

Board of Directors

Ann Bailey, Chair
Vacant, Vice-Chair
Nick Avdis, Member
Jose Bodipo-Memba, Member
Jay Schenirer, Member
Tara Gandara, Board Secretary

CADA Administration

Marc de la Vergne, Acting Executive Director
Noelle Mussen, Finance Director
Jill Azevedo, Operations Director

Legal Counsel

Jeff Mitchell
Kronick, Moskowitz, Tiedemann & Girard

Phone: (916) 322-2114

Web: www.cada.org

AGENDA REGULAR MEETING

THE CAPITOL AREA DEVELOPMENT AUTHORITY BOARD OF DIRECTORS

**FRIDAY, AUGUST 21, 2024
10:00 A.M.**

**CADA ADMINISTRATIVE OFFICE
1522 14TH STREET, SACRAMENTO, CA 95814**



**Members of the Public are invited to
participate via ZOOM or in person.**

To join via Zoom:

Go to: <https://zoom.us/join>

Or join by phone: (669) 900-9128 (Pacific Coast)

Find your local number: <https://us02web.zoom.us/j/kcoHLfF55h>

Meeting ID: 871 1436 8154

Request Password (prior to start of meeting):

tgandara@cada.org

1. Roll Call and Just Cause/Emergency Teleconference Information (if applicable)

2. Approval of Minutes: June 26, 2026

3. Chair's Oral Report

- Oath of Office for Board Member Fedolia "Sparky" Harris
- CADA Committee Appointments

4. Executive Director Oral Report

5. Election of Vice-Chair

Recommended Action: Accept nominations. Close nominations. Election.

6. Annual Affirmation of Delegation of Investment Authority to the City Treasurer

Recommended Action: Adopt a resolution delegating CADA's investment authority to the City of Sacramento City Treasurer for one year.

Contact: Noelle Mussen, Finance Director

CONSENT CALENDAR (ITEMS 7 THROUGH 8)

Items listed on the Consent Calendar are considered and acted upon by one motion. A member of the Board or staff may request an item be removed for separate consideration.

7. CADA Flex Plan and CalPERS Health Employer Contributions

Recommended Action: Adopt resolutions that:

1. Set the CADA Flex Plan Employer Contribution for the 2027 calendar year; and
2. Set the CADA CalPERS Medical Contribution for the 2027 calendar year

Contact: Jill Azevedo, Operations Director

8. Authorizing the Execution of a Memorandum of Understanding for Participation in the SDRMA Health Benefits Program - Dental

Recommended Action: Adopt a Special District Risk Management Authority form resolution of the Board of Directors of the Capitol Area Development Authority that approves the form of and authorizes the execution of a memorandum of understanding and authorizing participation in the Special District Risk Management Authority's health benefits program

Contact: Jill Azevedo, Operations Director

9. Window Replacement Project – 1317 O St, 1327 O St, 1510 O St

Recommended Action: Adopt a resolution rejecting all bids received for the "Window Replacement Project" at 1317 O Street (Valencia), 1327 O Street (Capri), and 1510 O Street (Don Carlos).

Contact: Rachel Mercurio, Maintenance Office & Contracts Superintendent
John Dodson, Facilities Maintenance Superintendent

10. CLOSED SESSION

A. CONFERENCE WITH LABOR NEGOTIATOR (Pursuant to Government Code Section 54957.6)

Unrepresented Employee: Acting Executive Director
Agency Designated Representative: Ann Bailey

11. Acting Executive Director Compensation

12. Oral Staff Reports/Updates

- A. Downtown Sacramento Partnership
- B. Downtown Sacramento Revitalization Corporation
- C. Midtown Association
- D. O Street Streetscape (7th – 17th Streets)
- E. Energy and Water Conservation
- F. Other Neighborhood Improvements
- G. 525 S Street – New CADA Warehouse
- H. 2000 16th Street – Sakura
- I. 805 R Street – Monarch
- J. R Street Partnership

13. Transmittals

- A. Ombuds Report: None
- B. Apartment Status Report: June & July 2026
- C. Affordable Housing Report: June & July 2026
- D. Middle Income and Housing Accelerator Fund Report: June & July 2026
- E. Commercial Leases/Vacancies: July 2026
- F. CADA Neighborhood Incident Report: June & July 2026
- G. Contracts Log: June, July, & August 2026
- H. Financial Report: None
- I. City Treasurer Monthly Investment Report: None

14. Opportunity for the Public to Address the Board Regarding Matters Not on the Agenda

15. Adjournment

Approved for Transmittal:



Marc de la Vergne, Acting Executive Director

NOTE: THE BOARD MAY TAKE ACTION ON ANY MATTER LISTED ON THE AGENDA. ADDITIONALLY, THE BOARD MAY TAKE ACTION ON ANY MATTER NOT LISTED ON THE AGENDA TO THE EXTENT PERMITTED BY APPLICABLE LAW. PURSUANT TO STATE AND FEDERAL LAW, IF YOU HAVE A REQUEST FOR A DISABILITY-RELATED MODIFICATION OR ACCOMMODATION IN ORDER TO ASSIST YOU IN PARTICIPATING IN THE MEETING, PLEASE CONTACT TARA GANDARA, BOARD SECRETARY AT (916) 322-2114 TO MAKE SUCH A REQUEST. IN ORDER TO ALLOW ADEQUATE TIME TO ACCOMMODATE ANY REQUESTS, CADA ASKS THAT THE REQUEST BE MADE AT LEAST 24 HOURS PRIOR TO THE MEETING.

**MINUTES
OF
REGULAR BOARD MEETING**

**BOARD OF DIRECTORS
CAPITOL AREA DEVELOPMENT AUTHORITY (CADA)
CAPITOL AREA COMMUNITY DEVELOPMENT CORPORATION (CACDC)**

June 26, 2026

ITEM 1 – ROLL CALL

Chair Bailey called the Board Meeting of the CADA Board of Directors and the CACDC to order at 10:05 a.m. at 1522 14th Street, Sacramento, CA 95814 and via public video conference.

Member Avdis attended via video conference from The Home Next to the Church of St. Panteleimon (Directly to the East), Located on Epar. Odos Kallimasias-Kallamotis, Kallimasia, Chios Island, Greece 82100 (California Government Code Section 54953).

Member Schenirer attended via video conference from 1315 Jester Court, Tahoe Vista, CA 96148 (California Government Code Section 54953).

Present: Avdis, Schenirer, Bailey

Absent: Bodipo-Memba

ITEM 2 – APPROVAL OF MINUTES: MARCH 20, 2026 [CADA] AND MAY 15, 2026 [CADA & CACDC]

Member Avdis moved approval of the March 20, 2026 [CADA] and May 15, 2026 [CADA & CACDC] Board Meeting minutes. Member Schenirer seconded the motion.

AYES: Avdis, Schenirer, Bailey

NOES: None

ITEM 3 – CHAIR’S ORAL REPORT

Nothing to report.

ITEM 4 – EXECUTIVE DIRECTOR’S ORAL REPORT

Danielle Foster reported the following:

- Ms. Foster participated in the Sac State trip to the Arizona State University (ASU) Campus in Downtown Pheonix:
 - While not all of the financing mechanisms translated, what did translate was the need for collaboration, participation from governmental partners, and the drive to move quickly and not be overly risk adverse.
 - They started with a few of the ASU schools and continue to expand even today.
 - There is a mix of housing, classrooms, and commercial spaces.
 - There are walking connections between properties.
 - There is no main campus.
 - There are complementary investments and partnerships with the University of Arizonia and other universities, and development and landlord community. The local mall includes an art activation space.

- Locally, CADA is in conversations with Sac State about complementary opportunities for space near Capitol Mall.
- Work is ongoing with Downtown Sacramento Partnership (DSP) and other partners to envision activation options for the upcoming year(s) when there are vacant lots.
- Fedolia “Sparky” Harris was approved by the Council committee this week as the City recommendation for the CADA Board, it goes to the full Council on July 21st at the 2:00 p.m. meeting. Hopefully we will have that appointment information in time for the August Board meeting.
- The 525 S Street Warehouse move has mostly happened. The team is working on getting settled in and organized and continues to consolidate maintenance supplies to this single location. Staff is still addressing some of the odds and ends that come up once staff actually moves into a space and we are working on finishing items, including the signage and art. Staff hopes this site will be ready for the August board meeting.
- Tours: CADA is working on scheduling tours with the Board and other officials now that Sakura and Monarch are 50% complete. Be on the lookout for emails that will be coming to schedule these tours. We may wait until our new Board appointment occurs.
- Sakura marketing and lease-up is starting to ramp up. CADA and Mutual Housing were interviewed on CapRadio this week and staff is marketing through social media and other outlets. Anyone interested in Sakura should get on the interest list at sakuradowntown.com.

ITEM 5 – [CADA] FY 2026-2027 GENERAL OPERATIONS AND CAPITAL INVESTMENT PROGRAM BUDGETS

Recommended Action: Adopt resolutions approving the FY 2026-2027 General Operations Budget, Capital Investment Program Budget and Designated Reserves, and affirming the Executive Director’s budget authority.

There was Board discussion regarding tax reduction, Props 8 and 13, the Eviva property being reassessed, Cypress being included as a new revenue source, and the status of Sonrisa.

No public comments.

Member Avdis moved approval of Resolutions 26-18, 26-19, 26-20, 26-21, and 26-22 attached hereto and incorporated herein. Member Bailey seconded the motion.

AYES: Avdis, Schenirer, Bailey
NOES: None

ITEM 6 – [CADA] AUTHORIZATION TO SUBMIT A GRANT PROPOSAL AND TO MAKE A CEQA FINDING FOR THE 1400 – 1600 BLOCKS OF O STREET

Recommended Action: Adopt a resolution authorizing CADA to submit a grant proposal to the Proposition 4 Urban Greening Program of the California Natural Resources Agency, and to make a CEQA finding that the project is categorically exempt.

There was Board discussion regarding an editorial, the work with the City and State as CADA’s partners, grant funds, turf conversion funds, reimbursement for costs, and an O Street task force.

No public comments.

Member Schenirer moved approval of Resolution 26-23 attached hereto and incorporated herein. Member Avdis seconded the motion.

AYES: Avdis, Schenirer, Bailey
NOES: None

ITEM 7 – [CADA] APPROVAL OF CHANGE ORDER TO FY FLOOR COVERINGS CONTRACT

Recommended Action: Adopt a resolution authorizing the Executive Director, or her designee, to execute a change order to C25-007 for Roseville Flooring, Inc. dba Roseville Carpet One in the amount of \$185,000 for the FY Flooring maintenance contract.

There was Board discussion regarding unit turn frequency, rental concessions, increased stability, the softening of rental rates, and the forming of a task force to look at flooring building by building to make a strategic approach to increase consistency and control over costs.

No public comments.

Member Schenirer moved approval of Resolution 26-24 attached hereto and incorporated herein. Member Avdis seconded the motion.

AYES: Avdis, Schenirer, Bailey
NOES: None

CONSENT CALENDAR – ITEMS 8 THROUGH 10

ITEM 8 – [CADA] COHNREZNICK LLP CONTRACT FOR INDEPENDENT AUDIT SERVICES

ITEM 9 – [CADA] FY 2026-2027 SECURITY PATROL SERVICE CONTRACT

ITEM 10 – [CADA] FY 2026-2027 MAINTENANCE SERVICES CONTRACTS

Chair Bailey asked if there were any Board members who wished to remove Items 8 through 10 from the Consent Calendar. None wished to do so.

Member Avdis moved approval of Resolutions 26-25 (Item 8), 26-26 (Item 9), and 26-27 through 26-37 (Item 10) attached hereto and incorporated herein. Member Schenirer seconded the motion.

AYES: Avdis, Schenirer, Bailey
NOES: None

ITEM 11 – [CADA] CLOSED SESSION

A. CONFERENCE WITH REAL ESTATE NEGOTIATORS (PURSUANT TO GOVERNMENT CODE SECTION 54956.8)

APN: 009-0063-014-0000

Agency negotiators: Danielle Foster, Josh Palmer

Negotiating parties: Aaron Marchand and Erica Bergsma

Under negotiation: price and terms of sale

Chair Bailey resumed the open session and reported that there was Board discussion in closed session and that no action was taken.

Member Schenirer left the meeting at 11:29 am. This concludes the official meeting since there is no longer a quorum.

ITEM 12 - ORAL STAFF REPORTS/UPDATES

A. Downtown Sacramento Partnership (DSP): Ms. Foster reported that a trip to Arizona was taken as they are working with them on the Capitol Mall project. There is a meeting next week.

- B. Downtown Sacramento Revitalization Corporation: Nothing to report.
- C. Midtown Association: Ms. Foster reported that the Freemont Bloom was taken down last week, and fundraising has started for next year. CADA is working on identifying locations to replant the plants from the installation. They are working on an activation in Winn Park with other pop-up art activations.
- D. O Street Streetscape (7th – 17th Streets): Mr. de la Vergne reported that the Monarch roof is complete. The drywall is being worked on. They started on the 5th floor, working their way down. The building is officially watertight.
- 900 Block: Capital Neon created a mockup of the first panel assemblies that will go on the DGS garage. Demetrios Eames (the grandson of Charles and Ray Eames) has viewed the mockup and is very happy with it. It will be mounted on July 2, 2026. If the mounting goes well, and DGS approves, then full scale production can commence. CADA has been working with the Yellow Brick Group regarding the public relations (PR) work for this project and 14th and O Street. They are looking at signage and planning the unveiling which will likely be in either September or October.
 - 1400, 1500, 1600 Blocks: CADA is working on the grant application and letter of support.
 - 14th & O Street: The construction contract with Frontline Construction is ready for Danielle's signature. The next step is to issue the Notice to Proceed and then have the kickoff meeting to discuss the project start date and next steps.
 - 12th & O Street: California Department of Transportation (Caltrans) has completed the planting of the trees and drought-tolerant plants.
- E. Energy and Water Conservation: Mr. de la Vergne reported that the Dean Boiler has been replaced. The on-demand gas-powered water heaters have been installed at Park Mansion. The next projects include replacing the systems at 1327 O Street, 1506 13th Street, 1512 13th Street, and then replacement of the roof at 1428 14th Street with a cool roof which will include a significant energy reduction.
- F. Other Neighborhood Improvements: Mr. de la Vergne reported that he and Ms. Foster have been working with a very creative individual by the name of Pauly De Bartolo with DBRDS who is assisting with plans to activate the 1500 Block of R Street.
- G. 525 S Street – New CADA Warehouse: Nothing to report.
- H. 14th & N – The Cypress: Nothing to report.
- I. 2000 16th Street – Sakura: Nothing to report.
- J. 805 R Street – Monarch: Josh Palmer reported that the roof is complete, they are working on drywalling starting on the fifth floor. It is now watertight and the windows have all been installed.
- K. R Street Partnership: Ms. Foster reported that there was a tour this week of the Diggs building at the corner of 3rd and R Streets, that is the conversion of the warehouse by Mike Heller. Mr. de la Vergne advised that the partnership is in discussion with multiple consultants regarding the upcoming property tax assessment. The partnership is discussing a proposal from the folks who run the Mardi Gras celebration in Old Sacramento. They are planning on bringing it to R Street. The sponsors feel that the businesses in Old Sacramento are not very supportive of the celebration and they are actually closing their businesses during the event. The hope is to explore to see if it is feasible to bring it to R Street.

ITEM 13 – TRANSMITTALS

Received as transmitted.

ITEM 14 – OPPORTUNITY FOR THE PUBLIC TO ADDRESS THE BOARD REGARDING MATTERS NOT ON THE AGENDA

Ashley, a tenant at ARY Place in Midtown, is concerned with chronic theft, safety concerns, domestic violence issues, needed surveillance or security, and a barbecue that is leaking propane. Ashley is concerned with the lack of assistance and retaliation from management. Ms. Foster will get her information to ensure they talk about these issues. Eric is also concerned with management retaliating to the point that it is causing anxiety. Eric explains that with raised rents it is no longer cost effective to stay there anymore. He also advised that the building has declined in the past years. People no longer feel the sense of community anymore and there is trash around the building. Ms. Foster advised that they can get together to talk about these issues and hopes to assist in finding a resolution.

ITEM 15 – ADJOURNMENT

The meeting adjourned at 11:29 a.m. when member Schenirer left the meeting prior to the oral reports.

Tara Gandara
Secretary to the Board of Directors

RESOLUTION NO. 26 – 18

Adopted by the Capitol Area Development Authority
June 26, 2026

**RESOLUTION ADOPTING THE
FY 2025-2026 GENERAL OPERATIONS AND
CAPITAL INVESTMENT PROGRAM BUDGETS**

WHEREAS, the Fiscal Year 2026-2027 General Operations and Capital Investment Program Budgets have been prepared in accordance with business development goals set forth in the Authority's Annual Business Plan for FY 2025-2026;

WHEREAS, the Fiscal Year 2026-2027 General Operations Budget of \$26,705,854 including projected Designated Reserves \$17,440,566, and the Capital Investment Program Major Construction Budget of \$2,686,000;

WHEREAS, the Authority has established policy authorizing the Executive Director to submit applications for project funding without first receiving specific Board approval so long as costs incurred during the application process do not exceed budget, the Board has not precluded the submittal of an application for a particular project, and the award of such funding is not accepted without Board approval; and

WHEREAS, the Authority's General Operations Budget policy requires that the threshold for transfers between major expense categories shall be established no less than once a year as part of the annual operating budget preparation process.

