	7/28/2009	7/1/2041	278,250,000	18,320,282.67	6.010%
5860-63	SASD Series 2010 A&B	REV	8/11/2010	8/1/2040	126,620,000	220.49	4.069%
5890-92	San Juan USD, Elec 02, Ser 2011	GO	6/10/2011	6/1/2026	10,600,000	6,112,753.11	5.336%
6126-27	FCUSD SFID #3, Series D	GO	7/31/2019	10/1/2044	150,000,000	87,859,839.59	3.460%
6805-07	SRCS D 2020A	REV	7/14/2020	12/1/2044	115,165,000	0.56	3.240%
50A0	Airport System Refund 2016A	REV	12/21/2016	7/1/2041	89,000,000	2,318,022.07	4.332%
50B0	Airport System Refund 2016B	REV	12/21/2016	7/1/2041	92,790,000	2,401,656.70	4.373%
50E0	McClellan Park CFD Ser. 2017A	MR	12/14/2017	9/1/2040	29,470,000	2,593,974.52	3.804%
50G0-H7	Airports System Ref 2018A-C	REV	5/3/2018	7/1/2039	435,510,000	9,002,162.13	3.488%
50I0-J3	Airports System Ref 2018D-F	REV	5/3/2018	7/1/2035	137,590,000	6,254,348.52	3.142%
50K0	FCUSD SFID #5 2018	GO	5/10/2018	10/1/2043	95,000,000	10,279,053.04	3.627%
50L0-L5	Florin Vineyard CFD No. 1 2018	MR	8/16/2018	9/1/2048	6,610,000	697,379.24	3.926%
50T0-T1	Fair Oaks Rec & Park Ser 2019	GO	4/10/2019	8/1/2048	9,435,000	1,247,878.83	3.301%
51A0	Fair Oaks Rec & Park Ser 2020	GO	5/27/2020	8/1/2050	9,000,000	9,133,835.17	3.444%
51F0	Airports System Ref 2020	REV	8/20/2020	7/1/2040	79,705,000	1,715,200.94	2.100%
51G0	Natomas USD, Elec 18, 2020A	GO	10/1/2020	8/1/2049	52,980,000	4,440,984.51	3.272%
51H0	Natomas USD, Elec 14, 2020	GO	10/1/2020	8/1/2042	20,500,000	3,109,785.21	2.573%
51J0	San Juan USD, Elec 12, Ser 20	GO	10/29/2020	8/1/2029	30,000,000	10,019,259.79	0.776%
51M0	2020 Refunding COP	COP	10/22/2020	10/1/2029	27,080,000	2,721,891.98	1.082%
51Q0	Elk Grove USD, Elec 16, Ser 21	GO	4/20/2021	8/1/2045	140,500,000	75,764,840.69	2.078%
51R0	River Delta USD, SFID #1	GO	4/29/2021	8/1/2049	15,300,000	14,718,391.96	2.450%
51S0	River Delta USD, SFID #2	GO	4/29/2021	10/1/2050	4,900,000	4,417,411.33	2.496%
51T0	North Yineyard CFD No. 2 2021	MR	6/30/2021	9/1/2046	3,895,000	388,850.07	2.987%
51U0-U1	Los Rios CCD Elec 08, Ser E	GO	7/1/2021	8/1/2035	130,000,000	101,503,603.87	1.027%
51W0-W1	Sac City USD, Series 2021 G	GO	7/8/2021	8/1/2049	77,100,000	68,243,589.02	2.820%
51Z1	SCWA, Series 2022A	REV	2/1/2022	11/1/2025	81,215,000	81,412,751.98	1.036%
52A0	Center USD, Series 2021B	GO	12/15/2021	8/1/2051	43,000,000	10,077,851.95	2.694%
52B0	San Juan USD, Elec 16, Ser 22	GO	5/11/2022	8/1/2046	150,000,000	150,241,322.67	3.971%
52C0	Sac City USD, Series 2022 A	GO	7/21/2022	8/1/2052	225,000,000	226,544,496.87	4.742%
52F0	Metro Air Park CFD, Ser 22	MR	9/15/2022	9/1/2047	40,000,000	40,369,398.38	4.984%
52G0	Fair Oaks Rec & Park Ser 2022	GO	11/16/2022	8/1/2051	8,460,058	8,982,271.17	5.314%
52H0	Center USD, Series 2022C	GO	12/22/2022	8/1/2046	12,435,000	12,092,784.76	4.130%

Book Value Subtotal Of Fiscal Agent Trustee Funds: \$1,015,091,595.38

Other Separate Trustees

5410	Tobacco Securitization Authority 2005 Refunding						
	Collection Account		12/6/2005	6/1/2045		0.86	
	Operating Account		12/6/2005	6/1/2045		308,251.73	
	Sr Debt Service Account		12/6/2005	6/1/2045		114,383.52	
	Sr Turbo Redemption Account		12/6/2005	6/1/2045		1,878.92	
	Subtotal					424,515.03	

Book Value Subtotal Of Funds Held By Other Separate Trustees: \$424,515.03

TOTAL NON-POOLED INVESTMENT FUNDS BOOK VALUE: \$1,015,516,110.41

New issues are reflected in blue.

FUND TYPES:

TSP - Tobacco Securitization Proceeds
 TR - Tax & Revenue Anticipation Notes
 SEP - Funds held for unique purposes
 REV - Revenue Bonds
 TC - Tax Collection Account

MR - Mello Roos Bonds
 GO - General Obligation Bonds
 AD - Assessment District Bonds
 COP - Certificates of Participation

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.

Department of Finance

Ben Lamera, Director
Joyce Renison, Deputy Director



Auditor-Controller Division

Mark Aspesi
Assistant Auditor-Controller

County of Sacramento

February 7, 2023
Bernard Santo Domingo, Chief Investment Officer
Dave Matuskey, Investment Officer
Department of Finance
700 H Street, Suite 1710
Sacramento, CA 95814

Dear Mr. Santo Domingo:

Enclosed is our report for Non-Pooled Investments Performance Audit for quarter ended December 31, 2022.

We would like to take this opportunity to thank you and your staff for the cooperation and assistance we received during our procedures.

Sincerely,

BEN LAMERA
DIRECTOR OF FINANCE


By: Tae-Young Kang, CPA
Audit Manager

COUNTY OF SACRAMENTO

Treasury Oversight Committee
Non-Pooled Investments
Performance Audit Report

For the Quarter Ended December 31, 2022

Audit Staff:

Tae-Young Kang, CPA
Kimberly Lucchesi

Audit Manager
Auditor

**COUNTY OF SACRAMENTO
TREASURY OVERSIGHT COMMITTEE
NON-POOLED INVESTMENTS
PERFORMANCE AUDIT REPORT
FOR THE QUARTER ENDED DECEMBER 31, 2022**

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Department of Finance
Ben Lamera , Director
Joyce Renison, Deputy Director



Auditor-Controller Division
Mark Aspesi
Assistant Auditor-Controller

County of Sacramento

February 7, 2023

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

We have audited the Sacramento County Non-Pooled Investment Fund (Fund) for the quarter ended December 31, 2022.

Our audit was conducted to verify the Fund's compliance with the County of Sacramento, Non-Pooled Investment Policy (Policy) as described below for the quarter ended December 31, 2022, and to verify whether the Department of Finance, Treasury Division (Treasury) and Investment Division (Investment) have adequate internal controls to ensure the Fund's compliance with the 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.

Management is responsible for the design, implementation and maintenance of effective internal controls to ensure compliance with the Policy.

The scope of our audit includes all non-pooled investments for the quarter ended December 31, 2022.

The audit methodology utilized to conduct the performance audit included:

Interview:

- We interviewed various Treasury and Investment staff to gain an understanding of policies, procedures and processes for ensuring the Fund's compliance with the Policy.

Document Review:

- We reviewed the organizational chart and written documentation to understand the relevant policies, procedures and processes and to identify any internal control weaknesses, conflicts of interest, or inadequate segregation of duties.

Process Walkthrough:

- We had Treasury and Investment staff walk us through step-by-step processes related to the daily activities of the Fund. We verified whether staff had followed the policies and procedures.

Testing:

- We verified the SymPro non-pooled investment balances agreed with the custodian statements.
- We selected two (2) new issues out of total 40 issues during this quarter and we randomly selected an additional 8 out of the remaining 38 non-pooled investments based upon outstanding issues on December 31, 2022, to test for compliance with the Policy. Non-pooled investments selected included internally managed funds. See ATT 1 – *Schedule Sample of Non-Pooled Investments*. The non-pooled investments selected for testing totaled 10, which represents 25% of the total 40 non-pooled investments.
- We inspected the portfolio monitoring report for the 10 selected investments and tested for accuracy.
- We verified investments were made in accordance with the Policy.