NOW, THEREFORE, BE IT RESOLVED, by the Capitol Area Development Authority that the Fiscal Year 2026-2027 General Operations and Capital Investment Program Budgets, including Designated Reserves, presented at the June 26, 2026, meeting of the Board of Directors are hereby adopted by the Board of Directors; and

THEREFORE, BE IT FURTHER RESOLVED, by the Capitol Area Development Authority that the Executive Director is authorized to submit applications for project funding without first receiving specific Board approval so long as costs incurred during the application process do not exceed budget, the Board has not precluded the submittal of an application for a particular project, and the award of such funding is not accepted without Board approval; and

THEREFORE, BE IT FURTHER RESOLVED, by the Capitol Area Development Authority that the threshold for transfers between major expense categories which the Executive Director may make without prior approval by the Board shall be limited to a cumulative of seven percent (7%) of a major expense category's annual operating budget.


Ann Bailey, Chair

ATTEST:


Tara Gandara
Secretary to the Board of Directors

RESOLUTION NO. 26 – 19

Adopted by the Capitol Area Development Authority
June 26, 2026

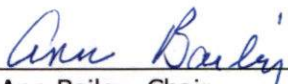
**RESOLUTION ADOPTING REVISIONS TO THE
FISCAL YEAR (FY) 2004-2005 CAPITAL INVESTMENT PROGRAM BUDGET**

WHEREAS, the FY 2004-2005 Capital Investment Program Budget is prepared in accordance with the business development goals set forth in the Authority's Annual Business Plan;

WHEREAS, the FY 2004-2005 Capital Investment Program Budget was adopted and subsequently revised at certain Board Meetings; and

WHEREAS, the revisions presented for adoption at this meeting of the Board of Directors have been reviewed and are recommended for approval.

THEREFORE, BE IT RESOLVED, by the Board of Directors of the Capitol Area Development Authority that the revisions presented for adoption at this meeting of the Board of Directors increasing the FY 2004-2005 Capital Investment Program Development Projects Budget by \$70,300 is hereby adopted.



Ann Bailey, Chair

ATTEST:



Tara Gandara
Secretary to the Board of Directors

RESOLUTION NO. 26 – 20

Adopted by the Capitol Area Development Authority
June 26, 2026

**RESOLUTION ADOPTING REVISIONS TO THE
FISCAL YEAR (FY) 2006-2007 CAPITAL INVESTMENT PROGRAM BUDGET**

WHEREAS, the FY 2006-2007 Capital Investment Program Budget is prepared in accordance with the business development goals set forth in the Authority's Annual Business Plan;

WHEREAS, the FY 2006-2007 Capital Investment Program Budget was adopted and subsequently revised at certain Board Meetings; and

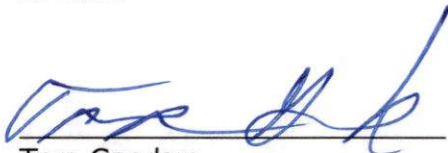
WHEREAS, the revisions presented for adoption at this meeting of the Board of Directors have been reviewed and are recommended for approval.

THEREFORE, BE IT RESOLVED, by the Board of Directors of the Capitol Area Development Authority that the revisions presented for adoption at this meeting of the Board of Directors decrease the FY 2006-2007 Capital Investment Program Development Projects Budget by \$326,353.19 and close out this budget is hereby adopted.



Ann Bailey, Chair

ATTEST:



Tara Gandara
Secretary to the Board of Directors

RESOLUTION NO. 26 – 21

Adopted by the Capitol Area Development Authority
June 25, 2026

**RESOLUTION ADOPTING REVISIONS TO THE
FISCAL YEAR (FY) 2018-2019 CAPITAL INVESTMENT PROGRAM BUDGET**

WHEREAS, the FY 2018-2019 Capital Investment Program Budget is prepared in accordance with the business development goals set forth in the Authority's Annual Business Plan;

WHEREAS, the FY 2018-2019 Capital Investment Program Budget was adopted and subsequently revised at certain Board Meetings; and

WHEREAS, the revisions presented for adoption at this meeting of the Board of Directors have been reviewed and are recommended for approval.

THEREFORE BE IT RESOLVED, by the Board of Directors of the Capitol Area Development Authority that the revisions presented for adoption at this meeting of the Board of Directors decreasing and closing out the FY 2018-2019 Capital Investment Program Project Budget by \$463,199.33 is hereby adopted.


Ann Bailey, Chair

ATTEST:


Tara Gandara
Secretary to the Board of Directors

RESOLUTION NO. 26 – 22

Adopted by the Capitol Area Development Authority
June 26, 2026

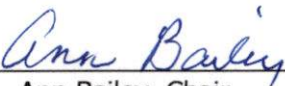
**RESOLUTION ADOPTING REVISIONS TO THE
FISCAL YEAR (FY) 2023-2024 CAPITAL INVESTMENT PROGRAM MAJOR
CONSTRUCTION BUDGET**

WHEREAS, the FY 2023-2024 Capital Investment Program Budget is prepared in accordance with the business development goals set forth in the Authority's Annual Business Plan;

WHEREAS, the FY 2023-2024 Capital Investment Program Budget was adopted and subsequently revised at certain Board Meetings; and

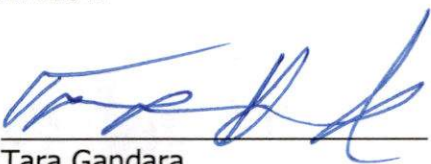
WHEREAS, the revisions presented for adoption at this meeting of the Board of Directors have been reviewed and are recommended for approval.

THEREFORE, BE IT RESOLVED, by the Board of Directors of the Capitol Area Development Authority that the revisions presented for adoption at this meeting of the Board of Directors to close the FY 2023-2024 Capital Investment Program Major Construction budget is hereby adopted.



Ann Bailey, Chair

ATTEST:



Tara Gandara
Secretary to the Board of Directors

**CAPITOL AREA DEVELOPMENT AUTHORITY
BOARD OF DIRECTORS**

RESOLUTION NO. 26 - 23

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CAPITOL AREA DEVELOPMENT AUTHORITY AUTHORIZING AN APPLICATION TO THE CALIFORNIA NATURAL RESOURCES AGENCY PROPOSITION 4 URBAN GREENING GRANT PROGRAM FOR THE ENVISION O STREET URBAN GREENING PROJECT, DESIGNATING AN AUTHORIZED REPRESENTATIVE, AND MAKING RELATED FINDINGS UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT

WHEREAS, the Capitol Area Development Authority (CADA) is a joint powers authority organized under the laws of the State of California, with responsibility for development and stewardship of the Capitol Area in downtown Sacramento;

WHEREAS, the California Natural Resources Agency (CNRA) administers the Proposition 4 Urban Greening Grant Program, funded by the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024, to fund projects that use nature-based solutions to mitigate the urban heat island effect, rising temperatures, and extreme heat impacts in urban areas;

WHEREAS, CADA's adopted Envision O Street Plan establishes a long-range vision to transform the O Street corridor into a greener, cooler, safer, and more walkable public realm through climate-appropriate planting, improved walkability, and durable, well-maintained improvements;

WHEREAS, CADA proposes to implement the Envision O Street Urban Greening Project on the 1400, 1500, and 1600 blocks of O Street, including new and replacement of climate-appropriate street trees, landscaping, conversion of a section of asphalt to permeable surfacing, water-efficient irrigation, and related green street improvements (the Project);

WHEREAS, CADA wishes to apply to the Urban Greening Grant Program for grant funds in the amount of approximately \$579,634 to support implementation of the Project;

WHEREAS, the Project is located in an urban area, provides public benefit, and provides public access, consistent with the program's threshold requirements;

WHEREAS, if the Project is awarded funding, CADA will be required to enter into a grant agreement with CNRA and to operate and maintain the Project for the period required by that agreement following completion;

WHEREAS, CADA, acting as lead agency under the California Environmental Quality Act (CEQA), has determined that the Project is categorically exempt from CEQA under Class 1 (Existing Facilities, 14 California Code of Regulations Section 15301) and Class 4 (Minor Alterations to Land, 14 California Code of Regulations Section 15304), that none of the exceptions in 14 California Code of Regulations Section 15300.2 applies, and that a Notice of Exemption should be filed; and

WHEREAS, the Board has considered this resolution at a duly noticed public meeting at which all interested persons had an opportunity to be heard.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Capitol Area Development Authority as follows:

Attachment 1

1. The Board approves and authorizes the submission of a Full Proposal and application to the California Natural Resources Agency Proposition 4 Urban Greening Grant Program for the Envision O Street Urban Greening Project, in a grant amount of approximately \$579,634.
2. The Board certifies that CADA will operate and maintain the Project and use it for the purposes for which the grant is awarded, for at least [20 / 25] years following completion, as required by the grant agreement.
3. The Board certifies that CADA understands and agrees to the requirements of the grant program, including the obligation to enter into and comply with the grant agreement, to provide any funds beyond the grant amount necessary to complete the Project, to maintain records, and to be subject to audit.
4. The Board finds that the Project is categorically exempt from CEQA under Class 1 (14 California Code of Regulations Section 15301) and Class 4 (14 California Code of Regulations Section 15304), and finds that none of the exceptions in 14 California Code of Regulations Section 15300.2 applies.
5. The Board designates the Executive Director, Danielle Foster, or their designee, as the Authorized Representative, with authority to execute, on behalf of CADA, the application, the grant agreement and any amendments, payment requests, and all other documents necessary to apply for, accept, and administer the grant.
6. This resolution takes effect immediately upon its adoption.

PASSED AND ADOPTED by the Board of Directors of the Capitol Area Development Authority at a regular meeting held on June 26, 2026, by the following vote:

AYES: Ardis, Schenirer, Bailey

NOES: None

ABSENT: Bodipo-Mamba

ABSTAIN: None



Ann Bailey, Chair of the Board of Directors

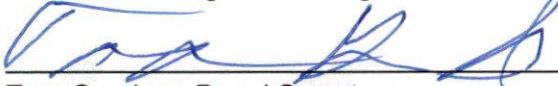
ATTEST:



Tara Gandara, Board Secretary

SECRETARY'S CERTIFICATION

I, Tara Gandara, Board Secretary of the Capitol Area Development Authority, certify that the foregoing is a true and correct copy of Resolution No. 26-23, duly adopted by the Board of Directors at a regular meeting held on June 26, 2026.



Tara Gandara, Board Secretary

RESOLUTION NO. 26 – 24

Adopted by the Capitol Area Development Authority
June 26, 2026

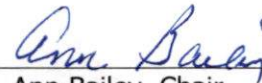
**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR,
OR HER DESIGNEE, TO ENTER INTO A CHANGE ORDER
FOR MAINTENANCE CONTRACT C25-007**

WHEREAS, the Board authorized the Executive Director to enter into a maintenance contract with Roseville Flooring, Inc. dba Roseville Carpet One in the amount of \$500,000 for FY Floor Coverings; and

WHEREAS, staff is recommending the Board approve a change order in the amount of \$185,000 to pay for additional costs to cover unanticipated additional work under this contract associated with CADA's building maintenance and unit turnover.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Capitol Area Development Authority that:

The Executive Director, or her designee, is authorized to execute a change order to the maintenance contract C25-007 with Roseville Flooring, Inc. dba Roseville Carpet One in the amount of \$185,000 for FY Floor Coverings.


Ann Bailey, Chair

ATTEST:


Tara Gandara
Secretary to the Board of Directors

RESOLUTION NO. 26 – 25

Adopted by the Capitol Area Development Authority
June 26, 2026

**RESOLUTION TO CONTRACT
WITH COHNREZNICK LLP**

WHEREAS, a Memorandum of Understanding between CADA and the City of Sacramento states that the independent auditor utilized by CADA will be jointly selected by the City Director of Finance and CADA; and

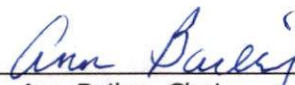
WHEREAS, Through CADA's RFP process staff recommended the firm of CohnReznick and the firm is acceptable to the City, for audit services for fiscal year ending June 30, 2026, with an option for four additional one-year audits.

NOW, THEREFORE BE IT RESOLVED, that the Executive Director is hereby authorized to execute a contract for independent audit services for the fiscal year ending June 30, 2026, with an option of for four (4) additional year of audit services on behalf of the Authority with CohnReznick LLP.

The total compensation possible payable under the above contract shall not exceed

Fiscal Year ending June 30, 2026	\$45,760
Fiscal Year ending June 30, 2027	\$47,600 (4% increase)
Fiscal Year ending June 30, 2028	\$49,500 (4% increase)
Fiscal Year ending June 30, 2029	\$51,970 (4% increase)
Fiscal Year ending June 30, 2030	\$54,050 (4% increase)

	Sommerset	Biele	17 th Street
Fiscal Year ending June 30, 2026	\$8,000	\$8,000	\$8,000
Fiscal Year ending June 30, 2027	\$8,500	\$8,500	\$8,500
Fiscal Year ending June 30, 2028	\$9,000	\$9,000	\$9,000
Fiscal Year ending June 30, 2029	\$9,500	\$9,500	\$9,500
Fiscal Year ending June 30, 2030	\$10,000	\$10,000	\$10,000


Ann Bailey, Chair

ATTEST:


Tara Gandara
Secretary to the Board of Directors

RESOLUTION NO. 26 – 26

Adopted by the Capitol Area Development Authority

June 26, 2026

**RESOLUTION AWARDING A
SECURITY PATROL SERVICE CONTRACT
TO LYONS SECURITY SERVICE, INC.**

WHEREAS, Lyons Security was selected through a formal bid process to provide security patrol services in FY 2022-2023;

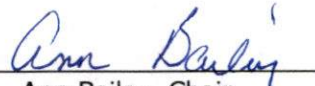
WHEREAS, the terms of the contract allow for four (4) one-year contract extensions, with annual increases in rates capped at 5% per year from the previous year; and

WHEREAS, Lyons Security has provided reliable security services for FY 2022-2023, FY 2023-2024, FY 2024-2025, and FY 2025-2026.

BE IT RESOLVED by the Capitol Area Development Authority that:

The Executive Director is hereby authorized on behalf of the Authority to extend the FY 2022-2023 Security Services contract with Lyons Security Service, Inc. for one (1) year, for FY 2026-2027; and

The total compensation payable under this year of the contract shall not exceed Two Hundred Thousand Three Hundred Sixteen Dollars (\$200,316) for the FY 2026-2027 Security Patrol Services, with the amount of \$168,150 being incorporated into the FY 2026-2027 Operating Budget, and additional funds being requested, as needed.


Ann Bailey, Chair

ATTEST:


Tara Gandara
Secretary to the Board of Directors

RESOLUTION NO. 26 – 27

Adopted by the Capitol Area Development Authority
June 26, 2026

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO
ENTER INTO A SERVICE CONTRACT WITH JM ENVIRONMENTAL,
INC. FOR FY 2026-2027 ABATEMENT**

WHEREAS, CADA conducted a formal bid process for the FY 2026-2027 Abatement contract in April of 2026; and

WHEREAS, JM Environmental, Inc. was the lowest responsive, responsible bidder and is qualified to provide the service.

NOW, THEREFORE, BE IT RESOLVED, by the Capitol Area Development Authority that:

The Executive Director is hereby authorized, on behalf of the Authority, to enter into a contract for one (1) year with JM Environmental, Inc. for FY Abatement at Various Locations.

The total compensation payable under the above contract shall not exceed Three Hundred Twenty-Six Thousand Five Hundred Twenty-Three Dollars (\$326,523).


Ann Bailey, Chair

ATTEST:


Tara Gandara
Secretary to the Board of Directors

RESOLUTION NO. 26 – 28

Adopted by the Capitol Area Development Authority
June 26, 2026

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO
ENTER INTO A SERVICE CONTRACT WITH AFFORDABLE QUALITY PAINTING,
INC. FOR FY 2026-2027 APARTMENT PAINTING**

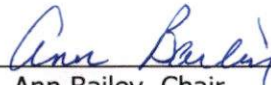
WHEREAS, CADA conducted a formal bid process for the FY 2026-2027 Apartment Painting contract in April of 2026; and

WHEREAS, Affordable Quality Painting, Inc. was the lowest responsive, responsible bidder and is qualified to provide the service.

NOW, THEREFORE, BE IT RESOLVED, by the Capitol Area Development Authority that:

The Executive Director is hereby authorized, on behalf of the Authority, to enter into a contract for one (1) year with Affordable Quality Painting, Inc. for FY Apartment Painting at Various Locations.

The total compensation payable under the above contract shall not exceed Two Hundred Fifty Thousand Dollars (\$250,000).


Ann Bailey, Chair

ATTEST:


Tara Gandara
Secretary to the Board of Directors

RESOLUTION NO. 26 – 29

Adopted by the Capitol Area Development Authority
June 26, 2026

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO
ENTER INTO A SERVICE CONTRACT WITH PIK CONSTRUCTION,
INC. FOR FY 2026-2027 BATHTUB & SINK REFINISHING**

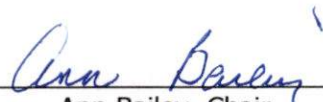
WHEREAS, CADA conducted a formal bid process for the FY 2026-2027 Bathtub & Sink Refinishing contract in April of 2026; and

WHEREAS, PIK Construction, Inc. was the lowest responsive, responsible bidder and is qualified to provide the service.

NOW, THEREFORE, BE IT RESOLVED, by the Capitol Area Development Authority that:

The Executive Director is hereby authorized, on behalf of the Authority, to enter into a contract for one (1) year with PIK Construction, Inc. for FY Bathtub & Sink Refinishing at Various Locations.

The total compensation payable under the above contract shall not exceed Three Hundred Fifty-Six Thousand Seven Hundred Fifty Dollars (\$356,750).



Ann Bailey, Chair

ATTEST:



Tara Gandara
Secretary to the Board of Directors

RESOLUTION NO. 26 – 30

Adopted by the Capitol Area Development Authority
June 26, 2026

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO
ENTER INTO A SERVICE CONTRACT WITH ROSEVILLE
FLOORING, INC DBA ROSEVILLE CARPET ONE
FOR FY 2026-2027 COUNTERTOP REPLACEMENTS**

WHEREAS, CADA conducted a formal bid process for the FY 2026-2027 Countertop Replacements contract in April of 2026; and

WHEREAS, Roseville Flooring, Inc dba Roseville Carpet One was the lowest responsive, responsible bidder and is qualified to provide the service.

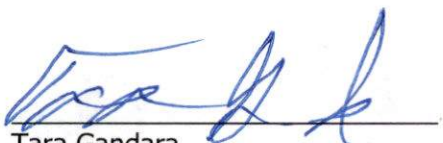
NOW, THEREFORE, BE IT RESOLVED, by the Capitol Area Development Authority that:

The Executive Director is hereby authorized, on behalf of the Authority, to enter into a contract for one (1) year with Roseville Carpet One for FY Countertop Replacements at Various Locations.

The total compensation payable under the above contract shall not exceed One Hundred Fifty Thousand Seven Hundred Forty Dollars (\$150,740).


Ann Bailey, Chair

ATTEST:


Tara Gandara
Secretary to the Board of Directors

RESOLUTION NO. 26 – 31

Adopted by the Capitol Area Development Authority
June 26, 2026

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO
ENTER INTO A SERVICE CONTRACT WITH ROSEVILLE
FLOORING, INC DBA ROSEVILLE CARPET ONE
FOR FY 2026-2027 FLOOR COVERINGS**

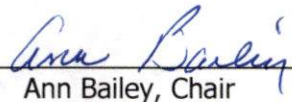
WHEREAS, CADA conducted a formal bid process for the FY 2026-2027 Floor Coverings contract in April of 2026; and

WHEREAS, Roseville Flooring, Inc dba Roseville Carpet One was the lowest responsive, responsible bidder and is qualified to provide the service.

NOW, THEREFORE, BE IT RESOLVED, by the Capitol Area Development Authority that:

The Executive Director is hereby authorized, on behalf of the Authority, to enter into a contract for one (1) year with Roseville Carpet One for FY Floor Coverings at Various Locations.

The total compensation payable under the above contract shall not exceed Eight Hundred Sixty Thousand Nine Hundred Seventy-Five Dollars (\$860,975).


Ann Bailey, Chair

ATTEST:


Tara Gandara
Secretary to the Board of Directors

RESOLUTION NO. 26 – 32

Adopted by the Capitol Area Development Authority
June 26, 2026

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO
ENTER INTO A SERVICE CONTRACT WITH VILLARA CORPORATION
FOR FY 2026-2027 HVAC MAINTENANCE & REPAIR**

WHEREAS, CADA conducted a formal bid process for the FY 2026-2027 HVAC Maintenance & Repair contract in April of 2026; and

WHEREAS, Villara Corporation was the lowest responsive, responsible bidder and is qualified to provide the service.

NOW, THEREFORE, BE IT RESOLVED, by the Capitol Area Development Authority that:

The Executive Director is hereby authorized, on behalf of the Authority, to enter into a contract for one (1) year with Villara Corporation for FY HVAC Maintenance & Repair at Various Locations.

The total compensation payable under the above contract shall not exceed One Hundred Thousand Dollars (\$100,000).


Ann Bailey, Chair

ATTEST:


Tara Gandara
Secretary to the Board of Directors

RESOLUTION NO. 26 – 33

Adopted by the Capitol Area Development Authority
June 26, 2026

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO
ENTER INTO A SERVICE CONTRACT WITH ROO LANDSCAPE &
GARDEN CARE FOR FY 2026-2027 LANDSCAPE & LAWN CARE**

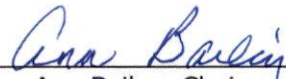
WHEREAS, CADA conducted a formal bid process for the FY 2026-2027 Landscape & Lawn Care contract in April of 2026; and

WHEREAS, Roo Landscape & Garden Care was the lowest responsive, responsible bidder and is qualified to provide the service.

NOW, THEREFORE, BE IT RESOLVED, by the Capitol Area Development Authority that:

The Executive Director is hereby authorized, on behalf of the Authority, to enter into a contract for one (1) year with Roo Landscape & Garden Care for FY Landscape & Lawn Care at Various Locations.

The total compensation payable under the above contract shall not exceed Three Hundred Fifteen Thousand Dollars (\$315,000).



Ann Bailey, Chair

ATTEST:



Tara Gandara
Secretary to the Board of Directors

RESOLUTION NO. 26 – 34

Adopted by the Capitol Area Development Authority
June 26, 2026

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO
ENTER INTO A SERVICE CONTRACT WITH PRIDEX CONSTRUCTION
GROUP, INC. FOR FY 2026-2027 VACANCY PREPARATION**

WHEREAS, CADA conducted a formal bid process for the FY 2026-2027 Vacancy Preparation contract in April of 2026; and

WHEREAS, Pridex Construction Group, Inc. was the lowest responsive, responsible bidder and is qualified to provide the service.

NOW, THEREFORE, BE IT RESOLVED, by the Capitol Area Development Authority that:

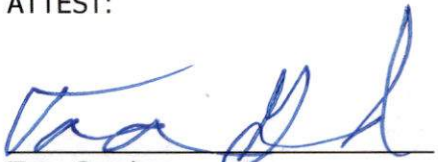
The Executive Director is hereby authorized, on behalf of the Authority, to enter into a contract for one (1) year with Pridex Construction Group, Inc. for FY Vacancy Preparation at Various Locations.

The total compensation payable under the above contract shall not exceed Two Hundred Twenty-Five Thousand Dollars (\$225,000).



Ann Bailey, Chair

ATTEST:



Tara Gandara
Secretary to the Board of Directors

RESOLUTION NO. 26 – 35

Adopted by the Capitol Area Development Authority
June 26, 2026

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR
TO ENTER INTO A SERVICE CONTRACT WITH ROSEVILLE
FLOORING, INC DBA ROSEVILLE CARPET ONE FOR FY
2026-2027 CABINETS**

WHEREAS, in June 2025, following a formal bid process, the CADA Board selected Roseville Flooring, Inc dba Roseville Carpet One to provide FY Cabinets during Fiscal Year 2025-2026 through 2026-2027;

WHEREAS, the terms of the contract allow for a one-year extension of the contract for up to two (2) years;

WHEREAS, to extend the contract, CADA must give notice to the contractor, and the contractor must provide written acceptance; and

WHEREAS, Roseville Carpet One was notified of CADA's desire to extend the contract, and Roseville Carpet One responded that it was prepared to accept this extension for FY 2026-2027.

NOW, THEREFORE, BE IT RESOLVED by the Capitol Area Development Authority that:

The Executive Director is hereby authorized to extend the FY Cabinets contract for one (1) year on behalf of the Authority with Roseville Carpet One.

The total compensation payable under the above contract shall not exceed Two Hundred Thousand Dollars (\$200,000).


Ann Bailey, Chair

ATTEST:


Tara Gandara
Secretary to the Board of Directors

RESOLUTION NO. 26 – 36

Adopted by the Capitol Area Development Authority
June 26, 2026

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR
TO ENTER INTO A SERVICE CONTRACT WITH 2-GO BUILDING
MAINTENANCE FOR FY 2026-2027 JANITORIAL
AND EMERGENCY WATER EXTRACTION**

WHEREAS, in October 2024, following a formal bid process, the CADA Board selected 2-Go Building Maintenance to provide Janitorial and Emergency Water Extraction during Fiscal Year 2024-2025 through 2028-2029;

WHEREAS, the terms of the contract allow for a one-year extension of the contract for up to five (5) years with an allowable increase not to exceed five percent (5%) from the previous year;

WHEREAS, to extend the contract, CADA must give notice to the contractor, and the contractor must provide written acceptance; and

WHEREAS, 2-Go Building Maintenance was notified of CADA's desire to extend the contract, and 2-Go responded that it was prepared to accept this extension with a 5% rate increase for FY 2026-2027.

NOW, THEREFORE, BE IT RESOLVED by the Capitol Area Development Authority that:

The Executive Director is hereby authorized to extend the FY Janitorial and Emergency Water Extraction contract for one (1) year on behalf of the Authority with 2-Go Building Maintenance.

The total compensation payable under the above contract shall not exceed Two Hundred Thirty-Seven Thousand Thirty-Eight Dollars (\$237,038).


Ann Bailey, Chair

ATTEST:


Tara Gandara
Secretary to the Board of Directors

RESOLUTION NO. 26 – 37

Adopted by the Capitol Area Development Authority
June 26, 2026

**RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR
TO ENTER INTO A SERVICE CONTRACT WITH ALLIED WASTE
SERVICES OF NORTH AMERICA, LLC DBA REPUBLIC SERVICES
OF SACRAMENTO FOR FY 2026-2027 WASTE REMOVAL SERVICES**

WHEREAS, in January 2023, following a formal bid process, the CADA Board selected Allied Waste Services of North America, LLC dba Republic Services of Sacramento to provide FY Waste Removal Services during Fiscal Year 2022-2023 through 2026-2027;

WHEREAS, the terms of the contract allow for a one-year extension of the contract for up to five (5) years with an allowable increase not to exceed five percent (5%) from the previous year;

WHEREAS, to extend the contract, CADA must give notice to the contractor, and the contractor must provide written acceptance; and

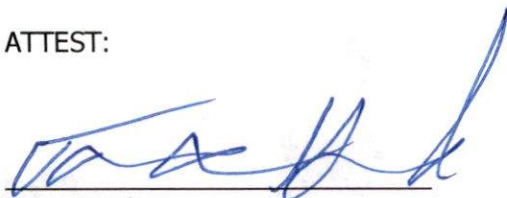
WHEREAS, Republic Services of Sacramento was notified of CADA's desire to extend the contract, and Republic Services of Sacramento responded that it was prepared to accept this extension with a 5% rate increase for FY 2026-2027.

NOW, THEREFORE, BE IT RESOLVED by the Capitol Area Development Authority that:

The Executive Director is hereby authorized to extend the FY Waste Removal Services contract for one (1) year on behalf of the Authority with Republic Services of Sacramento.

The total compensation payable under the above contract shall not exceed One Hundred Eighty-Two Thousand Three Hundred Twenty-Seven Dollars (\$182,327).

ATTEST:



Tara Gandara
Secretary to the Board of Directors


Ann Bailey, Chair



August 6, 2026

TO:	Capitol Area Development Authority (CADA) Board of Directors
SUBJECT:	August 21, 2026 Board Meeting AGENDA ITEM 6 ANNUAL AFFIRMATION OF DELEGATION OF INVESTMENT AUTHORITY TO THE CITY TREASURER
CONTACT PERSON:	Noelle Mussen, Finance Director

RECOMMENDATION:

Staff recommends the Board adopt a resolution delegating CADA's investment authority to the City Treasurer for one year.

BACKGROUND

At the May 1999 Board Meeting, the Board adopted Resolution No. 99-13 which establishes the procedure to be followed to ensure compliance with the requirements of California Government Code Chapter 749, Statutes of 1996 and Chapter 783, Statutes of 1995. This procedure calls for the Board Secretary to include the annual affirmation of the delegation of CADA's investment authority to the City Treasurer as a standing agenda item for each August Board meeting. August was selected as the month to annually affirm this delegation because the investment activity report for the period ending June 30th (the end of CADA's fiscal year) would be available to the Board for its review.

An Investment Officer from the City of Sacramento will provide a presentation on the City's investment practices at the Board meeting.

POLICY

Section 10(b) of CADA's Joint Powers Agreement designates that the City Treasurer shall serve as CADA's Treasurer. In accordance with that direction, the City Treasurer has performed these services since CADA's creation in July 1978.

Under State legislation enacted in 1995/1996, actions required of a Treasurer and the governing board it serves are as follows:

Governing Board -

- Shall annually consider the Treasurer's investment policies and any proposed change or revision.
- Shall annually delegate authority to the Treasurer to invest or reinvest agency funds and to sell or exchange securities purchased for a period of one year. Said responsibility shall continue until revoked or a one-year period expires.

Treasurer -

- Shall submit a monthly/quarterly investment report of transactions to the Governing Board.

Each August, after review of the City Treasurer's investment policies and any proposed changes and revisions, the CADA Board reaffirms the delegation of investment authority to the City Treasurer until it is revoked or a one-year period expires. Because the one-year period of investment authority awarded at last year's August meeting will expire on August 31, 2026, action at the August 21, 2026 meeting is required.

The resolution proposed for action at this meeting also requires the City Treasurer to provide CADA evidence of City Council approval of any investment deviations from California Government Code Sections 53600.5 and 53601 prior to the purchase of such investments. Attached for the Board's information are the current Investment Policy of the City of Sacramento and the Allowable Investments for Local Agencies (**Attachments 2 & 4**).

The current Investment Policy was adopted and approved by the City Council at its June 9th meeting. Staff was informed by the City Treasurer's Office that there was one change to the policy this year, which was the inclusion of language on "Socially Responsible Investments". The City Treasurer's office does not believe this language will have a significant effect on how the Pool is currently managed, as the majority of these guidelines apply to companies that would not be eligible for inclusion in the Pool. See **Attachment 2** for the approved policy. The Treasurer's Office has also advised that there have been no investment deviations from the above-referenced sections of the California Government Code or changes to the City's investment policy.

FINANCIAL IMPACT

Schedule permitting, CADA's Finance Director attends each quarterly Investment Committee meeting held by the City Treasurer. At these meetings the activity for the various investment pools managed by the Treasurer are reviewed. CADA's participation in the City Treasurer's investments is limited to City Investment Pool A. As noted in the Investment Activity Report for the period ending June 30, 2026 (**Attachment 3**), Pool A's market value was \$1,895,024,885. CADA's participation in this fund includes \$20,086,875 of General Operation investment; \$44,154 of Tax-Exempt bond proceeds; \$301,006 of 2016 Taxable bond proceeds; and \$20,018,746 of 2020 Taxable bond proceeds for a total of ~.0213% of the pool.

Monthly Investment Activity Reports for Pool A are transmitted to the Board as part of each Board package. Interest earnings are credited to CADA's account on a monthly basis. For the procurement of the City Treasurer's services, the City bills CADA a nominal fee of 2% of the average quarterly balance each quarter.

ENVIRONMENTAL ISSUES

Not applicable.

CADA STRATEGIC PLAN

The proposed action addresses the following 2024-2029 CADA Strategic Plan goals:

The Strategic Plan value that is most directly pertinent to this action is Objective I: Ensure Fiscal Strength and Operational Excellence. Adoption of proper investment guidelines and approval of strong investment partners will assist in the fulfillment of CADA's strategic Plan's goals while continuing to maintain a strong financial position.

Attachments:

1. Resolution 26-38

2. City of Sacramento Investment Policy
3. June 2026 Investment Activity Report
4. Allowable Investments for Local Agencies

RESOLUTION NO. 26 – 38

Adopted by the Capitol Area Development Authority

August 21, 2026

**RESOLUTION REAFFIRMING ANNUAL DELEGATION OF INVESTMENT AUTHORITY TO
THE CITY TREASURER**

WHEREAS, California Government Code Chapter 749, Statutes of 1996, authorizes the legislative body of a local government to delegate its investment authority to the Treasurer of the local agency for a one-year period;

WHEREAS, the Authority has reviewed the current City of Sacramento's Investment Policy;

WHEREAS, the City Treasurer has informed the Authority that as it pertains to City Investment Pool A and public fund investments of the City of Sacramento, the City Investment Policy is generally consistent with California Government Code Sections 53600.5 and 53601 and that the City Investment Policy specifically requires City Council approval of any investment deviations from these government code sections; and

WHEREAS, the City Treasurer has informed the Authority that there have been no investment deviations from the California Government Code and one change in the investment policy for inclusion of language on the "Socially Responsible Investments" since its adoption by the Board in Juen 2026.

NOW, THEREFORE, BE IT RESOLVED, by the Capitol Area Development Authority Board of Directors that the Capitol Area Development Authority delegates investment authority to the City Treasurer for the period of one year. The City Treasurer shall assume responsibility for the transactions until the delegation of authority is revoked or the one-year period expires.

BE IT FURTHER RESOLVED, by the Capitol Area Development Authority Board of Directors, that it delegates said investment authority with the understanding that:

- 1) The City Treasurer shall submit monthly reports of transactions and quarterly investment reports to the Authority.
- 2) When the City Treasurer deems that deviation from the California Government Code Sections 53600.5 and 53601 is prudent, prior to the purchase of such investments, the City Treasurer shall provide the Authority with evidence of City Council approval of said deviation; and that
- 3) The City Treasurer shall notify the Authority of any proposed amendments to the City of Sacramento's Investment Policy prior to said amendments becoming effective.