We conducted this performance audit in accordance with *Generally Accepted Government Auditing Standards* except for paragraph 3.56 regarding our independence as described in the below paragraph. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objectives. We believe that the evidence obtained

provides a reasonable basis for our findings and conclusions based on our audit objective.

As required by various statutes within the California Government Code, County Auditor-Controllers or Directors of Finance are mandated to perform certain accounting, auditing and financial reporting functions. These activities, in themselves, necessarily impair *Generally Accepted Government Auditing Standards'* independence standards. Specifically, auditors should not audit their own work or provide non-audit services in situations where the amounts or services involved are significant/material to the subject matter of the audit.

Although the Director of Finance is statutorily obligated to maintain the non-pooled investment in the County Treasury, the staff that has the responsibility to perform audits within the Auditor-Controller Division has no other responsibility regarding the internal control or compliance of the Fund, the accounts or records being audited including the approval or posting of financial transactions that would therefore enable the reader of this report to rely on the information contained herein.

Based on our audit, the Fund complied with the Policy for the quarter ended December 31, 2022. Also, Treasury and Investment have adequate internal controls to ensure the Fund's compliance with the Policy.

This report is intended solely for the information and use of the Sacramento County Board of Supervisors, Sacramento County Treasury Oversight Committee, Sacramento County Audit Committee, and Sacramento County Executive, Treasury and Investment'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: Tae-Young Kang, CPA
Audit Manager

COUNTY OF SACRAMENTO
 TREASURY OVERSIGHT COMMITTEE
 NON-POOLED INVESTMENTS
 SCHEDULE SAMPLE OF NON-POOLED INVESTMENTS
 FOR THE QUARTER ENDED DECEMBER 31, 2022

<u>Issues ⁽¹⁾</u>	<u>Book Values 12/31/2022</u>	<u>% of Portfolio</u>
<u>Internally Managed Non-Pooled Investments</u>		
FCUSD SFID #3, Series D (GO)	\$ 87,859,839.59	9
Sac City USD, Series 2021 G (GO)	68,243,589.02	7
Center USD, Series 2022C (GO)	12,092,784.76	1
FCUSD SFID #5 2018 (GO)	10,279,053.04	1
San Juan USD, Elec 12, Ser 20 (GO)	10,019,259.79	<1
Fair Oaks Rec & Park Ser 2022 (GO)	8,982,271.17	<1
Airport System Refund 2016A (REV)	2,318,022.07	<1
Airports System Ref 2020 (REV)	1,715,200.94	<1
SRCSD 2014A (REV)	5,301.36	<1
SRCSD REF 2021 (REV)	1,677.70	<1
Total internally managed Non-Pooled Investments tested	<u>\$ 201,516,999.44</u>	<u>20</u>
Total internally managed Non-Pooled Investments ⁽²⁾	<u>\$ 1,015,091,595.38</u>	<u>100</u>
<u>Externally Managed Non-Pooled Investment</u>		
Total externally managed Non-Pooled Investment tested	<u>\$ 0</u>	<u>0</u>
Total externally managed Non-Pooled Investment ⁽²⁾	<u>\$ 424,515.03</u>	<u>100</u>

- (1) The sample of non-pooled investments was selected based upon outstanding issues on December 31, 2022 plus any untested new issues since quarter ended September 30, 2022. Issues selected were all internally managed non-pooled investments. The one externally managed fund was not selected for testing this quarter.
- (2) The total amount of non-pooled investments for the quarter ended December 31, 2022 was \$1,015,516,110.41 (\$1,015,091,595.38 internally managed and \$424,515.03 externally managed by the Bank of New York Mellon Trust Company).

Fund Type

(GO) - General Obligation Bonds

(REV) - Revenue Bonds

Indicates new issues

DISCUSSION AND ACTION ON THE QUARTERLY REPORT OF THE POOLED
INVESTMENT FUND FOR THE QUARTER ENDED DECEMBER 31, 2022, AND
COMPLIANCE WITH INVESTMENT POLICY.



Quarterly Pooled Investment Fund Report
 As Prescribed By
 California Government Code Section 53646
For The Quarter Ended December 31, 2022

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 2022 Investment Policy during the quarter ended December 31, 2022.

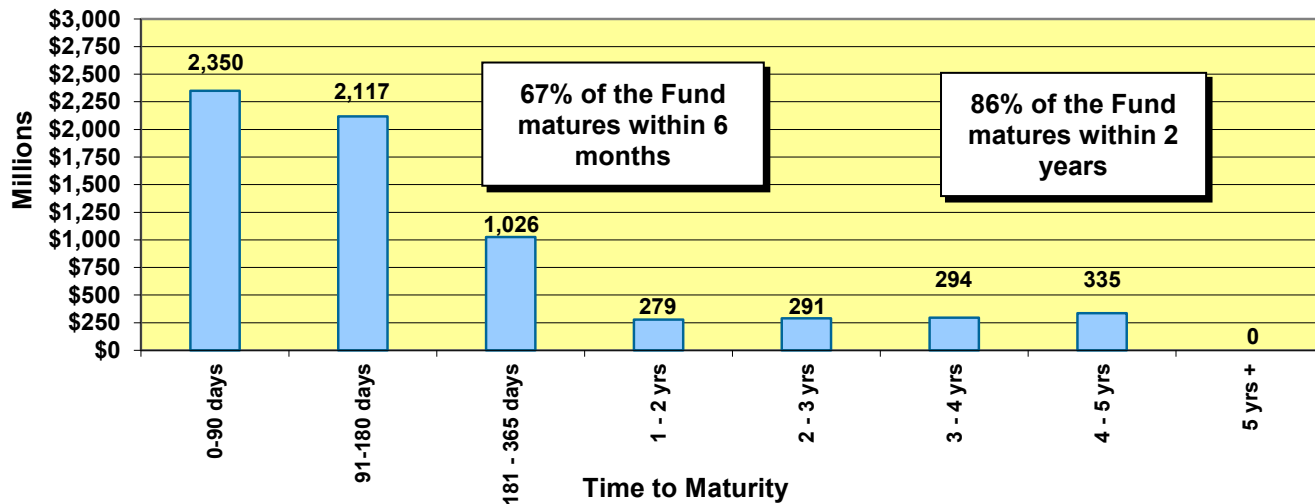
Portfolio Statistics	Quarter Ended 09/30/22	Quarter Ended 12/31/22
Average Daily Balance	\$5,473,196,972	\$5,702,415,120
Period-End Balance	\$5,426,397,458	\$6,692,148,583
Earned Interest Yield	1.804%	3.094%
Weighted Average Maturity	316 Days	289 Days
Duration in Years	0.781	0.707
Amortized Book Value	\$5,424,075,577	\$6,689,811,879
Market Value	\$5,342,806,426	\$6,633,170,446
Percent of Market to Cost	98.50%	99.15%

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 December 31, 2022¹

Investment Description	Percentage of Portfolio at Cost 09/30/2022	Percentage of Portfolio at Cost 12/31/2022	Percentage of Portfolio at Market 12/31/2022	Earned Interest Yield at 12/31/2022
<i>US Agency, Treasury & Municipal Notes (USATM):</i>				
<i>US Agency Notes</i>	28.37%	31.34%	31.29%	3.301%
<i>Notes/Discount Notes FFCB</i>	10.77%	11.46%	11.48%	3.472%
<i>Notes/Discount Notes FHLB</i>	13.76%	17.37%	17.48%	3.554%
<i>Notes/Discount Notes FNMA</i>	2.56%	1.48%	1.37%	0.717%
<i>Notes/Discount Notes FHLMC</i>	1.28%	1.04%	0.97%	0.855%
<i>US Treasury Notes/Discount Notes</i>	0.97%	0.79%	0.72%	0.565%
<i>Municipal Notes</i>	0.33%	0.55%	0.56%	1.803%
Total USATM	29.66%	32.68%	32.57%	3.210%
Repurchase Agreements	0.00%	0.00%	0.00%	0.000%
Supranationals	14.67%	12.79%	12.18%	2.080%
Commercial Paper	31.89%	27.70%	28.18%	3.890%
Certificates of Deposit	20.55%	23.91%	24.12%	4.546%
LAIF	1.38%	1.12%	1.13%	2.173%
Bank Money Market	1.85%	1.80%	1.81%	3.558%
Money Market Accounts	0.00%	0.00%	0.00%	0.000%