Ann Bailey, Chair

ATTEST:

Tara Gandara
Secretary to the Board of Directors

RESOLUTION 2026-0139

Adopted by the Sacramento City Council

June 9, 2026

**Resolution Approving the Investment Policy Governing the Investment of
City's Pooled Treasury Funds and Delegating Investment Authority to the
City Treasurer for Pooled and Non-Pooled Funds**

BACKGROUND

- A. Sound investment practices are facilitated by the preparation of written governing policy statements. Such policies should cover all substantive aspects of the investment of funds. The City Treasurer has prepared a comprehensive Investment Policy document pursuant to which the City, acting through his office, will manage and conduct investment of the City's pooled treasury funds. The Investment Policy is attached hereto as Exhibit A.
- B. In furtherance of the prudent management of the City's treasury pools, the Investment Policy is in compliance with State law provisions establishing investment objectives and setting forth permissible investment of public funds not required for immediate expenditure.
- C. Section 73 of the Sacramento City Charter vests the City Treasurer with authority to deposit and invest funds of the City treasury, subject to the annual delegation of investment authority from the City Council to the City Treasurer pursuant to state law.
- D. The delegation of investment authority and responsibility from the City Council to the City Treasurer will allow the City Treasurer and his staff to continue the prudent investment of the City's pooled treasury funds and the effective and efficient support of the City's efforts to meet its cash flow needs.
- E. The City Treasurer's Office also manages other funds on behalf of the City that are not part of the Pool A fund (Non-pooled funds). Non-pooled funds are funds which are not part of the City's general fund and are separate City funds delegated to be managed by the City Treasurer's Office on behalf of The City; solely for the benefit of each funds' beneficiaries. These funds currently include the Ethel Hart Mutual Endowment Foundation, the George Clark Memorial Scholarship Fund, the Ann Land/Bertha Henschel Endowment Foundation and the SHRA Pool D Investment fund. Non-pooled funds each have their own separate investment guidelines and are not subject to government code 53601 or the attached Investment Policy. As part of the delegation provided by this resolution, the City Treasurer's Office shall have full authority over these

funds, including the ability to vote proxies, conduct investigations related to any investment, and manage the day to day operations of these funds on behalf of The City.

- F. The City Treasurer's Office also separately manages the Sacramento City Employees Retirement System (SCERS) funds, which are not considered non-pooled funds for purposes of this resolution. The SCERS funds have their own annual investment policy that is reviewed annually by City Council.
- G. The delegation of investment authority and responsibility from the City Council to the City Treasurer will allow the City Treasurer and his staff to continue the investment of the City's pooled and non-pooled funds in support of the investment objectives and directives of each fund.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

SECTION 1.

The Investment Policy submitted by the City Treasurer, attached hereto as Exhibit A, is hereby approved.

SECTION 2.

The City Council, pursuant to Government Code section 53607, delegates to the City Treasurer for a period of twelve (12) months the authority to manage and invest the City's pooled treasury funds in accordance with the Investment Policy.

SECTION 3.

The City Council also delegates to the City Treasurer for a period of twelve (12) months the authority to manage and invest the City's non-pooled funds in accordance with each respective funds' investment guidelines with the same degree of authority that is provided by Government Code section 53607 for pooled funds.

SECTION 4.

Exhibit A is part of this resolution.

TABLE OF CONTENTS:

Exhibit A - City of Sacramento Investment Policy

Adopted by the City of Sacramento City Council on June 9, 2026, by the following vote:

Ayes: Members Dickinson, Guerra, Jennings, Maple, Talamantes, and Vang

Noes: None

Abstain: Member Pluckebaum

Absent: Member Kaplan and Mayor McCarty

Attest:  06/17/2026

Mindy Cuppy, City Clerk

The presence of an electronic signature certifies that the foregoing is a true and correct copy as approved by the Sacramento City Council.

Exhibit A

CITY OF SACRAMENTO INVESTMENT POLICY

The purpose of this document is to set forth the investment and operational policies for the management of the public funds of the City of Sacramento. These policies are designed to ensure the prudent management of public funds under management by the Sacramento City Treasurer.

Although the Sacramento City Charter generally provides the City Treasurer with the authority to deposit and invest funds in the City Treasury, undertaking of the investment activities by the City Treasurer is subject to the annual delegation of investment authority from the City Council as the body being primarily responsible for the investment of City funds. Accordingly, these policies are applicable to the management of City treasury funds as that task may be delegated to the City Treasurer.

A copy of this policy statement will be provided to all investment brokers and dealers and others in related fields doing business with the City of Sacramento, and will be provided to other interested parties on request. In addition, this policy statement will be posted to the City Treasurer's page of the City's internet website.

An entity retained to provide investment-related services to the City of Sacramento shall not render services unless and until it confirms, in writing, that it has received and reviewed this policy statement, and is prepared to implement its terms, as applicable to the services to be provided by the entity.

I. Governing Authority; Scope

Section 73 of the Sacramento City Charter vests the City Treasurer with authority to deposit and invest funds of the City treasury, subject to the annual delegation of investment authority from the City Council to the City Treasurer pursuant to Government Code section 53607. These policies shall apply to the City Treasurer's investment of City treasury funds.

The City Treasurer investment program for Pool A treasury funds shall be operated in conformance with applicable federal, state, and other legal requirements. This policy statement is intended to conform to Government Code sections 53600, et seq, and interpretation of these policies shall be consistent with those statutes.

II. Objectives

A. Primary Objectives

The primary objectives of investment activities, in order of priority, are safety, liquidity, and yield:

1. *Safety*

Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective is to mitigate credit risk and interest rate risk.

- (a) Credit Risk. Credit risk is the risk of loss due to the failure of the security issuer or backer. The City will minimize credit risk by:
 - (i) Limiting investments to the types of securities listed in Section VI of this Investment Policy
 - (ii) Re-qualifying the financial institutions, broker/dealers, intermediaries, and advisers with which the City will do business in accordance with Section IV.
 - (iii) Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.
- (b) Interest Rate Risk. Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates. The City will minimize interest rate risk by:
 - (i) Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity
 - (ii) Investing operating funds primarily in shorter-term securities, money market mutual funds, the Local Agency Investment Fund ("LAIF") managed by the State of California, or similar investment pools and limiting the average maturity of the portfolio in accordance with this policy.

2. *Liquidity*

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with cash needs to meet anticipated demands (static liquidity). Furthermore, since all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets (dynamic liquidity). Alternatively, a portion of the portfolio may be placed in money market mutual funds or LAIF which offer same day liquidity for short-term funds.

The staff of the City Treasurer's Office shall (i) monitor the City's budget formation and approval process and (ii) actively engage with City staff to assess and manage cash flow needs of the City.

3. *Yield*

The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The core of investments is limited to relatively low risk securities in anticipation of earning a fair return relative to the low level of risk being assumed.

Securities shall generally be held until maturity with the following exceptions:

- (a) A security with declining value may be sold early to minimize loss of principal.

- (b) A security swap would improve the quality, yield, or target duration in the portfolio.
- (c) Liquidity needs of the portfolio require that the security be sold.
- (d) Where the sale of the security to realize capital gains is advisable in the judgment of the investment officers.

B. Other Objectives

1. *Pooling of Funds*

Except for cash in certain restricted and special funds, the City will consolidate cash and reserve balances from all funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the various funds proportionately based on their respective participation and in accordance with generally accepted accounting principles. The pooling of funds shall have no effect on the legal character of the pooled funds, i.e. funds whose use is restricted by law shall remain restricted and cannot be used as part of the City's general fund.

2. *Local Considerations/Community Investments*

Where possible, as a secondary objective, funds may be invested for the betterment of the local economy. The City Treasurer may accept a proposal from an "eligible local community institution" that provides for a reduced rate of interest provided that such institution documents the use of deposited funds for local community development projects. To qualify as an "eligible local community institution", the following criteria must be met:

- An eligible local community institution is defined as being headquartered in counties in and around Sacramento, including but not limited to Placer, El Dorado, Sutter, and Yolo.
- An eligible local community institution shall have over 50% ownership tied to the local community. Both private and publicly traded companies must submit an ownership breakdown of the institution if requested by The City Treasurer to satisfy the 50% local ownership requirement.
- To be recognized as an eligible local community institution the entity must have had a 5 star "Superior" Rating from either Bauer Financial or IDC Financial Publishing for the past 4 consecutive quarters. Eligible institutions must submit their quarterly ratings to the City Treasurer's office and maintain their 5-star rating continuously. If an eligible local community institution drops below the required 5-star rating, they will have 1 quarter to cure the deficiency. If in the following quarter the institution does not re-achieve a 5-star rating with the same independent rating company, the City may withdraw funds allocated to that institution.
- Institutions who receive deposits from the City as part of a local community investment not eligible for FDIC insurance must be secured by collateral of 110% as described in California Government Code Section 53651 and 53652.

- Institutions who receive deposits from the City as part of a local community investment must commit to invest 50% of the deposits in the local community, within the City of Sacramento City limits
- Institutions must provide a detailed semi-annual report to the City Treasurer's Office that shows evidence that the institution is meeting the 50% local community investment mandate on the City's deposits. When available, semi-annual reports should include demographic information from borrowers if available. If an institution cannot provide evidence that it has met the 50% local community investment criteria, the City may withdraw its deposits from the institution.
- As a matter of prudence, the amount the City Treasurer may invest in eligible local community institutions will be limited to 1% of the institution's total assets, as determined by the quarterly independent financial reports. If, during the course of an investment with an eligible local institution, the City exceeds the maximum 1% deposit level, the City may withdraw any funds in excess of the limit to cure the deficiency.
- The city may place deposits with eligible local community institutions up to a total of 7.5% of the total in the City's portfolio. If this amount is exceeded the City may withdraw funds from any institution to reduce the total community investment back below the maximum.

Although an eligible local community institution may meet all of the above stated criteria, it is not a guarantee that the City will maintain deposits. The City Treasurer retains the right to make deposit and withdrawal decisions based on the Primary Objectives of the Investment Policy stated above.

3. Favored Investments

Investments are encouraged in entities that have demonstrated significant commitment and cooperation (a) with foreclosure prevention efforts, including, without limitation, temporary moratoriums on foreclosures, renegotiation of the principle mortgage balances to reflect current values, and other good faith negotiations with homeowners in regard to delinquent mortgages, and/or (b) in offering free or low-cost banking services to low- and moderate-income residents who are part of the traditionally "unbanked" or "under-banked" population. The City Treasurer may take into consideration the level of effort an entity expends in either the foreclosure relief or community banking areas, or both, when considering competing investments. If the City Treasurer is satisfied with the record of an entity in regard to such efforts, then the Treasurer's investment staff may invest in the securities of the entity, provided that the investment is otherwise consistent with the requirements of this Investment Policy statement.

4. Socially Responsible Investments

Socially Responsible investments standards are integral to an impact-driven and financially prudent investment policy that aligns City investments with broader societal objectives. Adopting these standards will better align with the guiding principles of the City's 2040 General plan. The investment of City funds shall follow a set of socially responsible principles and standards based on the screening criteria outlined below. The City Treasurer will use these criteria to inform investment decisions to the extent that they do not compromise the primary investment objectives which are, in order of priority, safety, liquidity and yield; nor the City's "prudent person" standards:

- a. No investments shall be made in companies involved in the manufacturing of tobacco or tobacco-related products.
- b. No investments shall be made in individual publicly traded fossil fuel companies
- c. No investments shall be made in companies found to have committed or enabled severe violations of human rights and international humanitarian laws; including but not limited to child labor, forced labor, and forced community resettlement; whether domestically or internationally.
- d. No investments shall be made in companies whose primary operations are the production of chemical or biological war weapons or bombs nor the production of automatic or semi-automatic rifles, ghost guns, machine guns, and crew-served weapons, marketed for civilian sale and use.
- e. No investments shall be made in companies whose primary business activities are involved in mass incarceration and detention, including but not limited to investments in companies that build, own, operate or service private prisons; nor in companies that use prison labor.
- f. No investments shall be made in companies whose primary objective is the facilitation of or involved in immigration detention, nor in companies providing surveillance technology.
- g. Investments shall, when feasible, prioritize local financial institutions, companies, and organizations that actively engage in objectives that directly support the well-being of all Sacramento city residents. Examples include securities that support community development, green municipal bonds that finance sustainable energy, transportation, and infrastructure as consistent with Local Considerations/Community Investments detailed in Section 2.

III. Standards of Care

A. Prudence

In accordance with Government Code section 53600.3, the standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures developed by the City Treasurer and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided extraordinary deviations from expectations are reported by subordinate investment officers to the City Treasurer in a prompt fashion and that the sale of securities is carried out in accordance with the terms of this policy.

Pursuant to the "prudent person" standard, investment officers shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Funds shall be managed not for speculation where the sole goal of a transaction is to increase principal balances, but for investment intended to earn a reasonable rate of return on invested funds, considering the probable safety of their

capital as well as the probable income to be derived. Despite that investment transactions are undertaken with care pursuant to the “prudent person” standard, it is recognized that invested funds are subject to the vagrancies of the markets beyond the control of the investment officers.

B. Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and investment officers shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City.

Investment officers shall file State Fair Political Practices Commission’s Statement of Economic Interests and make the disclosures required by the City’s conflict of interest policies.

C. Delegation of Authority

Authority to manage the City treasury investment program is granted to the City Treasurer pursuant to Sacramento City Charter section number 73, unless the Charter specifically indicates otherwise, subject to annual delegation of investment authority by the City Council pursuant to Government Code section 53607. Pursuant to the City Charter, the City Treasurer also is authorized to appoint deputies and employees, as prescribed by Council resolution, to implement the investment program. The City Treasurer and those employees appointed by the Treasurer to perform investment activities pursuant to these policies shall be referred to herein collectively as “investment officers.”

Investment officers shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy (“Investment Procedures Manual”). Procedures should include references to: safekeeping, delivery vs. payment, investment accounting, repurchase agreements, wire transfer agreements, and collateral/depository agreements. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures manual. The investment officers shall be responsible for all transactions undertaken and shall establish a system of controls to regulate their activities.

IV. Authorized Financial Institutions, Depositories, and Broker/Dealers

A. Selection

Financial institutions and depositories involved in implementing the City Treasurer's investment activities are selected on a competitive basis in order to obtain high quality services by reliable, reputable and stable entities. The competitive process may be formal or informal, as determined by the City Treasurer in his or her discretion, with the objective of obtaining the quality of services necessary to serve the best interests of the City and relevant stakeholders, with services performed at competitive fees and rates. Such processes may occur from time to time by the City Treasurer's Office whether at the time the City Treasurer contracts for the general banking services or otherwise. The firm or firms providing investment-related services may or may not be, at the discretion of the City Treasurer, the same firm providing general banking services. Among the factors that the City Treasurer may consider in obtaining such services are (i) minimum qualifications pertaining to capacity, satisfaction of requirements to conduct required business, i.e. licenses, permits, registrations, certifications, etc.; (ii) capitalization; (iii) insurance and bonding; (iv) safekeeping and custodial experience; (v) status in good standing; (vi) ability and capacity of the firm to provide a full range of services as may be required by the City Treasurer; (vii) extent of the value added by an entity over the services provided by firms then-providing investment-related services to the City Treasurer's Office; and (viii) other attributes as may be determined by the City Treasurer from time to time. The City Treasurer may determine the number and nature of firms to be retained to provide investment-related services based upon the volume of existing and projected investment work. Those firms that are selected to execute transactions on behalf of the City shall do so in a good faith manner and in the best interests of the City, and shall disclose to and advise the investment officers of material facts that bear upon the pricing of a given transaction order given by investment officers. All financial institutions executing investment transactions shall satisfy the requirements of Government Code section 53601.5. All depositories shall satisfy the institutional qualifications and security requirements described in Government Code sections 53648 et seq.

B. Performance Review

All financial institutions and depositories shall maintain the qualifications and attributes deemed appropriate by the City Treasurer, including, but not limited to those enumerated in subsection A above, and shall perform their duties in a satisfactory manner. The City Treasurer, at his or her discretion, shall conduct periodic performance reviews to ensure the institutions and depositories are providing services in the best interests of the City.

V. Safekeeping and Custody

A. Delivery vs. Payment

All trades of marketable securities will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds.

B. Safekeeping

Securities will be held by an independent third-party custodian selected by the City Treasurer. The inventory and value of cash and securities held by the custodian will be reconciled on a daily basis. The

custodial institution shall annually provide a copy of their most recent report on internal controls in accordance with Statement on Standards for Attestation Engagements No. 18, or SSAE 18.

C. Internal Controls, Investment Procedures Manual

The City Treasurer is responsible for establishing and maintaining an internal control structure designed to guide the activities of the investment officers to ensure that the assets of the City are protected from loss, theft or misuse. Details of the internal controls system shall be documented in the Investment Procedures Manual and shall be reviewed and updated annually, as needed. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. The internal controls structure shall address the following points:

1. Prevention of collusion
2. Separation of transaction authority from accounting and recordkeeping
3. Custodial safekeeping
4. Avoidance of physical delivery securities
5. Clear delegation of authority to subordinate staff members
6. Written confirmation of transactions for investments and wire transfers
7. Development of a wire transfer agreement with the lead bank and third-party custodian

Accordingly, the City Treasurer shall establish a process for an annual independent review by an external auditor to assure compliance with policies and procedures or alternatively, compliance should be assured through the City annual independent audit.

VI. Suitable and Authorized Investments

A. Investment Types

Allowable investments of funds not required for the immediate use by the City are limited to those described in Government Code sections 16429.1 (Local Agency Investment Fund), 53601 (investment of surplus), 53601.8 (certificates of deposit), 53635 (purchase of commercial paper by pools) and 53638 (bank deposits), as such statutes may be amended or renumbered from time to time. These allowable investments, and their permitted amounts and attributes, are set forth in a summary prepared and updated from time to time by the California Debt and Investment Advisory Commission ("CDIAC") entitled, "Allowable Investment Instruments Per State Government Code, Applicable To All Local Agencies," included CDIAC's "Local Agency Investment Guidelines" publication that may be located at <http://www.treasurer.ca.gov/cdiac/LAIG/guideline.pdf>

B. Extended Maturities

The investment officers will observe the maximum maturity term of five years on various of the allowable investments. However, where a particular investment is found by the investment officers to be advantageous and consistent with these policies, but for a nominal exceedance of a 5-year maximum maturity caused by effect of the security's issuance and maturity dates, or the settlement date of the transaction, or both, they are authorized to invest in the following obligations with remaining maturities of five (5) years, plus not more than thirty (30) calendar days: U.S. Treasury obligations, obligations of California or other states, California local agency obligations, U.S. Agency obligations and medium-term notes. The City Treasurer will provide notice to the City Council of such investments within periodic investment reports made to the Council. See, Section VIII.A. Pursuant to Government Code section 53601, investment officers shall not make investments in instruments with maturities longer than five (5) years, plus thirty (30) calendar days, without prior approval of the City Council.

C. Securities Lending

The investment officers at their discretion may engage in securities lending activities pursuant to securities lending agreements (as defined in Government Code section 53601(j)(5)(D)) provided that the following are satisfied:

1. Securities lending transactions are to be governed by agreements entered into by the City Treasurer and the agent or agents the City Treasurer engages to perform such transactions provided that such agreements
 - (a) comply with the requirements of Government Code section 53601(j), and
 - (b) require the payment of cash collateral equal to or greater than 102% of the market value of the loaned security at the time of the loan.
2. The securities lending agreements may allow for the use of cash collateral for the reinvestment in securities that
 - (a) comply with the requirements of Government Code section 53601(j)(3)(D), and
 - (b) are securities whose direct investment is authorized by Government Code section 53601 and these policies,
 - (c) provided that nothing herein shall preclude the City Treasurer from entering into securities lending agreements that reduces the scope of investments made with cash collateral to something less than that allowed under subsections (a) and (b) above.

VII. Investment Parameters

A. Diversification

The City shall diversify its investment portfolio. To minimize risk of loss resulting from the over-concentration of assets in a specific maturity, issuer, or type of securities, all cash and cash equivalent

assets in all City funds shall be diversified by maturity, issuer, and class of security. Diversification strategies shall be determined and revised on an ongoing basis by the investment officers for all funds covered by these investment policies. In establishing specific diversification strategies, these investment policies shall apply. The investment officers shall emphasize that portfolio maturities will be staggered to avoid undue concentration of assets in a specific maturity sector. Maturities selected shall provide for stability of income and reasonable liquidity.

B. Cash Management Funds

1. Liquidity shall be assured through practices ensuring that the payroll dates and dates of large disbursements are covered through maturing investments or marketable U.S. Treasury bills.
2. Positions in securities having potential default risk shall be limited in size pursuant to the maximum limits set forth in Government Code section 53601. Such securities include the following: Commercial paper; negotiable certificates of deposit, and Banker's Acceptances.
3. Risks of market price volatility shall be controlled through maturity diversification.
4. Liquidity risk: Because of inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds such as LAIF, money market funds, overnight repurchase agreements, and/or marketable securities that can be sold to raise cash in one day's notice, to ensure that appropriate liquidity is maintained to meet ongoing obligations.

C. Competitive Bids

The investment officers shall obtain competitive bids from at least two brokers or financial institutions on all purchases and sales of investment instruments executed on the secondary market for consideration in excess of \$15 million per purchase transaction.

VIII. Reporting

A. Investment Reports

The City Treasurer shall present to the City Council, the City Manager and the City's internal auditor monthly investment reports that include the transactions as required by Government Code section 53607.

B. Marking to Market

For purposes of preparation of the investment reports, the market value of the portfolio shall be calculated. In defining market value, considerations should be given to the GASB Statement 31 pronouncement.

C. Performance Standards

The investment portfolio will be managed in accordance with the parameters specified within this statement of policies. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. A series of appropriate benchmarks shall be established against which portfolio performance shall be compared on a regular basis. The benchmarks shall be reflective of the actual securities being purchased and risks undertaken.

IX. Policy Considerations

A. Exemption

Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy, provided that the City Treasurer may take steps he or she deems appropriate to address non-compliant investments in the best interest of the City and pool participants. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.

B. Amendments

This policy shall be reviewed annually by the investment officers. Any change must be approved by the City Treasurer, followed by review and consideration by the City Council pursuant to Section X of these policies.

X. City Council Consideration of Investment Policy

This policy shall be reviewed and considered by the City Council on an annual basis pursuant to Government Code section 53646(a)(2).

XI. Miscellaneous

A. Statutory References

All statutory references cited in these policies shall refer to the statute as it may be amended or renumbered from time to time.



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Investment Report JUNE 2026



John Colville, City Treasurer

[Office of the City Treasurer - City of Sacramento](#)

City of
SACRAMENTO
Office of the City Treasurer

Historic City Hall

915 I Street, 3rd Floor

Sacramento, CA 95814

916-808-5168

Quarterly Investment Committee Meeting

Thursday, July 30, 2026

10:00AM-11:00AM

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INVESTMENT COMMITTEE MEETING

July 30, 2026
10:00 AM to 11:00 AM
City Treasurer's Office
915 I Street, HCH 3rd Floor
(916) 808-5168

Meeting called by: John Colville, City Treasurer
Stacy Hussey, Chief Investment Officer
Patrick Zalasky, Senior Investment Officer
Jason Bader, Investment Officer

Invitees: Peter Coletto, Finance Director
Mirthala Santizo, Budget Manager
Kay Giunta (Sacramento Housing & Redevelopment Agency- SHRA)
Tim Kerr (American River Flood Control District - ARFCD)
Noelle Mussen (Capitol Area Development Authority- CADA)
Scott Brown (Reclamation District No. 1000-RD1000)
Peter Coyl and Johnny Ea (Sacramento Public Library Authority- SPLA)
Amy Zenti (The Natomas Basin Conservancy- TNBC)
City Treasurer's Office Staff

Please read: **April 30, 2026 Minutes of Meeting**

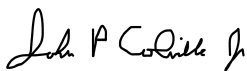
Agenda

Economic Commentary and Market Conditions	Patrick Zalasky
Monthly Yield Curve Analysis	Patrick Zalasky
Cash Flow Analysis	Patrick Zalasky
Pooled Funds Analysis - City Pool A and SHRA Investment Pool	Patrick Zalasky
Miscellaneous Topics	All

Additional Information

Special notes: If unable to attend, please feel free to call with any questions or comments.

This report has been reviewed and approved by:



City Treasurer

TO: Investment Committee Members
FROM: Patrick Zalasky
RE: Minutes of Quarterly Investment Meeting held via Zoom on April 30, 2026

Attendees Present: Stacy Hussey, John Colville, Shirley Tupaz, Katy Nguyen, Jason Bader, Mirthala Santizo, Peter Coletto, Michael Tamayo, and Patrick Zalasky

This meeting was held via Zoom, as will all subsequent meetings until further notice.

1) Cash Positions/Liquidity

The projected Pool A cash flow is adequate to meet expected obligations over the next six and twelve-month periods. If all non-City Pool A participants withdraw funds, the analysis shows an approximate \$370 million in excess cash for the next 6-month and an approximate \$552 million for the next 12-month period. Hence, cash availability to all pool participants is adequately addressed for the coming six and twelve months.

In compliance with the City's Investment Policy, investment staff continue to maintain a great deal of liquidity to pay the City's bills, including payroll and debt service, representing the bulk of the City's budget. Such liquidity is largely reflected in investments whose maturity dates match payroll and debt service liability due dates going 9 months into the future, plus the maintenance of substantial liquid reserves. The liability-matching strategy and liquid reserves provide a solid liquidity cushion to meet unexpected large expenditures and to provide the basis to make advantageous investments in longer term securities. As of the date of the investment committee meeting, the major payroll and debt service liabilities are funded with sufficient cash in pooled cash accounts, expected property and sales tax receipts, and cash generated by the maturity of specific investments through the end of December 2026.

2) Performance of the Pools

Investment staff updated the attendees on the performance of Pool A during the third quarter of fiscal year 2026. The earned interest yield of Pool A for January, February, and March was 3.32%, 3.79% and 3.89%, respectively. Monthly Pool A yields are similar to the State Treasurer's Local Agency Investment Fund (LAIF) and the 3.89% yield earned by the Medium-Term Fund managed by the Investment Trust of California (CalTRUST). Those funds (and the yields of municipal peers in CA) continue to move consistently downward as bond market yields move lower in reaction to policy changes implemented by The Fed. Pool A consistently added yield during the quarter as investments with coupons under 1.00% matured and were replaced by investments with coupons in excess of 3.50%. The earned income yield on Pool A increased by nearly 20% (from 3.25% up to 3.89%) during the quarter while the yields for LAIF and the CalTRUST Medium-Term Fund both declined. The same can be said of municipal peers who all saw their yields remain steady or decrease.

Pool A should continue to move upward with relation to its peers as the remaining low coupon assets mature and are replaced by ones carrying coupons more than 3.50%, which is very plausible in the current rate environment. We expect Pool A yield to continue increasing over the next few quarters, compare very favorably against its peers, and retake its place at or near the top of the group.

Pool A investments in cash and other short-term liquid issues represented 39% of the pool at the end of the quarter, which is a bit higher than normal and due to the influx of property tax revenue during March. The cash yield on these investments was 3.82%. The Fed held interest rates steady during the quarter, so this yield is comparable to what it was at the end of 2025. Core Investments, which are less liquid and generally have maturities further out on the yield curve (Corporate Bonds, Municipal Bonds, Agencies, etc.), had a cash yield of 3.70%, which is significantly higher than it was at the end of 2025. This is mostly attributable to low coupon investments maturing, while a steepening of the yield curve helped push yields on investments in the 3–5-year range higher.

As usual, investment staff will work to maintain the structure of Pool A with assets that meet the liquidity needs for all pool participants, while using high quality names to add yield when opportunities present themselves.

3) **Bond Market Report; Economic Considerations**

There is currently great uncertainty in markets as the United States is involved in a conflict with Iran. After removing Iranian leadership through force, America is currently executing a blockade of all Iranian ports in an effort to force the new leadership into a favorable deal that does not include a path to Iran developing or possessing a nuclear weapon.

The blockade has led to a scarcity of oil moving around the globe, since a great deal of it is exported from Iran and through the blockaded Straits of Hormuz. This has led to rising energy prices across the globe (which leads to rising costs for practically everything else) and fears that inflation could become a problem, particularly in the United States.

Inflation has steadied between 2.50% and 3.00%, which is above the Federal Reserve Board's preferred target of 2.00%. It hasn't spiked in response to tariffs, nor has it moved lower in response to favorable economic data from the second half of 2025. The labor market remains strong, even after a significant number of government jobs were eliminated in 2025. Private companies are looking to hire and are offering competitive wages as take-home income outpaced inflation for the first time since 2019.

The Fed's recent messaging indicates a feeling that the economy is strong, even with global uncertainty. The board members are in relative agreement on the need for a pause in rate cuts and are willing to hold steady with current policy until there is a clear need for action. Although the government shutdown in the fall of 2025 suppressed fourth quarter GDP, the economy appears primed for growth throughout 2026 and The Fed does not want to impede that with unnecessary policy adjustments.

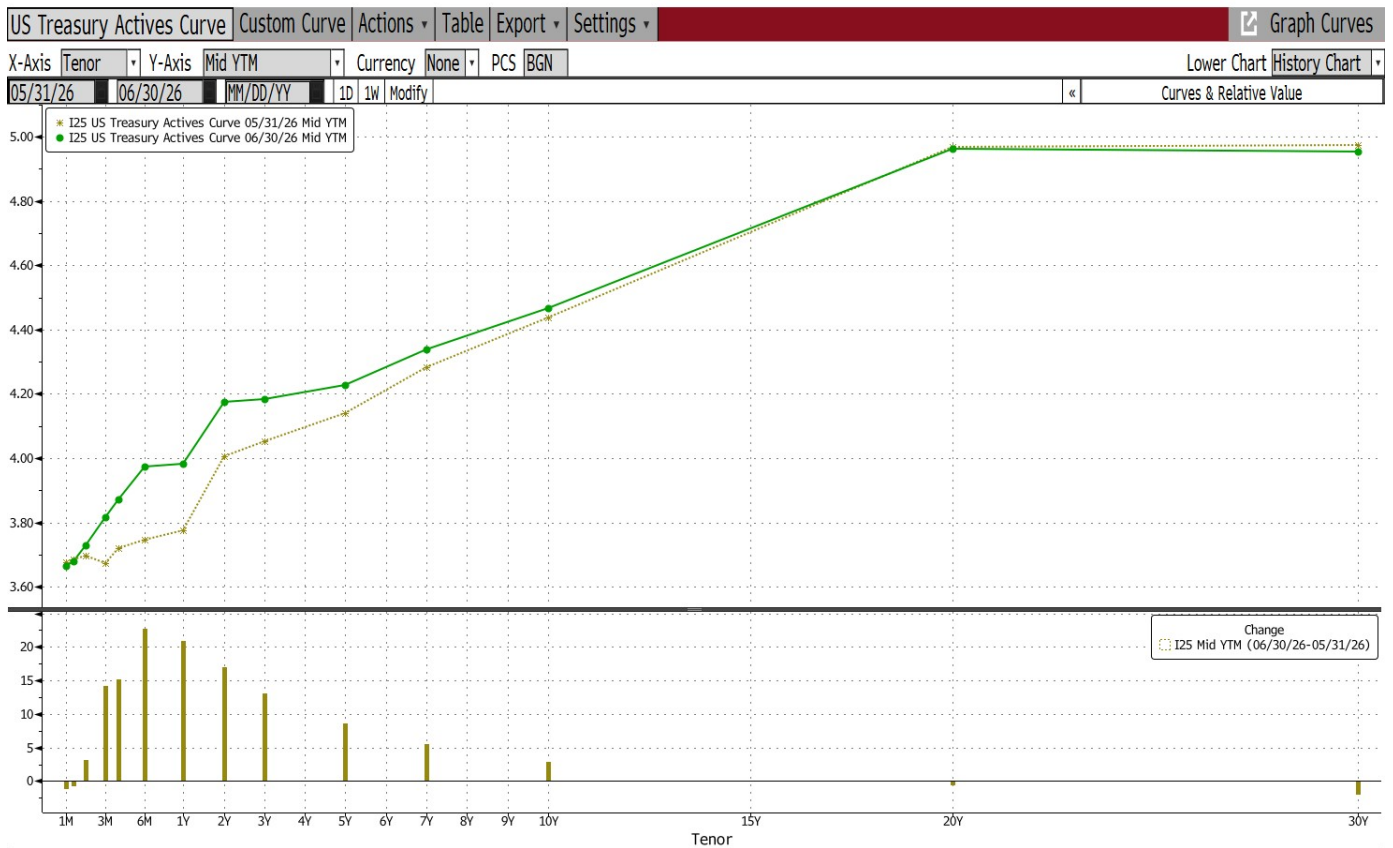
Short-term yields on Treasuries (less than 12 months until maturity) were steady during the quarter as The Fed held the Federal Funds Rate target at 3.75%. In response, the 3-month Treasury began the quarter at 3.63% and ended it at 3.67%. Unless inflation spikes again, short-term yields should remain at a similar level into the summer.

Yields further out on the curve are always much more volatile, as they are more sensitive to the news of the day and the moods of investors. They were definitely on the move during the quarter as positive economic data moved markets higher while global uncertainty turned them downward. The five-year Treasury reflected this, moving from 3.73% on December 31; to 3.50% at the end of February when labor reports beat all estimates; to over 4.0% in response to the conflict in Iran. The 5-year Treasury yield settled at 3.94% on March 31.

Equity markets had their first negative quarter in a long time, mostly due to the uncertainty brought on by the actions in Iran. Markets do not do well when there is uncertainty, as the S&P 500 lost 4.60% during the quarter.

4) Other business: None

Next Meeting: The next quarterly meeting is scheduled for **Thursday, July 30, 2026, at 10:00 a.m.** via Zoom.



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US Treasury Actives Curve Custom Curve Actions Chart Export Settings Graph Curves

X-Axis Tenor Y-Axis Mid YTM Currency None PCS BGN Curves & Relative Value

05/31/26 06/30/26 MM/DD/YY 1D 1W Modify «

Values and Members Values Members Constituents

I25 Mid YTM US Treasury Actives Curve 06/30/26			I25 Mid YTM US Treasury Actives Curve 05/29/26			I25 Mid YTM (Change) 06/30/26-05/29/26		
Tenor	Description	Price	Yield	Description	Price	Yield	Price	Yield
11)	1MB 0 07/28/26 Govt	3.605	3.665	B 0 06/30/26 Govt	3.615	3.676	-0.010	-1.1
12)	6WB 0 08/06/26 Govt	3.615	3.679	B 0 07/09/26 Govt	3.622	3.686	-0.007	-0.8
13)	2MB 0 08/25/26 Govt	3.658	3.730	B 0 07/28/26 Govt	3.627	3.698	0.031	3.1
14)	3MB 0 10/01/26 Govt	3.729	3.817	B 0 08/27/26 Govt	3.593	3.675	0.136	14.2
15)	4MB 0 10/27/26 Govt	3.772	3.872	B 0 09/29/26 Govt	3.626	3.720	0.146	15.2
16)	6MB 0 12/31/26 Govt	3.843	3.973	B 0 11/27/26 Govt	3.628	3.746	0.214	22.7
17)	1YB 0 06/10/27 Govt	3.821	3.984	B 0 05/13/27 Govt	3.626	3.775	0.196	20.9
18)	2YT 4 1/8 06/30/28 Govt	99-29	4.175	T 4 05/31/28 Govt	99-31 ³ / ₄	4.005	-0-02 ³ / ₄	17.0
19)	3YT 4 1/8 06/15/29 Govt	99-26 ³ / ₈	4.183	T 3 7/8 05/15/29 Govt	99-16 ³ / ₈	4.051	0-10+	13.1
20)	5YT 4 1/8 06/30/31 Govt	99-17 ³ / ₈	4.227	T 4 1/8 05/31/31 Govt	99-29 ⁵ / ₈	4.142	-0-12 ¹ / ₄	8.6
21)	7YT 4 1/4 06/30/33 Govt	99-15 ¹ / ₄	4.338	T 4 1/4 05/31/33 Govt	99-25 ⁷ / ₈	4.282	-0-10 ⁵ / ₈	5.6
22)	10YT 4 3/8 05/15/36 Govt	99-08 ³ / ₄	4.466	Same	99-16	4.437	-0-07 ¹ / ₄	2.9
23)	20YT 5 05/15/46 Govt	100-15 ¹ / ₄	4.962	Same	100-12 ³ / ₄	4.968	0-02+	-0.7
24)	30YT 5 05/15/56 Govt	100-23	4.953	Same	100-13	4.974	0-10	-2.0

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Australia 61 2 9777 8600 Brazil 5511 2395 9000 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hona Kona 852 2977 6000
Japan 81 3 4565 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000 Copyright 2026 Bloomberg Finance L.P.