POOLED INVESTMENT FUND MATURITIES AS OF DECEMBER 31, 2022
\$6.692 Billion



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

Projected Cash Flow

Based upon our cash flow model projection dated January 11, 2023, 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>						
Jan	20.0	\$1,568.7	\$1,199.4	\$369.3	\$30.0	\$339.3
Feb	20.0	\$1,329.1	\$878.7	\$450.4	\$30.0	\$420.4
Mar	20.0	\$1,651.8	\$1,000.7	\$651.1	\$30.0	\$621.1
Apr	20.0	\$2,062.3	\$954.0	\$1,108.3	\$30.0	\$1,078.3
May	20.0	\$1,700.3	\$1,177.0	\$523.3	\$30.0	\$493.3
Jun	20.0	\$1,635.0	\$908.3	\$726.7	\$30.0	\$696.7
Jul	20.0	\$1,507.5	\$1,216.1	\$291.4	\$30.0	\$261.4
Aug	20.0	\$1,099.4	\$1,161.3	(\$61.9)	\$30.0	(\$91.9)
Sep	20.0	\$1,029.3	\$903.2	\$126.1	\$30.0	\$96.1
Oct	20.0	\$793.7	\$963.7	(\$170.0)	\$30.0	(\$200.0)
Nov	20.0	\$799.8	\$873.7	(\$73.9)	\$30.0	(\$103.9)
Dec	20.0	\$1,682.6	\$960.8	\$721.8	\$30.0	\$691.8

*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 December 31, 2022, 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 December 31, 2022:

<u>Investment</u>	<u>Firm</u>	<u>Amount</u>
Local Agency Investment Fund	State Treasurer's Office	\$75,000,000.00

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

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

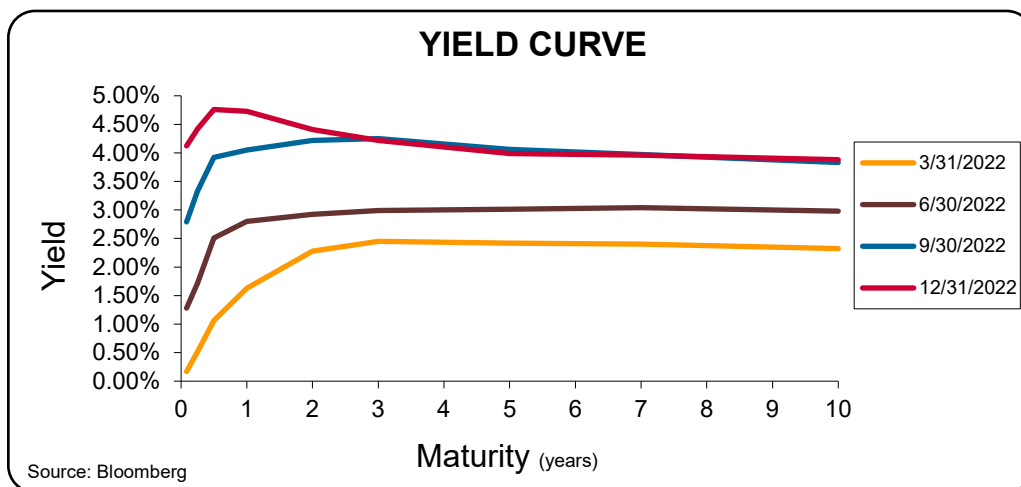
Financial Markets Commentary

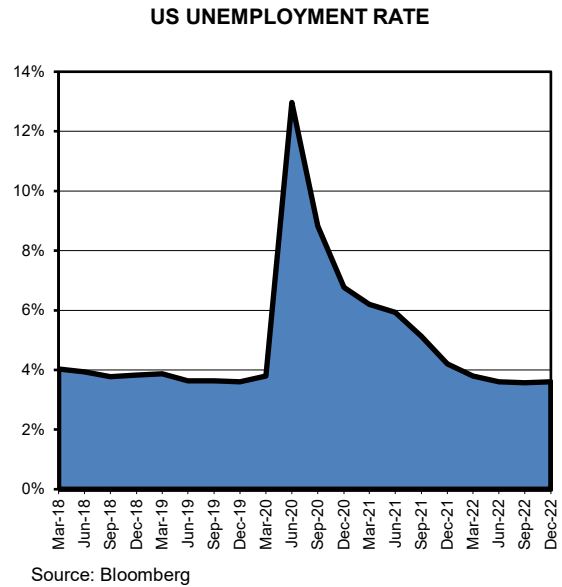
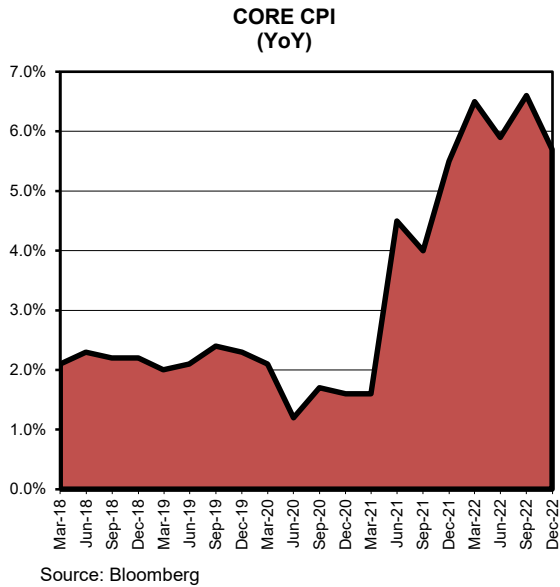
On December 14, 2022, the Federal Open Market Committee (FOMC) raised the federal funds rate by 0.50% to a range of 4.25% to 4.50%, the highest overnight rate since 2007, after four 0.75% rate hikes in a row. The FOMC has now raised rates 4.25% in nine months, the most aggressive pace in over 40 years. The FOMC also updated its terminal federal funds rate forecast to 5.1% at the end of 2023 from 4.6% in their September 2022 forecast.

Although inflation has eased since peaking in June 2022, it is still significantly higher than the target rate of 2%. The Consumer Price Index (CPI) for December was 6.5% year-over-year, down from the June high of 9.1%. December Core CPI, which excludes volatile food and energy prices, decelerated to 5.7%, down from its September peak of 6.6%. With inflation coming down, the futures market is now looking for a smaller 0.25% rate hike at the next FOMC meeting on February 1, 2023.

The labor market has remained solid and allowed the FOMC to be aggressive in tightening monetary policy, but it has shown signs of moderating. The unemployment rate fell in December to 3.5%, matching the lowest rate in 50 years. Nonfarm payrolls in December rose by 223,000, above the estimate of 205,000 but also the lowest reading since December 2020. Average hourly earnings decelerated in December to 4.6% year over year from 5.1% in November, the slowest monthly pace in 15 months.

With inflation easing, the FOMC is expected to move more slowly both in the amount and pace of future rate hikes. Although the Federal Reserve has yet to acknowledge it, concerns over the overall economy slowing are growing. The 2-year to 10-year US Treasury yield curve is at its most negative since 1981, a key indicator the economy may be headed into a recession or already be in one. With both the bond market and the Federal Reserve signaling more rate hikes, albeit at a slower pace, we should expect the yield on the Pooled Investment Fund to continue to rise over the next few quarters.





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 August 2023. We are purchasing 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 3.70% and 3.90%.

Respectfully submitted,
 Bernard Santo Domingo
 Chief Investment Officer

Concur,
 Ben Lamera
 Director of Finance

Attachment County of Sacramento Short-Term Investment Portfolio

Release Date: January 25, 2023

OVERCOM POOL REPORT 1
Investments by All Types
Active Investments
December 31, 2022

CUSIP	Investment #	Fund	Issuer	Par Value	Purchase Price	Remaining Cost	Current Rate	Maturity Date	Call Date	Call Price
Money Market Accounts										
5STARMMMA	84745	100	Five Star Bank	20,065,500.28	100.00000000	20,065,500.28	3.850			
				Subtotal		20,065,500.28				
State Pool										
LAIF	57960	100	LAIF	75,000,000.00	100.00000000	75,000,000.00	2.173			
				Subtotal		75,000,000.00				
Certificates of Deposit										
05252WTR4	84704	100	Aust & NZ Bank	50,000,000.00	100.00000000	50,000,000.00	3.800	03/13/2023		
05252WTV5	84784	100	Aust & NZ Bank	25,000,000.00	100.00000000	25,000,000.00	4.850	05/01/2023		
05252WTW3	84797	100	Aust & NZ Bank	60,000,000.00	100.00000000	60,000,000.00	4.800	05/15/2023		
05252WTX1	84806	100	Aust & NZ Bank	50,000,000.00	100.00000000	50,000,000.00	4.800	05/25/2023		
05252WTZ6	84811	100	Aust & NZ Bank	50,000,000.00	100.00000000	50,000,000.00	4.800	06/06/2023		
05252WTY9	84812	100	Aust & NZ Bank	50,000,000.00	100.00000000	50,000,000.00	4.800	06/05/2023		
05252WUJ5	84851	100	Aust & NZ Bank	50,000,000.00	100.00000000	50,000,000.00	4.800	06/21/2023		
13606KLR5	84640	100	Canadian Imperial Bank Corp	70,000,000.00	100.00000000	70,000,000.00	3.520	02/02/2023		
13606KMC7	84656	100	Canadian Imperial Bank Corp	50,000,000.00	100.00000000	50,000,000.00	3.510	02/13/2023		
13606KQR0	84783	100	Canadian Imperial Bank Corp	25,000,000.00	100.00000000	25,000,000.00	4.980	05/02/2023		
63253T2V9	84666	100	National Australian Bank	50,000,000.00	100.00000000	50,000,000.00	3.460	02/06/2023		
63253T2W7	84667	100	National Australian Bank	50,000,000.00	100.00000000	50,000,000.00	3.460	02/07/2023		
63253T3H9	84762	100	National Australian Bank	75,000,000.00	100.00000000	75,000,000.00	5.140	05/03/2023		
83050PQ77	84758	100	Skandinaviska	150,000,000.00	100.00000000	150,000,000.00	4.760	03/08/2023		
86959RH29	84698	100	Svenska	50,000,000.00	100.0023739	50,001,186.93	3.735	03/06/2023		
86959RH60	84715	100	Svenska	50,000,000.00	100.0024351	50,001,217.57	4.215	03/20/2023		
86959RJ84	84736	100	Svenska	50,000,000.00	100.0024467	50,001,223.33	4.365	04/03/2023		
86959RL81	84746	100	Svenska	100,000,000.00	100.0022817	100,002,281.69	4.855	04/03/2023		
86959RR36	84825	100	Svenska	50,000,000.00	100.0021772	50,001,088.61	4.655	05/24/2023		
89115BQW3	84690	100	Toronto Dominion	40,000,000.00	100.00000000	40,000,000.00	3.740	03/02/2023		
89115BUA6	84708	100	Toronto Dominion	25,000,000.00	100.00000000	25,000,000.00	4.240	03/09/2023		
89115BG79	84781	100	Toronto Dominion	15,000,000.00	100.00000000	15,000,000.00	5.050	05/16/2023		
90275DQE3	84689	100	UBS	50,000,000.00	100.00000000	50,000,000.00	3.770	03/03/2023		
90275DQN3	84748	100	UBS	100,000,000.00	100.00000000	100,000,000.00	5.040	04/14/2023		

OVERCOM POOL REPORT 1
Investments by All Types
December 31, 2022

CUSIP	Investment #	Fund	Issuer	Par Value	Purchase Price	Remaining Cost	Current Rate	Maturity Date	Call Date	Call Price
Certificates of Deposit										
90275DQQ6	84749	100	UBS	50,000,000.00	100.00000000	50,000,000.00	5.130	04/17/2023		
90275DQS2	84761	100	UBS	75,000,000.00	100.00000000	75,000,000.00	5.170	05/01/2023		
96130AQK7	84750	100	Westpac Bank	100,000,000.00	100.00000000	100,000,000.00	5.020	04/21/2023		
	Subtotal			1,560,000,000.00		1,560,006,998.13				
CRA CDs										
SYS84561	84561	100	Bank of the West	20,000,000.00	100.00000000	20,000,000.00	2.270	05/05/2023		
SYS84744	84744	100	East West	20,000,000.00	100.00000000	20,000,000.00	3.800	04/13/2023		
	Subtotal			40,000,000.00		40,000,000.00				
Commercial Paper Disc. -At Cost										
02314QT17	84757	100	AMAZON INC	75,000,000.00	97.1712500	72,878,437.50	4.650	06/01/2023		
06366HN37	84571	100	Bank of Montreal	50,000,000.00	98.5312500	49,265,625.00	2.250	01/03/2023		
06366HNP8	84607	100	Bank of Montreal	40,000,000.00	98.2325000	39,293,000.00	3.030	01/23/2023		
06366HP19	84610	100	Bank of Montreal	60,000,000.00	98.1904167	58,914,250.00	3.030	02/01/2023		
06366HSC2	84733	100	Bank of Montreal	50,000,000.00	97.3602778	48,680,138.89	4.300	05/12/2023		
06366HT23	84759	100	Bank of Montreal	55,000,000.00	96.9825000	53,340,375.00	5.100	06/02/2023		
06366HSC2	84774	100	Bank of Montreal	25,000,000.00	97.5486944	24,387,173.61	4.930	05/12/2023		
06366HU62	84836	100	Bank of Montreal	40,000,000.00	97.2775000	38,911,000.00	4.950	07/06/2023		
13609CNL1	84605	100	Canadian Imperial Bank Corp	40,000,000.00	98.2266667	39,290,666.67	3.040	01/20/2023		
13609CT76	84760	100	Canadian Imperial Bank Corp	40,000,000.00	96.9237778	38,769,511.11	5.080	06/07/2023		
13609CTD3	84803	100	Canadian Imperial Bank Corp	50,000,000.00	97.3452778	48,672,638.89	5.030	06/13/2023		
13609CTP6	84820	100	Canadian Imperial Bank Corp	40,000,000.00	97.3676944	38,947,077.78	4.910	06/23/2023		
47816GPH6	84643	100	JOHNSON & JOHNSON	65,000,000.00	98.4293333	63,979,066.67	3.040	02/17/2023		
47816GTG4	84798	100	JOHNSON & JOHNSON	50,000,000.00	97.4370000	48,718,500.00	4.660	06/16/2023		
47816GTE9	84804	100	JOHNSON & JOHNSON	25,000,000.00	97.4930556	24,373,263.89	4.750	06/14/2023		
47816GTC3	84805	100	JOHNSON & JOHNSON	40,000,000.00	97.5194444	39,007,777.78	4.750	06/12/2023		
46640QP39	84679	100	JP Morgan	35,000,000.00	98.4858333	34,470,041.67	3.450	02/03/2023		
46640QSC6	84732	100	JP Morgan	20,000,000.00	97.3312500	19,466,250.00	4.270	05/12/2023		
46640QS51	84763	100	JP Morgan	50,000,000.00	97.5387500	48,769,375.00	4.950	05/05/2023		
46640QS85	84764	100	JP Morgan	80,000,000.00	97.4873889	77,989,911.11	4.970	05/08/2023		
46640QSP7	84771	100	JP Morgan	40,000,000.00	97.2916667	38,916,666.67	5.000	05/23/2023		
46640QT19	84778	100	JP Morgan	10,000,000.00	97.3050000	9,730,500.00	4.900	06/01/2023		
46640QT84	84782	100	JP Morgan	25,000,000.00	97.2143889	24,303,597.22	4.940	06/08/2023		
46640QU74	84801	100	JP Morgan	30,000,000.00	96.9861111	29,095,833.33	5.000	07/07/2023		
63763QQ18	84678	100	National Securities	80,000,000.00	98.4002222	78,720,177.78	3.130	03/01/2023		