CITY OF SACRAMENTO - INVESTMENT POOL A
6-MONTH CASH FLOW ANALYSIS
July 1, 2026 - December 31, 2026

In millions

Cash Balances:	
CalTRUST	165.272
Fidelity Fund	2.187
Five Star Bank Community Fund	10.032
JP Morgan Chase	9.670
LAIF	19.977
Overnight Sweep	2.499
River City Bank Community Fund	30.094
Less: Required bank balance by policy	(0.500)
<i>Cash available at beginning of period:</i>	239.231
Projected net cash flow:	
July-26	40.541
August-26	28.466
September-26	18.130
October-26	8.792
November-26	13.091
December-26	88.448
<i>Net cash flow during period:</i>	197.468
<i>Cash in excess of policy: ₁</i>	436.699
Cash Balances of non-City and/or Pool A Participants:	
SCERS Cash:	
Fixed Bonds	(1.582)
Large Cap Growth	(10.510)
International	-
Equity Income	(16.055)
Retirement Trust Operating Fund	(6.231)
Ann Land/Bertha Henschel Endowment Fund	(0.009)
Ethel Hart Mutual Endowment Fund	(0.026)
George H. Clark Memorial Scholarship Fund	(0.060)
Capitol Area Development Authority (CADA)	(39.080)
American River Flood Control District (ARFCD)	(9.741)
The Natomas Basin Conservancy (TNBC)	(4.049)
Sacramento Public Library Authority (SPLA)	(62.047)
Reclamation District No. 1000	(0.312)
SPLA Hurst Trust	(0.264)
Gifts to Share	(0.903)
Other Misc Non-City Funds (CARES Act, ARP, CalEPA, City/County Office-Water Planning, etc)	(1.637)
<i>Total cash balances of non-City and/or Pool A participants: ₂</i>	(152.506)
<i>Excess or (Shortfall) if all Pool A participants withdraw all funds within 6 months: ₃</i>	284.193

₁ The City will be able to meet its cash flow needs for the next six months, with \$437 mm to cover on going expenditures

₂ Non-City and/or Pool A participants have \$153 mm invested in Pool A

₃ If all non-City and/or Pool A participants withdraw the entire \$153 mm within the next twelve months, the City will have \$284 mm to cover on going expenditures

CITY OF SACRAMENTO - INVESTMENT POOL A
12-MONTH CASH FLOW ANALYSIS
July 1, 2026 - June 30, 2027

	<i>In millions</i>
Cash Balances:	
CalTRUST	165.272
Fidelity Fund	2.187
Five Star Bank Community Fund	10.032
JP Morgan Chase	9.670
LAIF	19.977
Overnight Sweep	2.499
River City Bank Community Fund	30.094
Less: Required bank balance by policy	(0.500)
Cash available at beginning of period:	239.231
Projected net cash flow:	
July-26	40.541
August-26	28.466
September-26	18.130
October-26	8.792
November-26	13.091
December-26	88.448
January-27	30.237
February-27	107.671
March-27	(5.035)
April-27	50.167
May-27	117.964
June-27	6.756
Net cash flow during period:	505.228
Cash in excess of policy: ₁	744.459
Cash Balances of non-City and/or Pool A Participants:	
SCERS Cash:	
Fixed Bonds	(1.582)
Large Cap Growth	(10.510)
International	-
Equity Income	(16.055)
Retirement Trust Operating Fund	(6.231)
Ann Land/Bertha Henschel Endowment Fund	(0.009)
Ethel Hart Mutual Endowment Fund	(0.026)
George H. Clark Memorial Scholarship Fund	(0.060)
Capitol Area Development Authority (CADA)	(39.080)
American River Flood Control District (ARFCD)	(9.741)
The Natomas Basin Conservancy (TNBC)	(4.049)
Sacramento Public Library Authority (SPLA)	(62.047)
Reclamation District No. 1000	(0.312)
SPLA Hurst Trust	(0.264)
Gifts to Share	(0.903)
Other Misc Non-City Funds (CARES Act, ARP, CalEPA, City/County Office-Water Planning, etc)	(1.637)
Total cash balances of non-City and/or Pool A participants: ₂	(152.506)
Excess or (Shortfall) if all Pool A participants withdraw all funds within 12 months: ₃	591.953

₁ The City will be able to meet its cash flow needs for the next twelve months, with \$744 mm to cover on going expenditures

₂ Non-City and/or Pool A participants have \$153 mm invested in Pool A

₃ If all non-City and/or Pool A participants withdraw the entire \$153 mm within the next twelve months, the City will have \$592 mm to cover on going expenditures

City of Sacramento

Investment

Pool A

CITY OF SACRAMENTO INVESTMENT POOL A

MONTHLY REVIEW – JUNE 2026

STRATEGY

The Fund is invested pursuant to the objectives and requirements set forth in the City's investment policy. The three objectives of the investment policy, in order of priority, are (1) the preservation of capital by the investment in safe instruments, (2) the liquidity needs of the City and pool participants so such parties will have access to cash when they need it, and (3) the maximizing of current income while remaining consistent with the other more important objectives. The City's investment policy incorporates applicable provisions of state law including, among other things, the prudent person standard and California Code Section 53601 pertaining to eligible investments.

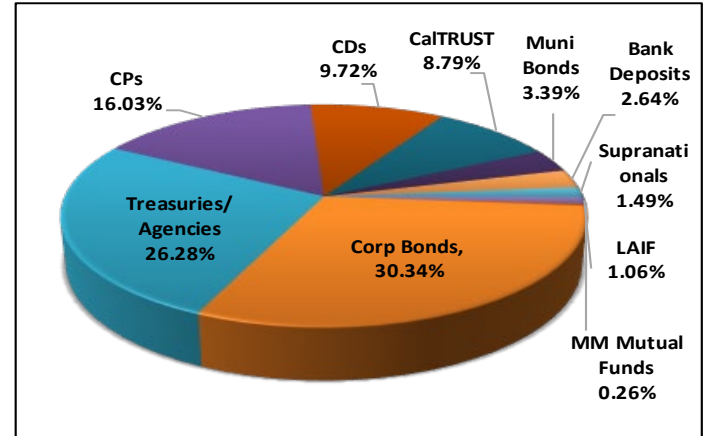
PORTFOLIO STATISTICS

Beginning Market Value	1,917,923,774
Month's Yield or RoR	4.03%
Weighted Average Maturity (Yrs)	2.77
Weighted Average Duration (Yrs)	2.50
Ending Book Value	1,897,986,244
Ending Market Value	1,895,024,885
Percent of Market to Book Value	99.84%
Month's Investment Earnings	6,269,195
Fiscal YTD Investment Earnings	58,206,360

External Third-Party Investment Manager

CalTRUST	165,271,921
LAIF	19,977,482

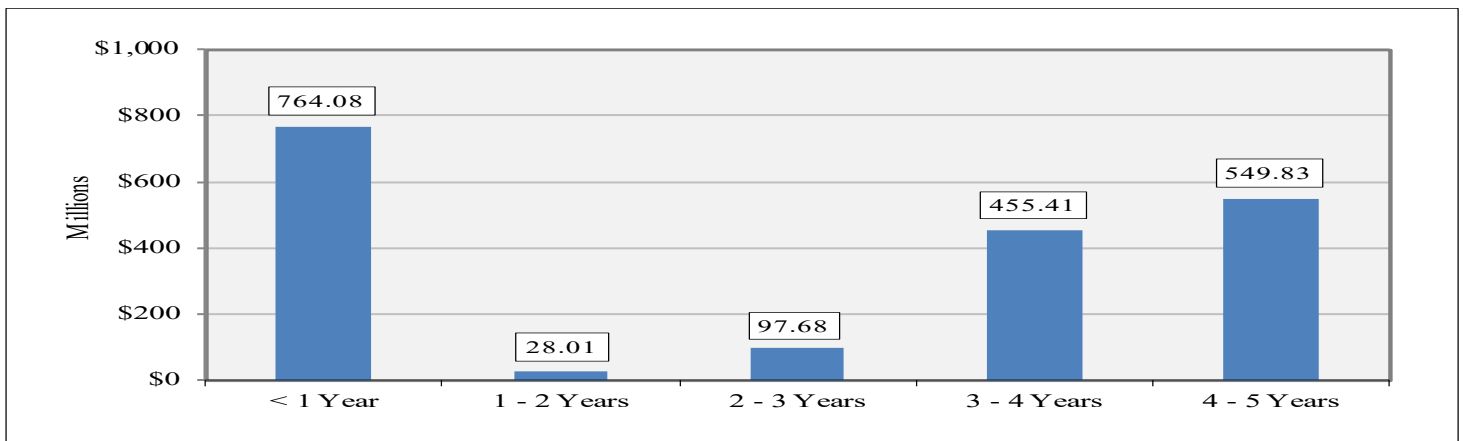
PORTFOLIO COMPOSITION



Asset Type	Pct. Assets	YTM
Corp Bonds	30.34%	4.22%
Treasuries/Agencies	26.28%	3.90%
CPs	16.03%	3.87%
CDs	9.72%	3.95%
CalTRUST	8.79%	3.79%
Muni Bonds	3.39%	3.94%
Bank Deposits	2.64%	3.33%
Supranationals	1.49%	4.39%
LAIF	1.06%	3.82%
MM Mutual Funds	0.26%	3.32%

MATURITY SCHEDULE

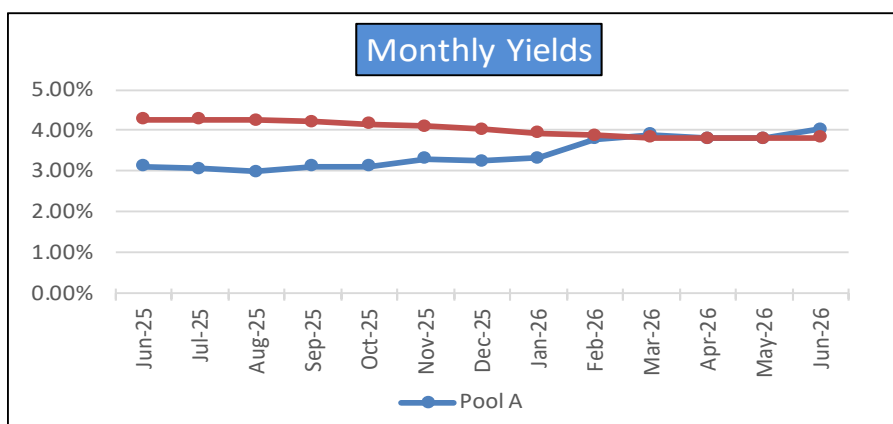
Maturity	Market Value	Pct. Holdings
< 1 Year	764,079,629	40.33%
1 - 2 Years	28,013,576	1.48%
2 - 3 Years	97,684,824	5.15%
3 - 4 Years	455,412,781	24.03%
4 - 5 Years	549,834,075	29.01%
5 Yrs+30 Dys	-	0.00%
Total	1,895,024,885	100.00%



INTEREST RATE ENVIRONMENT

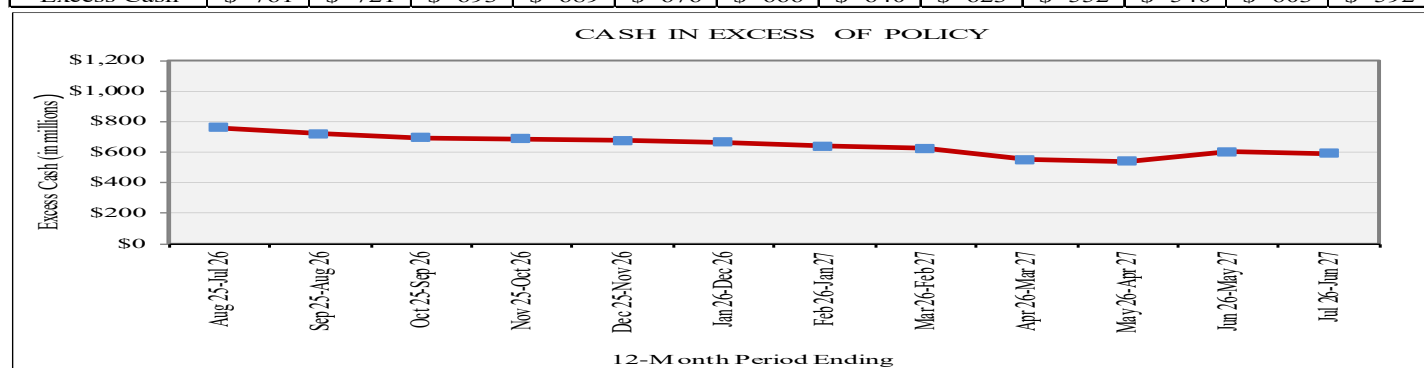
Price relief made its way through the American economy during June, as a ceasefire and negotiations in Iran paved the way for oil and other goods to flow freely around the world. Whether this is temporary or not remains to be seen, but the effects in June were undeniable. Both the Consumer Price Index (2.6%), which measures what individuals are paying for goods and services, and the Producer Price Index (5.5%), which measures what manufacturers are paying to make their goods, were lower than expected in June. The biggest factor in both was a decrease in energy prices across the globe. Core CPI, which removes energy and food from the equation, was also down, showing that conditions are easing a bit for consumers. The University of Michigan Consumer Sentiment Index moved off of a modern low of 44.8 in May to 49.5 in June and reported a slight but growing trend of optimism for the economy. The labor market, which encompasses the other aspect of The Federal Reserve Board's dual mandate, continued to show strength. Unemployment ticked down to 4.2%, however there was a red flag as the labor participation rate dropped to 61.5%. A growing number of retirements is partially a factor in Americans leaving the labor market, but the trend of able-bodied citizens under the age of 40 who stop looking for work continues. As part of negotiations in the Middle East, the president is trying to secure investment in the United States as a condition for our military playing the lead role in protecting other nations from Iranian attacks. An influx of cash from overseas could lead to an increase in job openings, which may boost the labor participation rate. The timeline for any of this is murky as best and non-existent at worst. As a result of the June economic news, The Fed is widely expected to hold steady in its policy, with the upper bound of the Federal Funds Rate remaining at 3.75%. Treasury yields rose across the yield curve in June. The 3-Month Treasury began the month at 3.67% and closed it at 3.81%. Meanwhile, the 5-Year Treasury yield began the month at 4.14%, peaked at 4.29% midway through the month, and ended it at 4.23%. The investment team will pay close attention to both the actions and messaging of the Fed, while also monitoring market reactions to the policies of the federal government, along with current global events. Investment decisions will be focused on maintaining a portfolio built with high level names that will be stable no matter what domestic and global markets do over the next couple of years. As usual, extra emphasis will be placed on investing only in the companies that have the infrastructure and leadership to navigate through even the most unstable economic environments. When the opportunity arises, value will be added by targeting high quality investments that also provide attractive yields.