OVERCOM POOL REPORT 1
Investments by All Types
December 31, 2022

CUSIP	Investment #	Fund	Issuer	Par Value	Purchase Price	Remaining Cost	Current Rate	Maturity Date	Call Date	Call Price
Commercial Paper Disc. -At Cost										
63763QQ75	84683	100	National Securities	65,000,000.00	98.2962222	63,892,544.44	3.280	03/07/2023		
63763QQH3	84686	100	National Securities	55,000,000.00	98.1924444	54,005,844.44	3.320	03/17/2023		
63763QR41	84726	100	National Securities	50,000,000.00	97.8842500	48,942,125.00	4.030	04/04/2023		
63763QR58	84729	100	National Securities	30,000,000.00	97.8842500	29,365,275.00	4.030	04/05/2023		
78015DN48	84552	100	Royal Bank of Canada	40,000,000.00	98.4493889	39,379,755.56	2.260	01/04/2023		
78015DN55	84553	100	Royal Bank of Canada	45,000,000.00	98.4431111	44,299,400.00	2.260	01/05/2023		
78015DN63	84554	100	Royal Bank of Canada	50,000,000.00	98.4431111	49,221,555.56	2.260	01/06/2023		
78015DN97	84560	100	Royal Bank of Canada	45,000,000.00	98.4362222	44,296,300.00	2.270	01/09/2023		
78015DNA4	84588	100	Royal Bank of Canada	50,000,000.00	98.5427778	49,271,388.89	2.440	01/10/2023		
78015DND8	84589	100	Royal Bank of Canada	30,000,000.00	98.5224444	29,556,733.33	2.440	01/13/2023		
78015DT91	84848	100	Royal Bank of Canada	60,000,000.00	97.8042222	58,682,533.33	4.820	06/09/2023		
89116FNQ9	84611	100	Toronto Dominion	45,000,000.00	98.2577500	44,215,987.50	3.030	01/24/2023		
89116FP12	84630	100	Toronto Dominion	50,000,000.00	98.2251111	49,112,555.56	3.260	02/01/2023		
89116FQN3	84709	100	Toronto Dominion	30,000,000.00	97.8993333	29,369,800.00	4.110	03/22/2023		
89116FR77	84718	100	Toronto Dominion	40,000,000.00	97.7268889	39,090,755.56	4.240	04/07/2023		
89116FS43	84728	100	Toronto Dominion	15,000,000.00	97.4324444	14,614,866.67	4.240	05/04/2023		
89116FU73	84800	100	Toronto Dominion	30,000,000.00	96.9439167	29,083,175.00	5.070	07/07/2023		
89116FUE8	84816	100	Toronto Dominion	25,000,000.00	96.9921389	24,248,034.72	4.990	07/14/2023		
89116FUR9	84853	100	Toronto Dominion	25,000,000.00	97.1920000	24,298,000.00	4.860	07/25/2023		
				Subtotal	1,895,000,000.00	1,853,837,486.13				
Federal Agency Coupon Securities										
3133EJ3Q0	82710	100	Federal Farm Credit Bank	20,000,000.00	100.1069000	20,021,380.00	2.875	12/21/2023		
3133EKQJ3	83095	100	Federal Farm Credit Bank	20,000,000.00	100.3460000	20,069,200.00	1.950	06/13/2024		
3133EKA63	83207	100	Federal Farm Credit Bank	20,000,000.00	100.2194000	20,043,880.00	1.600	08/16/2024		
3133EK6J0	83312	100	Federal Farm Credit Bank	20,000,000.00	99.0680000	19,813,600.00	1.625	11/08/2024		
3133ELKA1	84107	100	Federal Farm Credit Bank	35,802,000.00	104.2530000	37,324,659.06	1.750	01/28/2026		
3133ENTS9	84521	100	Federal Farm Credit Bank	25,000,000.00	99.2290000	24,807,250.00	2.600	04/05/2027		
3133ENG87	84650	100	Federal Farm Credit Bank	25,000,000.00	99.5127000	24,878,175.00	2.920	08/17/2027		
3133ENL99	84739	100	Federal Farm Credit Bank	30,000,000.00	96.5629000	28,968,870.00	3.375	09/15/2027		
313383YJ4	82646	100	Federal Home Loan Bank	20,000,000.00	101.4860000	20,297,200.00	3.375	09/08/2023		
3130A0F70	82743	100	Federal Home Loan Bank	20,000,000.00	102.9282000	20,585,640.00	3.375	12/08/2023		
3130A1XJ2	83117	100	Federal Home Loan Bank	20,000,000.00	104.2565000	20,851,300.00	2.875	06/14/2024		
3130A2UW4	83226	100	Federal Home Loan Bank	20,000,000.00	105.0991000	21,019,820.00	2.875	09/13/2024		
3130A2UW4	83275	100	Federal Home Loan Bank	20,000,000.00	105.5200000	21,104,000.00	2.875	09/13/2024		
3130A3GE8	83375	100	Federal Home Loan Bank	20,000,000.00	104.8360000	20,967,200.00	2.750	12/13/2024		
3130AQF65	84383	100	Federal Home Loan Bank	25,000,000.00	99.7238230	24,930,955.75	1.250	12/21/2026		

OVERCOM PULL REPORT 1
Investments by All Types
December 31, 2022

CUSIP	Investment #	Fund	Issuer	Par Value	Purchase Price	Remaining Cost	Current Rate	Maturity Date	Call Date	Call Price
Federal Agency Coupon Securities										
3137EAEF0	83527	100	Federal Home Loan Mtg Corp	20,000,000.00	101.5790000	20,315,800.00	1.500	02/12/2025		
3137EAEU9	84141	100	Federal Home Loan Mtg Corp	50,000,000.00	98.5980000	49,299,000.00	0.375	07/21/2025		
3135G05X7	84024	100	Federal National Mtg Assn	50,000,000.00	98.4598000	49,229,900.00	0.375	08/25/2025		
3135G04Z3	84145	100	Federal National Mtg Assn	50,000,000.00	99.1973000	49,598,650.00	0.500	06/17/2025		
			Subtotal	510,802,000.00		514,126,479.81				
Federal Agency Disc. -At Cost										
313312BG4	84598	100	Federal Farm Credit Bank	100,000,000.00	98.4483333	98,448,333.33	2.450	01/31/2023		
313312BG4	84603	100	Federal Farm Credit Bank	50,000,000.00	98.4652778	49,232,638.89	2.500	01/31/2023		
313312FM7	84727	100	Federal Farm Credit Bank	175,000,000.00	97.4966944	170,619,215.28		05/12/2023		
313312JK7	84796	100	Federal Farm Credit Bank	110,000,000.00	96.9711111	106,668,222.22	4.640	07/21/2023		
313312JJ0	84821	100	Federal Farm Credit Bank	75,000,000.00	97.1888889	72,891,666.67	4.600	07/20/2023		
313312JW1	84842	100	Federal Farm Credit Bank	75,000,000.00	97.1818333	72,886,375.00		08/01/2023		
313384BG3	84604	100	Federal Home Loan Bank	150,000,000.00	98.4652778	147,697,916.67		01/31/2023		
313384AC3	84619	100	Federal Home Loan Bank	10,000,000.00	98.6708333	9,867,083.33	2.750	01/03/2023		
313384AC3	84621	100	Federal Home Loan Bank	70,000,000.00	98.6664583	69,066,520.83	2.775	01/03/2023		
313384CD9	84636	100	Federal Home Loan Bank	60,000,000.00	98.4015000	59,040,900.00		02/21/2023		
313384CG2	84639	100	Federal Home Loan Bank	100,000,000.00	98.3884722	98,388,472.22		02/24/2023		
313384BR9	84675	100	Federal Home Loan Bank	50,000,000.00	98.5819444	49,280,972.22		02/09/2023		
313384CM9	84681	100	Federal Home Loan Bank	19,000,000.00	98.3367222	18,683,977.22		03/01/2023		
313384FU8	84793	100	Federal Home Loan Bank	36,580,000.00	97.7651111	35,762,477.64		05/19/2023		
313384HY8	84799	100	Federal Home Loan Bank	65,000,000.00	97.1761111	63,164,472.22	4.600	07/10/2023		
313384JK6	84813	100	Federal Home Loan Bank	100,000,000.00	97.1031250	97,103,125.00	4.635	07/21/2023		
313384JK6	84814	100	Federal Home Loan Bank	150,000,000.00	97.1031250	145,654,687.50	4.635	07/21/2023		
313384HN2	84823	100	Federal Home Loan Bank	40,000,000.00	97.4755000	38,990,200.00		06/30/2023		
313384JF7	84827	100	Federal Home Loan Bank	50,000,000.00	97.2931250	48,646,562.50	4.575	07/17/2023		
313384JW0	84846	100	Federal Home Loan Bank	65,000,000.00	97.1791806	63,166,467.36	4.595	08/01/2023		
313384JW0	84849	100	Federal Home Loan Bank	70,000,000.00	97.2091389	68,046,397.22	4.630	08/01/2023		
			Subtotal	1,620,580,000.00		1,583,306,683.32				
Treasury Coupon Securities										
9128283D0	84269	100	U.S. Treasury	50,000,000.00	105.1484375	52,574,218.75	2.250	10/31/2024		
			Subtotal	50,000,000.00		52,574,218.75				
Supra-National										
4581X0DA3	82020	100	Inter-American Dev Bank	20,000,000.00	100.0842000	20,016,840.00	2.500	01/18/2023		

OVERCOM POOL REPORT 1
Investments by All Types
December 31, 2022

CUSIP	Investment #	Fund	Issuer	Par Value	Purchase Price	Remaining Cost	Current Rate	Maturity Date	Call Date	Call Price
Supra-National										
4581X0DA3	82091	100	Inter-American Dev Bank	20,000,000.00	98.6810000	19,736,200.00	2.500	01/18/2023		
45818WBX3	82399	100	Inter-American Dev Bank	20,000,000.00	99.5643000	19,912,860.00	2.870	07/20/2023		
45818WBX1	82496	100	Inter-American Dev Bank	20,000,000.00	100.0620000	20,012,400.00	2.960	08/16/2023		
4581X0DF2	82832	100	Inter-American Dev Bank	20,000,000.00	99.9300000	19,986,000.00	2.625	01/16/2024		
45818WCJ3	82938	100	Inter-American Dev Bank	20,000,000.00	99.8797000	19,975,940.00	2.375	04/09/2024		
45818WCJ3	83027	100	Inter-American Dev Bank	20,000,000.00	100.2218000	20,044,360.00	2.375	04/09/2024		
45818WBW5	83103	100	Inter-American Dev Bank	20,000,000.00	100.0000000	20,000,000.00	2.976	06/15/2023		
45818WDA1	84016	100	Inter-American Dev Bank	25,000,000.00	99.7130000	24,928,250.00	0.800	03/04/2026		
4581X0CU0	84135	100	Inter-American Dev Bank	25,000,000.00	105.3590000	26,339,750.00	2.000	06/02/2026		
45818WDJ2	84240	100	Inter-American Dev Bank	10,000,000.00	99.7294000	9,972,940.00	0.800	08/19/2026		
4581X0EB0	84421	100	Inter-American Dev Bank	25,000,000.00	99.7940000	24,948,500.00	1.500	01/13/2027		
4581X0EB0	84446	100	Inter-American Dev Bank	25,000,000.00	98.4179000	24,604,475.00	1.500	01/13/2027		
45818WDL7	84497	100	Inter-American Dev Bank	25,000,000.00	99.3978000	24,849,450.00	1.780	03/12/2027		
45818WDM5	84575	100	Inter-American Dev Bank	20,000,000.00	99.4736000	19,894,720.00	2.750	04/12/2027		
45818WDR4	84583	100	Inter-American Dev Bank	30,000,000.00	100.0000000	30,000,000.00	2.980	06/09/2027		
4581X0CY2	84613	100	Inter-American Dev Bank	25,000,000.00	96.6270000	24,156,750.00	2.375	07/07/2027		
45818WEE2	84691	100	Inter-American Dev Bank	25,000,000.00	99.1780000	24,794,500.00	3.420	09/07/2027		
45818WEE9	84773	100	Inter-American Dev Bank	30,000,000.00	100.0000000	30,000,000.00	4.550	11/10/2027		
45905UT53	82149	100	Int Bk Recon & Develop	20,000,000.00	99.5213000	19,904,260.00	2.720	03/08/2023		
459058FF5	82260	100	Int Bk Recon & Develop	20,000,000.00	94.5600000	18,912,000.00	1.750	04/19/2023		
459058GL1	82547	100	Int Bk Recon & Develop	20,000,000.00	99.1472000	19,829,440.00	3.000	09/27/2023		
459058GQ0	82909	100	Int Bk Recon & Develop	20,000,000.00	100.9035000	20,180,700.00	2.500	03/19/2024		
459058JL8	84059	100	Int Bk Recon & Develop	50,000,000.00	98.6180000	49,309,000.00	0.500	10/28/2025		
459058JX2	84163	100	Int Bk Recon & Develop	25,000,000.00	100.1548000	25,038,700.00	0.875	07/15/2026		
459058JX2	84201	100	Int Bk Recon & Develop	25,000,000.00	100.1535000	25,038,375.00	0.875	07/15/2026		
459058JL8	84259	100	Int Bk Recon & Develop	50,000,000.00	99.1160000	49,558,000.00	0.500	10/28/2025		
45950VVL6	82967	100	Intl Finance Corp	20,000,000.00	100.0000000	20,000,000.00	2.826	04/20/2023		
45950VNP7	83447	100	Intl Finance Corp	20,000,000.00	99.8053000	19,961,060.00	1.680	01/20/2025		
45950KCP3	83489	100	Intl Finance Corp	20,000,000.00	100.0279000	20,005,580.00	2.876	07/31/2023		
45950VPV2	84057	100	Intl Finance Corp	25,000,000.00	100.1462000	25,036,550.00	0.970	04/14/2026		
45950VPX8	84101	100	Intl Finance Corp	25,000,000.00	99.7026000	24,925,650.00	0.860	05/14/2026		
45950VQF6	84250	100	Intl Finance Corp	15,000,000.00	99.9218000	14,988,270.00	0.820	09/15/2026		
45950KCC6	84280	100	Intl Finance Corp	25,000,000.00	98.5890000	24,647,250.00	0.750	10/08/2026		
45950KCC6	84325	100	Intl Finance Corp	25,000,000.00	97.6689000	24,417,225.00	0.750	10/08/2026		
45950VRN8	84838	100	Intl Finance Corp	30,000,000.00	99.7045000	29,911,350.00	3.800	12/09/2027		
				Subtotal	860,000,000.00	855,837,345.00				

OVERCOM PUBL REPORT 1
Investments by All Types
December 31, 2022

CUSIP	Investment #	Fund	Issuer	Par Value	Purchase Price	Remaining Cost	Current Rate	Maturity Date	Call Date	Call Price
Variable Rate Muni										
VRSAC1819	82684	100	Sacramento County	1,007,501.95	100.00000000	1,007,501.95	1.802	08/01/2023		
VRSAC1920	83331	100	Sacramento County	2,118,750.62	100.00000000	2,118,750.62	1.802	08/01/2024		
VRSAC2021	83953	100	Sacramento County	3,844,200.77	100.00000000	3,844,200.77	1.802	08/01/2025		
VRSAC2122	84345	100	Sacramento County	6,724,184.59	100.00000000	6,724,184.59	1.802	08/03/2026		
VRSAC2223	84850	100	Sacramento County	23,416,357.00	100.00000000	23,416,357.00	1.804	08/02/2027		
			Subtotal	37,110,994.93		37,110,994.93				
Bank Money Market										
BKOFWEST	84271	100	Bank of the West	100,282,876.71	100.00000000	100,282,876.71	3.500			
			Subtotal	100,282,876.71		100,282,876.71				
			Total	6,768,841,371.92		6,692,148,583.06				



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

Monthly Review — December 2022

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 2022 and California Government Code.¹

PORTFOLIO STATISTICS

Portfolio's Month-End Balance	\$6,692,148,583
Earned Income Yield for the Month	3.521%
Weighted Average Maturity (Days)	289
Estimated Duration (Years)	0.707
Amortized Book Value	\$6,689,811,879
Month-End Market Value	\$6,633,170,446
Percent of Market to Book Value ²	99.15%

Investment Objectives

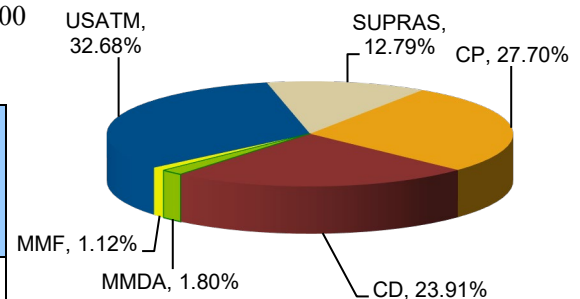
- **Safety of Principal**
- **Liquidity**
- **Public Trust**
- **Maximum Rate of Return**

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

Local Agency Investment Fund (LAIF)	\$75,000,000
-------------------------------------	--------------

PORTFOLIO STRUCTURE³

Percentage Portfolio Structure by Asset Class³



Investment Description	Portfolio at Cost	Yield at Month End
US Agency, Treasury & Municipal Notes (USATM):		
<i>US Agency Notes</i>	31.34%	3.301%
<i>US Treasury Notes</i>	0.79%	0.565%
<i>Municipal Notes</i>	0.55%	1.803%
Total USATM	32.68%	3.210%
Supranationals (SUPRAS)	12.79%	2.080%
Commercial Paper (CP)	27.70%	3.890%
Certificates of Deposit (CD)	23.91%	4.546%
LAIF/Money Market Funds (MMF)	1.12%	2.173%
Bank Money Market (MMDA)	1.80%	3.558%
Repurchase Agreements (REPO)	0.00%	0.000%

US Agency Notes Breakdown Percent of Portfolio at Cost³	
FFCB Notes/Discount Notes	11.46%
FHLB Notes/Discount Notes	17.37%
FNMA Notes/Discount Notes	1.48%
FHLMC Notes/Discount Notes	1.04%
Total US Agency Notes	31.34%

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 <https://finance.saccounty.gov/Investments/Pages/RptQuartly.aspx>.

² Percent of market to book value is calculated using amortized book value. The GASB 31 fair value reported in the County's Annual Financial Report is calculated using the book value at purchase.