Monthly Yields		
Month	Pool A	LAIF
Jun-25	3.11%	4.27%
Jul-25	3.07%	4.26%
Aug-25	2.99%	4.25%
Sep-25	3.11%	4.21%
Oct-25	3.11%	4.15%
Nov-25	3.31%	4.10%
Dec-25	3.25%	4.03%
Jan-26	3.32%	3.93%
Feb-26	3.79%	3.87%
Mar-26	3.89%	3.83%
Apr-26	3.80%	3.81%
May-26	3.80%	3.81%
Jun-26	4.03%	3.82%
FYTD	3.47%	4.00%



CASH IN EXCESS OF POLICY (IN MILLIONS)

12 Months Cash Flow	Aug 25-Jul 26	Sep 25-Aug 26	Oct 25-Sep 26	Nov 25-Oct 26	Dec 25-Nov 26	Jan 26-Dec 26	Feb 26-Jan 27	Mar 26-Feb 27	Apr 26-Mar 27	May 26-Apr 27	Jun 26-May 27	Jul 26-Jun 27
Excess Cash	\$ 761	\$ 721	\$ 693	\$ 689	\$ 676	\$ 666	\$ 640	\$ 623	\$ 552	\$ 540	\$ 603	\$ 592



City of Sacramento
PORTFOLIO APPRAISAL
City Investment Pool A
June 30, 2026

Quantity	Security Symbol	Security	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	Market Value + Accrd. Int.	Pct. Assets	Unit Income	Annual Income	Cur. Yield	S & P	Bond Status	Call Put Date
CASH AND EQUIVALENTS															
	caltrust-lf	Caltrust Liquidity Fund		61,315,101		61,315,101		61,315,101	3.26	3.750	2,299,316	3.75			
	caltrust-mt	Caltrust Medium-Term		65,676,975		65,676,975		65,676,975	3.49	3.880	2,548,267	3.88			
	caltrust-st	Caltrust Short-Term		38,279,845		38,279,845		38,279,845	2.04	3.720	1,424,010	3.72			
	fidfund	Fidelity Fund		2,187,427		2,187,427		2,187,427	0.12	3.540	77,435	3.54			
	fivestar	Five Star Bank Community Fund		10,031,364		10,031,364		10,031,364	0.53	3.820	383,198	3.82			
	cashjpm	JP Morgan Chase Cash		9,669,925		9,669,925		9,669,925	0.51	1.100	106,369	1.10			
	laifa	Local Agency Investment Fund, Pool A		19,977,482		19,977,482		19,977,482	1.06	3.820	763,140	3.82			
	miscintrec	Misc Interest Receivable		155,940		155,940		155,940	0.01	3.540	5,520	3.54			
	sweep	Overnight Sweep		2,499,457		2,499,457		2,499,457	0.13	3.130	78,233	3.13			
	rivercity	River City Bank Community Fund		30,094,088		30,094,088		30,094,088	1.60	3.880	1,167,651	3.88			
				239,887,602		239,887,602		239,887,602	12.76		8,853,139	3.69			
NON-NEGOTIABLE CERTIFICATES OF DEPOSIT															
30,000,000	3420042541902-1	Safe Credit Union CD 3.760% Due 06-24-30	100.00	30,000,000	100.00	30,000,000	92,712	30,092,712	1.60	3.760	1,128,000	3.79			
CERTIFICATES OF DEPOSIT															
10,000,000	78015jmy0	Royal Bank of Canada 4.090% Due 07-06-26	100.00	10,000,000	100.01	10,000,541	349,922	10,350,463	0.53	4.090	409,000	4.09	A1+		
10,000,000	53947b5n6	Lloyds Bank Corp Mkts/NY 3.760% Due 12-08-26	100.01	10,000,766	99.86	9,985,939	129,511	10,115,450	0.53	3.760	376,000	3.75	A1		
5,000,000	06051x4p4	Bank Of America Cd 3.800% Due 12-18-26	100.00	5,000,000	99.89	4,994,315	54,658	5,048,973	0.27	3.800	190,000	3.80	A1		
7,000,000	05610le59	BMO Harris Bank 3.850% Due 02-01-27	100.00	7,000,000	99.89	6,992,282	45,778	7,038,061	0.37	3.850	269,500	3.85			
5,000,000	38151ppx3	Goldman Sachs 3.850% Due 03-02-27	100.00	5,000,000	99.88	4,993,915	15,295	5,009,210	0.27	3.850	192,500	3.85			
5,000,000	06051x3x8	Bank Of America Cd 3.750% Due 03-04-27	100.00	5,000,000	99.79	4,989,258	61,130	5,050,388	0.27	3.750	187,500	3.75	A1		
5,000,000	06418nqr6	Bank Of Nova Scotia Hous 4.060% Due 05-14-27	100.00	5,000,000	99.84	4,991,792	26,503	5,018,295	0.27	4.060	203,000	4.06	A1		
10,000,000	06051ybh2	Bank Of America Cd 4.000% Due 06-04-27	100.00	10,000,000	99.90	9,989,621	29,589	10,019,210	0.53	4.000	400,000	4.00			
10,000,000	46659cf88	JP Morgan Chase Bank NA 4.100% Due 06-22-27	100.00	10,000,000	99.98	9,997,586	10,110	10,007,696	0.53	4.100	410,000	4.10	A1+		12-22-26
5,000,000	61776nmz3	Morgan Stanley Bank CD 4.100% Due 03-13-28	100.00	5,000,000	99.81	4,990,338	62,342	5,052,680	0.27	4.100	205,000	4.10	A+		
5,000,000	02589ahn5	American Express 4.250% Due 06-12-28	100.00	5,000,000	100.04	5,002,068	11,644	5,013,712	0.27	4.250	212,500	4.25			
5,000,000	38151peu1	Goldman Sachs 3.750% Due 01-02-29	100.00	5,000,000	98.84	4,941,860	514	4,942,374	0.26	3.750	187,500	3.75			
5,000,000	17290gdw4	Citibank NA 4.000% Due 04-30-29	100.00	5,000,000	98.79	4,939,739	548	4,940,287	0.26	4.000	200,000	4.03	A+		10-30-26
5,000,000	38151phr5	Goldman Sachs 3.900% Due 02-19-30	100.00	5,000,000	98.60	4,930,248	71,055	5,001,303	0.26	3.900	195,000	3.90			
5,000,000	61778erm5	Morgan Stanley Bank CD 4.000% Due 03-25-30	100.00	5,000,000	98.82	4,940,805	53,699	4,994,504	0.26	4.000	200,000	4.00	A+		
5,000,000	46659cln8	JP Morgan Chase Bank NA 4.125% Due 09-30-30	100.00	5,000,000	98.47	4,923,656	154,829	5,078,485	0.26	4.125	206,250	4.12	A1+		09-30-27
5,000,000	61776czb6	Morgan Stanley Bank CD 3.950% Due 10-11-30	100.00	5,000,000	97.81	4,890,336	43,829	4,934,165	0.26	3.950	197,500	3.95	A1+		10-11-26
5,000,000	61776czc4	Morgan Stanley Bank CD 3.900% Due 10-11-30	100.00	5,000,000	97.61	4,880,715	43,274	4,923,989	0.26	3.900	195,000	3.90	A1+		10-11-27

City of Sacramento
PORTFOLIO APPRAISAL
City Investment Pool A
June 30, 2026

Quantity	Security Symbol	Security	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	Market Value + Accrd. Int.	Pct. Assets	Unit Income	Annual Income	Cur. Yield	S & P	Bond Status	Call Put Date
5,000,000	38151peq0	Goldman Sachs	100.00	5,000,000	97.98	4,898,819	527	4,899,346	0.26	3.850	192,500	3.85			
		3.850% Due 12-30-30													
5,000,000	90355ge85	UBS Bank CD	100.00	5,000,000	97.96	4,897,993	527	4,898,521	0.26	3.850	192,500	3.88	A+		
		3.850% Due 12-30-30													
5,000,000	61779ebb5	Morgan Stanley Bank CD	100.00	5,000,000	97.49	4,874,722	92,959	4,967,681	0.26	3.900	195,000	3.90	A+		01-08-28
		3.900% Due 01-08-31													
5,000,000	61778eqh7	Morgan Stanley Bank CD	100.00	5,000,000	98.27	4,913,637	64,390	4,978,027	0.26	3.950	197,500	3.95	A+		
		3.950% Due 03-04-31													
5,000,000	46659cnp1	JP Morgan Chase Bank NA	100.00	5,000,000	98.58	4,929,161	60,986	4,990,147	0.26	4.200	210,000	4.20	A1+		03-17-27
		4.200% Due 03-17-31													
5,000,000	46659cnv8	JP Morgan Chase Bank NA	100.00	5,000,000	97.75	4,887,662	58,082	4,945,744	0.26	4.000	200,000	4.00	A1+		03-17-27
		4.000% Due 03-17-31													
7,000,000	46659cwr7	JP Morgan Chase Bank NA	100.00	7,000,000	98.57	6,899,721	54,773	6,954,494	0.37	4.200	294,000	4.20	AA-		04-24-30
		4.200% Due 04-24-31													
5,000,000	46659c5h9	JP Morgan Chase Bank NA	100.00	5,000,000	98.75	4,937,589	33,185	4,970,774	0.26	4.250	212,500	4.25	A1+		05-05-27
		4.250% Due 05-05-31													
				154,000,766		152,614,322	1,529,658	154,143,981	8.12		6,130,250	3.98			
COMMERCIAL PAPER															
10,000,000	83369cg24	Societe Generale	97.17	9,717,111	99.98	9,997,978	0	9,997,978	0.53	3.800	380,000	3.94	A1		
		3.800% Due 07-02-26													
10,000,000	22533ug64	Credit Agricole Corp	97.13	9,713,500	99.94	9,993,961	0	9,993,961	0.53	3.820	382,000	3.96	A1		
		3.820% Due 07-06-26													
10,000,000	62479mg72	MUFG Bank Ltd/NY	97.31	9,730,611	99.93	9,992,888	0	9,992,888	0.53	3.730	373,000	3.86	A1		
		3.730% Due 07-07-26													
10,000,000	09659cgg7	BNP Paribas	97.47	9,746,950	99.84	9,983,735	0	9,983,735	0.53	3.780	378,000	3.90	A1		
		3.780% Due 07-16-26													
10,000,000	83369cgm0	Societe Generale	97.41	9,741,194	99.78	9,978,317	0	9,978,317	0.53	3.850	385,000	3.97	A1		
		3.850% Due 07-21-26													
10,000,000	63873kgq4	Natixis NY	97.42	9,742,069	99.75	9,975,400	0	9,975,400	0.53	3.790	379,000	3.91	A1		
		3.790% Due 07-24-26													
10,000,000	63873kgt8	Natixis NY	97.58	9,757,861	99.72	9,972,255	0	9,972,255	0.53	3.790	379,000	3.91	A1		
		3.790% Due 07-27-26													
10,000,000	05970ugu6	Banco Santander SA	97.17	9,717,250	99.71	9,970,749	0	9,970,749	0.53	3.770	377,000	3.89	A1		
		3.770% Due 07-28-26													
10,000,000	22533ugu1	Credit Agricole Corp	97.17	9,717,425	99.72	9,971,916	0	9,971,916	0.53	3.810	381,000	3.93	A1		
		3.810% Due 07-28-26													
10,000,000	45685rgu5	Ing US Funding LLC	97.13	9,712,750	99.71	9,970,620	0	9,970,620	0.53	3.830	383,000	3.95	A1		
		3.830% Due 07-28-26													
10,000,000	62479mgu1	MUFG Bank Ltd/NY	97.22	9,722,067	99.72	9,971,896	0	9,971,896	0.53	3.898	389,800	3.91	A1		
		3.898% Due 07-28-26													
10,000,000	78015dgu8	Royal Bank of Canada	97.21	9,720,700	99.71	9,971,390	0	9,971,390	0.53	3.780	378,000	3.90	A1+		
		3.780% Due 07-28-26													
10,000,000	89119bgu4	Toronto Dominion Bank	97.38	9,737,858	99.71	9,971,304	0	9,971,304	0.53	3.790	379,000	3.91	A1		
		3.790% Due 07-28-26													
10,000,000	89233hgu2	Toyota Motor Credit Corp	97.38	9,737,986	99.71	9,970,952	0	9,970,952	0.53	3.850	385,000	3.97	A1+		
		3.850% Due 07-28-26													
10,000,000	78015dh37	Royal Bank of Canada	97.70	9,770,478	99.65	9,964,653	0	9,964,653	0.53	3.640	364,000	3.77	A1+		
		3.640% Due 08-03-26													
10,000,000	09659ch76	BNP Paribas	97.85	9,785,483	99.61	9,960,922	0	9,960,922	0.53	3.660	366,000	3.77	A1		
		3.660% Due 08-07-26													
15,000,000	53943shh3	Lloyds Bank Plc	97.99	14,697,861	99.50	14,924,959	0	14,924,959	0.79	3.650	547,500	3.72	A1		
		3.650% Due 08-17-26													
7,000,000	78015dhk9	Royal Bank of Canada	97.59	6,831,086	99.48	6,963,315	0	6,963,315	0.37	3.650	255,500	3.78	A1+		
		3.650% Due 08-19-26													

City of Sacramento
PORTFOLIO APPRAISAL
City Investment Pool A
June 30, 2026

Quantity	Security Symbol	Security	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	Market Value + Accrd. Int.	Pct. Assets	Unit Income	Annual Income	Cur. Yield	S & P	Bond Status	Call Put Date
7,000,000	83369chq0	Societe Generale 3.680% Due 08-24-26	97.51	6,825,404	99.42	6,959,104	0	6,959,104	0.37	3.680	257,600	3.81	A1		
10,000,000	05970uj17	Banco Santander SA 3.630% Due 09-01-26	97.94	9,794,300	99.33	9,932,905	0	9,932,905	0.53	3.630	363,000	3.74	A1		
10,000,000	22533uj12	Credit Agricole Corp 3.670% Due 09-01-26	97.81	9,780,819	99.35	9,935,446	0	9,935,446	0.53	3.670	367,000	3.80	A1		
10,000,000	62479mkt9	MUFG Bank Ltd/NY 3.610% Due 10-27-26	97.41	9,741,283	98.70	9,869,676	0	9,869,676	0.52	3.610	361,000	3.72	A1		
10,000,000	83369ckt0	Societe Generale 3.660% Due 10-27-26	97.50	9,749,900	98.70	9,870,256	0	9,870,256	0.52	3.660	366,000	3.77	A1		
10,000,000	60689gla2	Mizuho Bank Ltd. New York Bra 3.550% Due 11-10-26	97.30	9,729,806	98.53	9,852,942	0	9,852,942	0.52	3.550	355,000	3.69	A1		
10,000,000	09659clk2	BNP Paribas 3.630% Due 11-19-26	97.30	9,729,767	98.45	9,845,411	0	9,845,411	0.52	3.630	363,000	3.76	A1		
5,000,000	89119blq7	Toronto Dominion Bank 3.610% Due 11-24-26	97.26	4,863,121	98.37	4,918,632	0	4,918,632	0.26	3.610	180,500	3.74	A1		
10,000,000	53943hm81	Lloyds Bank Plc 3.640% Due 12-08-26	97.24	9,723,967	98.20	9,820,455	0	9,820,455	0.52	3.640	364,000	3.77	A1		
5,000,000	55078ume1	Lvmh Moet Hennessy Lou Vuitton 3.680% Due 12-14-26	97.17	4,858,422	98.20	4,910,013	0	4,910,013	0.26	3.680	184,000	3.84	A1+		
10,000,000	22533un58	Credit Agricole Corp 3.800% Due 01-05-27	97.26	9,725,556	97.89	9,789,122	0	9,789,122	0.52	3.800	380,000	3.97	A1		
10,000,000	86562ln57	Sumitomo Mitsui Bank Corp 3.850% Due 01-05-27	97.56	9,756,167	97.90	9,789,921	0	9,789,921	0.52	3.850	385,000	4.03	A1		
10,000,000	62479mnk5	MUFG Bank Ltd/NY 3.850% Due 01-19-27	97.41	9,741,194	97.73	9,773,363	0	9,773,363	0.52	3.850	385,000	4.02	A1		
10,000,000	60710wpg3	Mizuho Bank Ltd. New York Bra 3.895% Due 02-16-27	97.08	9,707,875	97.40	9,740,448	0	9,740,448	0.52	3.895	389,500	4.08	A1		
				301,027,822		306,514,904	0	306,514,904	16.30		11,562,400	3.87			
U.S. GOVERNMENT BONDS															
5,000,000	91282chm6	U.S. Treasury Note 4.500% Due 07-15-26	100.51	5,025,391	100.03	5,001,435	103,798	5,105,234	0.27	4.500	225,000	3.92	AA+		
5,000,000	91282cnn7	U.S. Treasury Note 3.875% Due 07-31-30	100.56	5,028,150	98.82	4,941,016	80,818	5,021,834	0.26	3.875	193,750	3.74	AA+		
5,000,000	91282cpd7	U.S. Treasury Note 3.625% Due 10-31-30	99.42	4,971,094	97.74	4,887,109	30,537	4,917,646	0.26	3.625	181,250	3.75	AA+		
5,000,000	91282cjg5	U.S. Treasury Note 3.750% Due 12-31-30	100.60	5,030,078	98.14	4,906,836	510	4,907,345	0.26	3.750	187,500	3.61	AA+		
5,000,000	91282cjx0	U.S. Treasury Note 4.000% Due 01-31-31	100.68	5,033,900	99.13	4,956,641	83,425	5,040,066	0.26	4.000	200,000	3.85	AA+		
10,000,000	91282ckf7	U.S. Treasury Note 4.125% Due 03-31-31	101.76	10,175,668	99.62	9,962,500	103,689	10,066,189	0.53	4.125	412,500	3.74	AA+		
				35,264,281		34,655,537	402,777	35,058,314	1.84		1,400,000	3.77			
FEDERAL HOME LOAN BANK															
5,000,000	3130awtq3	Federal Home Loan Bank 4.625% Due 09-11-26	100.81	5,040,400	100.12	5,006,162	70,660	5,076,822	0.27	4.625	231,250	3.92	AA+		
5,000,000	3130anynd	Federal Home Loan Bank 1.000% Due 09-30-26	100.00	5,000,000	99.29	4,964,461	12,639	4,977,100	0.26	1.000	50,000	1.00	AA+		06-30-26
5,000,000	3130aprp2	Federal Home Loan Bank 1.570% Due 11-23-26	100.00	5,000,000	99.02	4,951,159	8,286	4,959,446	0.26	1.570	78,500	1.57	AA+		07-23-26
5,000,000	3130b4rc7	Federal Home Loan Bank 4.500% Due 07-27-29	100.00	5,000,000	100.29	5,014,702	96,250	5,110,952	0.27	4.500	225,000	4.50	AA+		07-27-27
5,000,000	3130b3bn2	Federal Home Loan Bank 4.250% Due 10-05-29	100.00	5,000,000	99.53	4,976,541	50,764	5,027,305	0.26	4.250	212,500	4.25	AA+		10-05-26

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City of Sacramento
PORTFOLIO APPRAISAL
City Investment Pool A
June 30, 2026