³ Percentages may not add up to totals due to rounding

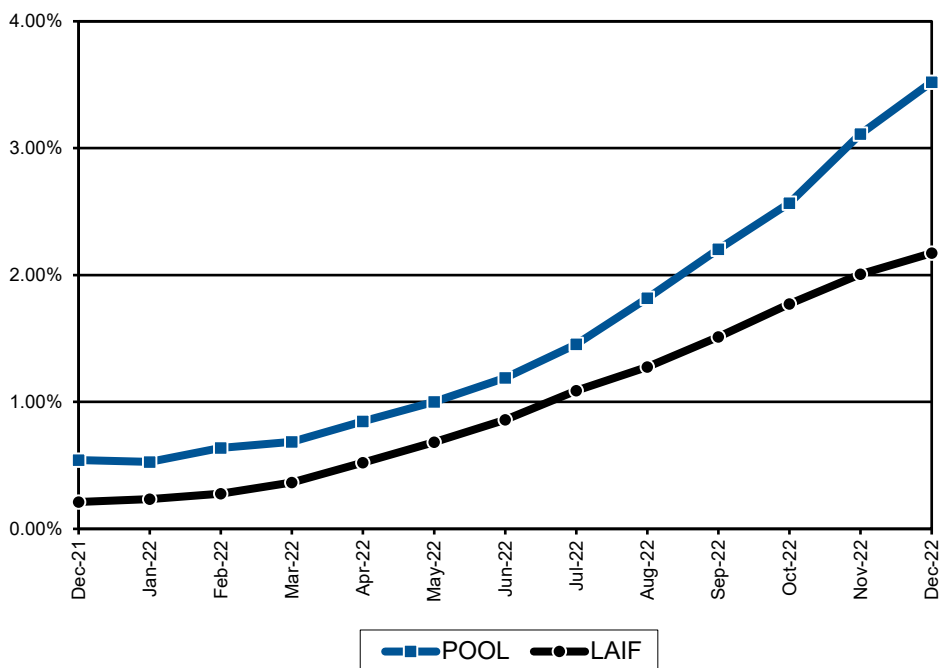
YIELD HISTORY

The earned income yield history represents gross yields; **costs have not been 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.

YIELD TRENDS⁴

Earned Income Yield Over Last 12 Months

Earned Income Yield History		
MONTH	POOL	LAIF
Dec-21	0.54%	0.21%
Jan-22	0.53%	0.23%
Feb-22	0.64%	0.28%
Mar-22	0.69%	0.37%
Apr-22	0.85%	0.52%
May-22	1.00%	0.68%
Jun-22	1.19%	0.86%
Jul-22	1.45%	1.09%
Aug-22	1.82%	1.28%
Sep-22	2.20%	1.51%
Oct-22	2.57%	1.77%
Nov-22	3.11%	2.01%
Dec-22	3.52%	2.17%



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 January 11, 2023, 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>						
Jan	20.0	\$1,568.7	\$1,199.4	\$369.3	\$30.0	\$339.3
Feb	20.0	\$1,329.1	\$878.7	\$450.4	\$30.0	\$420.4
Mar	20.0	\$1,651.8	\$1,000.7	\$651.1	\$30.0	\$621.1
Apr	20.0	\$2,062.3	\$954.0	\$1,108.3	\$30.0	\$1,078.3
May	20.0	\$1,700.3	\$1,177.0	\$523.3	\$30.0	\$493.3
Jun	20.0	\$1,635.0	\$908.3	\$726.7	\$30.0	\$696.7

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
Joyce Renison, Deputy Director



Investments Division
Bernard Santo Domingo
Chief Investment Officer

County of Sacramento

Inter-Departmental Memorandum

February 17, 2023

To: Treasury Oversight Committee

From: Bernard Santo Domingo
Chief Investment Officer

Subject: **INVESTMENT APPROVED LISTS**

Attached for your review is a report of the changes made to the Investment Approved Lists for the quarter ended December 31, 2022. 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.

Changes to the Investment Approved Lists For the Quarter Ended December 31, 2022

Reaffirmed	Added ¹	Deleted
Domestic Banks for all Legal Investments		
Foreign Banks for all Legal Investments		
Skandinaviska Enskilda Banken		
Commercial Paper & Medium-Term Note Issuers		
JP Morgan Securities		
Community Reinvestment Act Approved Banks & Credit Unions		
Firms for Purchase and Sale of Securities (Broker/Dealers & Direct Issuers)²		

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

² Broker/Dealers who did not confirm receipt of the annual investment policy have been removed.

OVERVIEW OF POOLED INVESTMENT FUND STATISTICS FROM VARIOUS
JURISDICTIONS FOR DECEMBER 2022.

**Investment Fund Statistics Questionnaire Results
December 2022**

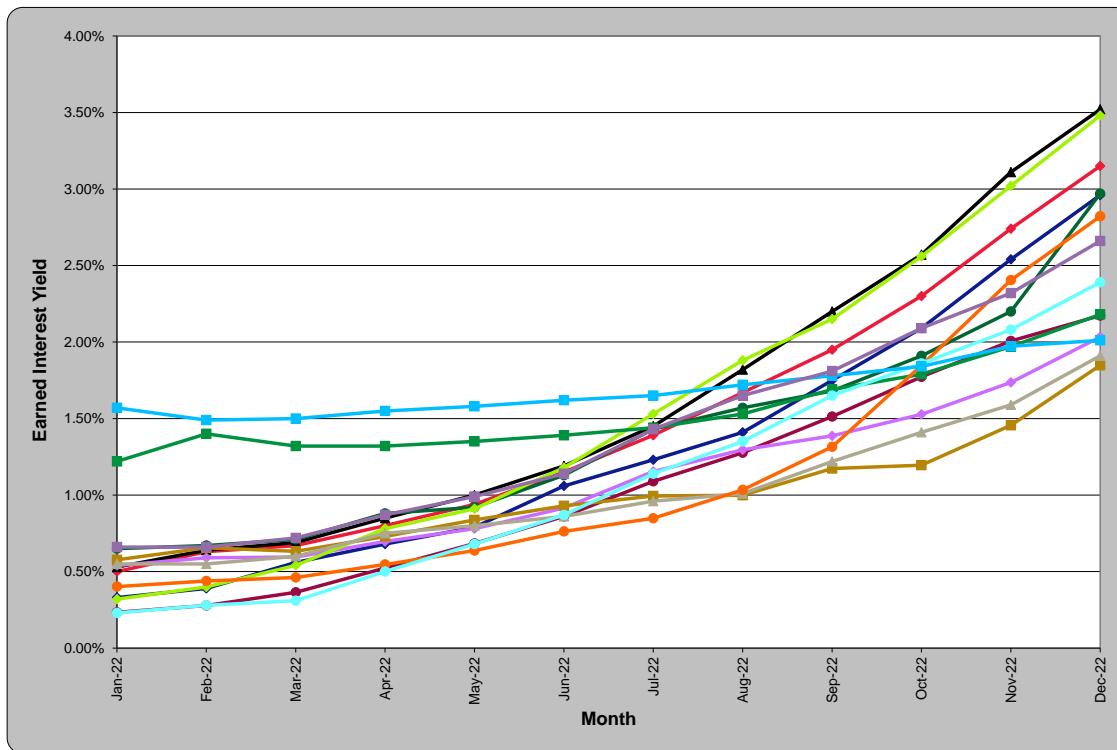
Name of Fund	Earned Interest Yield	Portfolio Size (in millions)	Weighted Average Maturity (in days)	Percent Market Value
Sacramento County (Pooled)	3.52%	\$6,292.5	289	99.15%
Sacramento County (All)	3.44%	\$7,299.7	281	N/A
Local Agency Investment Fund (LAIF)	2.17%	\$27,654.3	287	98.14%
Contra Costa County (Pooled)	3.48%	\$5,053.2	275	98.47%
Contra Costa County (All)	3.42%	\$5,572.4	265	98.56%
Fresno County	2.18%	\$7,021.8	865	95.02%
Los Angeles County	3.15%	\$53,243.5	790	94.87%
Nevada County	2.01%	\$246.7	917	94.60%
Orange County	2.82%	\$7,455.5	200	98.57%
Orange County (Schools)	2.82%	\$7,291.1	200	98.57%
Riverside County	2.96%	\$13,694.4	430	97.95%
San Bernardino County	2.88%	\$12,761.0	502	97.77%
San Diego County	2.97%	\$15,546.6	482	96.90%
San Francisco City and County	2.03%	\$14,743.5	511	96.09%
San Luis Obispo County	1.91%	\$1,683.9	486	97.03%
Solano County	2.39%	\$1,863.8	294	98.43%
Sonoma County (Pooled)	1.85%	\$3,505.0	532	95.85%
Sonoma County (All)	1.86%	\$3,548.7	551	95.89%

NOTE:

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

**COMPARISON OF VARIOUS COUNTY POOLED INVESTMENT FUNDS AND LAIF
12-MONTH YIELD PERFORMANCE AS OF DECEMBER 2022**

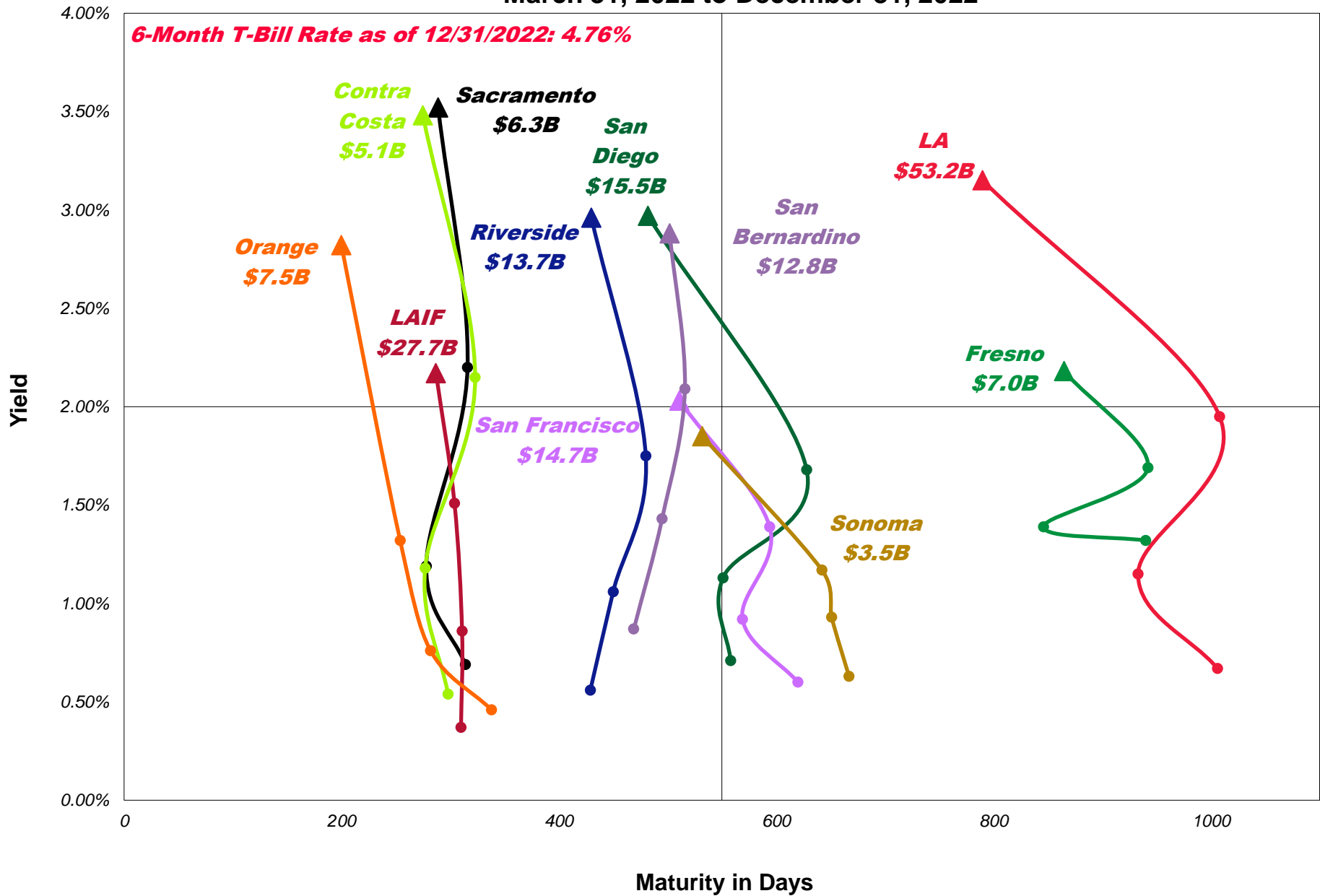
Jurisdiction	Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22
◆ Contra Costa	0.32%	0.40%	0.54%	0.78%	0.91%	1.18%	1.53%	1.88%	2.15%	2.56%	3.02%	3.48%
■ Fresno	1.22%	1.40%	1.32%	1.32%	1.35%	1.39%	1.44%	1.53%	1.69%	1.79%	1.97%	2.18%
● LAIF	0.23%	0.28%	0.37%	0.52%	0.68%	0.86%	1.09%	1.28%	1.51%	1.77%	2.01%	2.17%
◆ Los Angeles	0.50%	0.63%	0.67%	0.80%	0.94%	1.15%	1.39%	1.67%	1.95%	2.30%	2.74%	3.15%
■ Nevada	1.57%	1.49%	1.50%	1.55%	1.58%	1.62%	1.65%	1.72%	1.78%	1.84%	1.97%	2.01%
● Orange	0.40%	0.44%	0.46%	0.55%	0.64%	0.76%	0.85%	1.03%	1.32%	1.85%	2.41%	2.82%
◆ Riverside	0.33%	0.39%	0.56%	0.68%	0.79%	1.06%	1.23%	1.41%	1.75%	2.09%	2.54%	2.96%
▲ Sacramento	0.53%	0.64%	0.69%	0.85%	1.00%	1.19%	1.45%	1.82%	2.20%	2.57%	3.11%	3.52%
■ San Bernardino	0.66%	0.72%	0.87%	0.99%	1.14%	1.43%	1.65%	1.81%	2.09%	2.32%	2.66%	2.88%
● San Diego	0.65%	0.67%	0.71%	0.88%	0.92%	1.13%	1.43%	1.57%	1.68%	1.91%	2.20%	2.97%
◆ San Francisco	0.54%	0.59%	0.60%	0.70%	0.78%	0.92%	1.15%	1.30%	1.39%	1.53%	1.74%	2.03%
▲ San Luis Obispo	0.55%	0.55%	0.60%	0.75%	0.80%	0.86%	0.96%	1.01%	1.22%	1.41%	1.59%	1.91%
● Solano	0.23%	0.28%	0.31%	0.50%	0.68%	0.87%	1.14%	1.35%	1.65%	1.86%	2.08%	2.39%
■ Sonoma	0.58%	0.66%	0.63%	0.73%	0.84%	0.93%	0.99%	1.00%	1.17%	1.20%	1.46%	1.85%



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
March 31, 2022 to December 31, 2022**



COMMUNITY REINVESTMENT ACT PROGRAM.

Department of Finance
Ben Lamera, Director
Joyce Renison, Deputy Director



County of Sacramento

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

March 1, 2023

To: Banks Operating in Sacramento County

Subject: **SACRAMENTO COUNTY COMMUNITY REINVESTMENT ACT PROGRAM**

To encourage banks to be active in supporting the community, in 1992 the County of Sacramento Board of Supervisors adopted the Community Reinvestment Act (CRA) Program. The Board instructed the Director of Finance to design and implement a program to acknowledge and reward locally-active banks that support the community's credit needs.

The CRA Program authorizes the placement of public deposits from the County's Pooled Investment Fund in one-year, fixed-rate certificates of deposit up to \$20 million with qualified banks that meets the credit needs of the community. The size of the deposit is dependent on the level of lending activity in low- and moderate-income neighborhoods in Sacramento County.

Qualified banks must have a Community Reinvestment Act rating of Satisfactory or better and offer a competitive yield. Credit rating requirements are waived for deposits covered by FDIC insurance, including deposits made through a placement service such as CDARS. For uninsured collateralized deposits, banks must have at least two of the following short-term ratings: A-2 by Standard & Poor's, P-2 by Moody's, and F2 by Fitch.

We accept applications for the CRA Program on an annual basis every March. You may apply for a CRA Program deposit with the enclosed application. Applications must be received by the County by **April 3, 2023**, and deposits are expected to be placed with qualified banks in April 2023.

If you have any questions, please call Investment Officer, Dave Matuskey, at (916) 874-4251.

Sincerely,

A handwritten signature in black ink, appearing to read "Ben Lamera".

Ben Lamera
Director of Finance

Enclosure

FPPC FORM 700.

NO WRITTEN REPORT

NEXT MEETING REMINDER – FRIDAY, MAY 19, 2023.

NO WRITTEN REPORT

ADJOURNMENT

NO WRITTEN REPORT