			Unit	Total		Market	Accrued	Market Value	Pct.	Unit	Annual	Cur.		Bond	Call
Quantity	Security	Security	Cost	Cost	Price	Value	Interest	+ Accrd. Int.	Assets	Income	Income	Yield	S & P	Status	Put Date
10,000,000	3130b4rf0	Federal Home Loan Bank 4.750% Due 02-04-30	99.89	9,988,750	99.69	9,969,415	193,958	10,163,373	0.53	4.750	475,000	4.78	AA+		02-04-27
5,000,000	3130b54w5	Federal Home Loan Bank 4.750% Due 02-12-30	100.00	5,000,000	100.07	5,003,547	91,701	5,095,249	0.27	4.750	237,500	4.75	AA+		02-12-27
5,000,000	3130b6dl7	Federal Home Loan Bank 4.530% Due 05-28-30	100.00	5,000,000	99.83	4,991,315	20,762	5,012,078	0.27	4.530	226,500	4.53	AA+		07-06-26
5,000,000	3130b6v60	Federal Home Loan Bank 4.570% Due 07-08-30	99.97	4,998,500	99.68	4,983,872	109,807	5,093,679	0.27	4.570	228,500	4.58	AA+		07-08-26
5,000,000	3130b8yx4	Federal Home Loan Bank 3.825% Due 01-06-31	100.00	5,000,000	98.14	4,907,130	92,969	5,000,099	0.26	3.825	191,250	3.82	AA+		07-06-28
5,000,000	3130b95m8	Federal Home Loan Bank 3.830% Due 01-23-31	100.00	5,000,000	98.29	4,914,533	84,047	4,998,580	0.26	3.830	191,500	3.83	AA+		01-23-29
5,000,000	3130b9rz5	Federal Home Loan Bank 3.840% Due 03-06-31	100.00	5,000,000	97.99	4,899,293	61,333	4,960,626	0.26	3.840	192,000	3.84	AA+		03-06-28
5,000,000	3130b9vn7	Federal Home Loan Bank 4.125% Due 03-17-31	100.00	5,000,000	98.66	4,932,774	59,583	4,992,358	0.26	4.125	206,250	4.12	AA+		03-17-27
5,000,000	3130b9zs2	Federal Home Loan Bank 4.500% Due 03-25-31	100.00	5,000,000	99.44	4,971,751	60,000	5,031,751	0.26	4.500	225,000	4.50	AA+		03-25-27
5,000,000	3130bac47	Federal Home Loan Bank 4.020% Due 04-16-31	100.00	5,000,000	98.50	4,924,819	41,875	4,966,694	0.26	4.020	201,000	4.02	AA+		10-16-28
5,000,000	3130bag35	Federal Home Loan Bank 4.240% Due 05-05-31	99.90	4,995,000	98.98	4,948,847	32,978	4,981,825	0.26	4.240	212,000	4.26	AA+		05-05-27
5,000,000	3130bax77	Federal Home Loan Bank 4.250% Due 06-04-31	100.00	5,000,000	99.71	4,985,687	15,937	5,001,624	0.27	4.250	212,500	4.25	AA+		06-04-29
				90,022,650		89,346,012	1,103,551	90,449,562	4.75		3,596,250	3.96			
FEDERAL NATIONAL MORTGAGE ASSN. (FNMA)															
5,000,000	3136gavy2	Fannie Mae 4.080% Due 10-01-29	100.00	5,000,000	99.02	4,951,179	51,000	5,002,179	0.26	4.080	204,000	4.08	AA+		10-01-26
5,000,000	3135gax55	Fannie Mae 4.250% Due 10-22-29	99.99	4,999,500	99.47	4,973,268	40,729	5,013,997	0.26	4.250	212,500	4.25	AA+		10-22-26
5,000,000	3136gad22	Fannie Mae 4.300% Due 03-04-30	100.00	5,000,000	99.43	4,971,535	69,875	5,041,410	0.26	4.300	215,000	4.30	AA+		03-04-27
5,000,000	3136gahs1	Fannie Mae 4.340% Due 05-28-30	100.00	5,000,000	99.47	4,973,393	19,892	4,993,284	0.26	4.340	217,000	4.34	AA+		05-28-27
5,000,000	3136gaw21	Fannie Mae 3.920% Due 07-01-30	100.00	5,000,000	98.57	4,928,715	98,000	5,026,715	0.26	3.920	196,000	3.92	AA+		07-01-27
5,000,000	3136gam30	Fannie Mae 4.065% Due 08-12-30	99.95	4,997,500	99.81	4,990,601	78,477	5,069,079	0.27	4.065	203,250	4.08	AA+		08-12-26
5,000,000	3136galv9	Fannie Mae 4.000% Due 08-14-30	99.67	4,983,750	99.19	4,959,626	76,111	5,035,737	0.26	4.000	200,000	4.07	AA+		08-14-26
5,000,000	3136gens0	Fannie Mae 3.760% Due 08-20-30	100.00	5,000,000	98.33	4,916,602	68,411	4,985,013	0.26	3.760	188,000	3.76	AA+		08-20-27
5,000,000	3136garg6	Fannie Mae 4.000% Due 09-09-30	100.00	5,000,000	99.08	4,954,181	62,222	5,016,403	0.26	4.000	200,000	4.00	AA+		09-09-26
5,000,000	3136gas42	Fannie Mae 4.000% Due 09-10-30	100.00	5,000,000	99.08	4,953,971	61,667	5,015,638	0.26	4.000	200,000	4.00	AA+		09-10-26
5,000,000	3136garw1	Fannie Mae 4.000% Due 09-12-30	99.80	4,990,000	98.02	4,901,228	60,556	4,961,784	0.26	4.000	200,000	4.04	AA+		09-12-26
5,000,000	3136gatq2	Fannie Mae 4.030% Due 09-30-30	100.00	5,000,000	98.88	4,943,858	50,935	4,994,793	0.26	4.030	201,500	4.03	AA+		09-30-26
5,000,000	3136gc3v5	Fannie Mae 4.125% Due 11-06-30	100.00	5,000,000	98.88	4,944,006	31,510	4,975,517	0.26	4.125	206,250	4.12	AA+		11-06-26
5,000,000	3136gccq6	Fannie Mae 4.000% Due 01-06-31	100.00	5,000,000	98.39	4,919,746	97,222	5,016,969	0.26	4.000	200,000	4.00	AA+		04-06-27

City of Sacramento
PORTFOLIO APPRAISAL
City Investment Pool A
June 30, 2026

Quantity	Security Symbol	Security	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	Market Value + Accrd. Int.	Pct. Assets	Unit Income	Annual Income	Cur. Yield	S & P	Bond Status	Call Put Date
5,000,000	3136gcg90	Fannie Mae 3.875% Due 01-27-31	100.00	5,000,000	98.49	4,924,512	82,882	5,007,394	0.26	3.875	193,750	3.87	AA+		01-27-28
5,000,000	3136gcj55	Fannie Mae 4.000% Due 01-28-31	100.00	5,000,000	98.27	4,913,528	85,000	4,998,528	0.26	4.000	200,000	4.00	AA+		01-28-28
5,000,000	3136gcl37	Fannie Mae 4.000% Due 02-10-31	99.85	4,992,500	98.38	4,918,774	78,333	4,997,108	0.26	4.000	200,000	4.03	AA+		02-10-28
5,000,000	3136gcp58	Fannie Mae 4.150% Due 02-20-31	100.00	5,000,000	99.08	4,954,010	75,507	5,029,517	0.26	4.150	207,500	4.15	AA+		08-20-26
5,000,000	3136gcq57	Fannie Mae 3.750% Due 03-10-31	100.00	5,000,000	98.22	4,910,981	57,812	4,968,793	0.26	3.750	187,500	3.75	AA+		09-10-27
5,000,000	3136gd5x7	Fannie Mae 4.100% Due 04-28-31	100.00	5,000,000	98.62	4,931,214	35,875	4,967,089	0.26	4.100	205,000	4.10	AA+		04-28-28
5,000,000	3136gdgl1	Fannie Mae 4.500% Due 06-16-31	100.00	5,000,000	100.05	5,002,659	9,375	5,012,034	0.27	4.500	225,000	4.50	AA+		06-16-28
				104,963,250		103,837,588	1,291,392	105,128,980	5.52		4,262,250	4.07			
FEDERAL HOME LOAN MORTGAGE CORP. (FHLMC)															
10,000,000	3134hchc6	Freddie Mac 4.050% Due 07-17-29	100.00	10,000,000	98.87	9,887,266	184,500	10,071,766	0.53	4.050	405,000	4.05	AA+		07-17-26
10,000,000	3134hbsx0	Freddie Mac 4.500% Due 05-23-30	99.96	9,996,250	99.61	9,961,382	47,500	10,008,882	0.53	4.500	450,000	4.51	AA+		11-23-26
5,000,000	3134hbw31	Freddie Mac 4.000% Due 10-08-30	100.00	5,000,000	98.81	4,940,443	46,111	4,986,554	0.26	4.000	200,000	4.00	AA+		04-08-27
5,000,000	3134hbx48	Freddie Mac 4.000% Due 10-09-30	99.92	4,996,250	98.89	4,944,515	45,556	4,990,071	0.26	4.000	200,000	4.02	AA+		04-09-27
5,000,000	3134hcfm6	Freddie Mac 4.020% Due 12-16-30	99.97	4,998,500	98.74	4,936,836	8,375	4,945,211	0.26	4.020	201,000	4.03	AA+		12-16-26
5,000,000	3134hclp2	Freddie Mac 4.200% Due 12-18-30	100.00	5,000,000	99.22	4,961,091	7,583	4,968,675	0.26	4.200	210,000	4.20	AA+		09-18-26
5,000,000	3134hcfx2	Freddie Mac 4.175% Due 12-23-30	100.00	5,000,000	98.76	4,937,807	4,639	4,942,446	0.26	4.175	208,750	4.17	AA+		12-23-26
7,000,000	3134hckf5	Freddie Mac 4.000% Due 12-23-30	100.00	7,000,000	98.66	6,906,377	6,222	6,912,599	0.37	4.000	280,000	4.00	AA+		06-23-27
5,000,000	3134hclq0	Freddie Mac 4.000% Due 12-30-30	100.00	5,000,000	98.56	4,927,877	556	4,928,432	0.26	4.000	200,000	4.00	AA+		06-30-27
5,000,000	3134hctq9	Freddie Mac 3.950% Due 01-16-31	100.00	5,000,000	98.54	4,927,020	88,326	5,015,346	0.26	3.950	197,500	3.95	AA+		01-20-28
5,000,000	3134hcrn1	Freddie Mac 4.150% Due 01-28-31	100.00	5,000,000	98.82	4,941,230	88,187	5,029,417	0.26	4.150	207,500	4.15	AA+		01-28-27
5,000,000	3134hcvrm8	Freddie Mac 4.060% Due 02-20-31	100.00	5,000,000	97.66	4,883,095	73,869	4,956,965	0.26	4.060	203,000	4.06	AA+		11-20-26
5,000,000	3134hcy37	Freddie Mac 4.500% Due 05-22-31	100.00	5,000,000	100.16	5,007,962	24,375	5,032,337	0.27	4.500	225,000	4.50	AA+		05-22-28
5,000,000	3134hcv71	Freddie Mac 4.500% Due 05-28-31	100.00	5,000,000	99.74	4,986,994	20,625	5,007,619	0.27	4.500	225,000	4.50	AA+		05-28-27
				81,991,000		81,149,896	646,425	81,796,321	4.32		3,412,750	4.17			
FEDERAL AGRICULTURAL MORTGAGE CORP.															
Not Classified															
5,000,000	31422xpe6	Farmer Mac 1.300% Due 11-23-26	100.00	5,000,000	98.91	4,945,353	6,861	4,952,214	0.26	1.300	65,000	1.30			08-23-26
5,000,000	31424wqb1	Farmer Mac 4.450% Due 10-15-29	100.00	5,000,000	99.55	4,977,534	46,972	5,024,506	0.26	4.450	222,500	4.45			10-15-26
5,000,000	31424we73	Farmer Mac 4.480% Due 06-17-30	100.00	5,000,000	98.85	4,942,638	8,711	4,951,350	0.26	4.480	224,000	4.48			06-17-27

City of Sacramento
PORTFOLIO APPRAISAL
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Quantity	Security Symbol	Security	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	Market Value + Accrd. Int.	Pct. Assets	Unit Income	Annual Income	Cur. Yield	S & P	Bond Status	Call Put Date
5,000,000	31424wj94	Farmer Mac 4.080% Due 07-11-30	100.00	5,000,000	98.57	4,928,729	96,333	5,025,063	0.26	4.080	204,000	4.08			07-11-28
5,000,000	31424wr61	Farmer Mac 4.020% Due 09-03-30	100.00	5,000,000	98.65	4,932,385	65,883	4,998,268	0.26	4.020	201,000	4.02			09-03-27
5,000,000	31424w3k6	Farmer Mac 3.900% Due 11-26-30	100.00	5,000,000	98.26	4,912,916	18,958	4,931,875	0.26	3.900	195,000	3.90			11-26-27
				30,000,000		29,639,555	243,719	29,883,275	1.58		1,111,500	3.71			
				30,000,000		29,639,555	243,719	29,883,275	1.58		1,111,500	3.71			
FEDERAL FARM CREDIT BANK - FRMMT															
Not Classified															
5,000,000	3133emq62	Federal Farm Credit Bank 0.990% Due 07-13-26	100.00	5,000,000	99.86	4,993,183	23,100	5,016,283	0.27	0.990	49,500	0.99	AA+		07-06-26
5,000,000	3133em4s8	Federal Farm Credit Bank 0.870% Due 09-08-26	99.82	4,991,250	99.43	4,971,581	13,654	4,985,235	0.26	0.870	43,500	0.91	AA+		07-06-26
5,000,000	3133em6e7	Federal Farm Credit Bank 0.940% Due 09-28-26	100.00	5,000,000	99.29	4,964,342	12,142	4,976,483	0.26	0.940	47,000	0.94	AA+		07-06-26
3,000,000	3133endc1	Federal Farm Credit Bank 1.330% Due 11-03-26	100.00	3,000,000	99.13	2,973,751	6,428	2,980,179	0.16	1.330	39,900	1.33	AA+		07-06-26
3,000,000	3133enjv3	Federal Farm Credit Bank 1.390% Due 12-29-26	100.00	3,000,000	98.70	2,961,002	232	2,961,233	0.16	1.390	41,700	1.39	AA+		07-06-26
5,000,000	3133envv9	Federal Farm Credit Bank 3.630% Due 05-03-27	100.00	5,000,000	99.64	4,982,097	29,242	5,011,339	0.26	3.630	181,500	3.63	AA+		07-06-26
5,000,000	3133et4x2	Federal Farm Credit Bank 3.690% Due 12-22-27	100.00	5,000,000	99.29	4,964,486	4,612	4,969,098	0.26	3.690	184,500	3.69	AA+		12-22-26
5,000,000	3133etuc9	Federal Farm Credit Bank 4.070% Due 08-21-28	100.00	5,000,000	99.58	4,979,155	73,486	5,052,641	0.26	4.070	203,500	4.07	AA+		08-21-26
11,018,000	3133etuq8	Federal Farm Credit Bank 4.160% Due 05-25-29	99.99	11,016,495	99.34	10,944,797	45,835	10,990,632	0.58	4.160	458,349	4.17	AA+		08-25-26
5,000,000	3133ewul2	Federal Farm Credit Bank 4.310% Due 06-29-29	100.00	5,000,000	99.82	4,990,931	1,197	4,992,128	0.27	4.310	215,500	4.31	AA+		06-29-28
5,000,000	3133erzd6	Federal Farm Credit Bank 4.000% Due 11-01-29	99.47	4,973,350	99.10	4,954,848	33,333	4,988,181	0.26	4.000	200,000	4.12	AA+		
5,000,000	3133er4f5	Federal Farm Credit Bank 4.820% Due 02-19-30	100.00	5,000,000	99.71	4,985,333	88,367	5,073,700	0.27	4.820	241,000	4.82	AA+		12-19-27
10,000,000	3133ewen6	Federal Farm Credit Bank 3.840% Due 02-25-30	100.00	10,000,000	97.85	9,785,350	134,400	9,919,750	0.52	3.840	384,000	3.84	AA+		02-25-27
5,000,000	3133er5u1	Federal Farm Credit Bank 4.470% Due 03-05-30	100.00	5,000,000	99.19	4,959,338	72,017	5,031,354	0.26	4.470	223,500	4.47	AA+		03-05-27
5,000,000	3133ewjj0	Federal Farm Credit Bank 4.320% Due 03-25-30	100.00	5,000,000	99.31	4,965,693	57,600	5,023,293	0.26	4.320	216,000	4.32	AA+		03-25-27
5,000,000	3133etcf2	Federal Farm Credit Bank 4.520% Due 04-09-30	100.00	5,000,000	99.70	4,985,246	51,478	5,036,724	0.27	4.520	226,000	4.52	AA+		07-06-26
5,000,000	3133ewkv1	Federal Farm Credit Bank 4.050% Due 04-10-30	99.96	4,998,000	98.93	4,946,478	45,562	4,992,040	0.26	4.050	202,500	4.06	AA+		04-10-28
5,000,000	3133ethh3	Federal Farm Credit Bank 4.550% Due 05-20-30	100.00	5,000,000	99.41	4,970,262	25,910	4,996,172	0.26	4.550	227,500	4.55	AA+		11-20-26
5,000,000	3133etjj7	Federal Farm Credit Bank 4.720% Due 05-28-30	99.92	4,996,250	99.29	4,964,723	21,633	4,986,356	0.26	4.720	236,000	4.74	AA+		07-06-26
5,000,000	3133etkb2	Federal Farm Credit Bank 4.400% Due 06-03-30	100.00	5,000,000	98.88	4,943,838	17,111	4,960,949	0.26	4.400	220,000	4.40	AA+		06-03-27
5,000,000	3133etmb0	Federal Farm Credit Bank 4.650% Due 06-24-30	100.00	5,000,000	99.60	4,979,766	4,521	4,984,287	0.26	4.650	232,500	4.65	AA+		07-06-26
5,000,000	3133etty3	Federal Farm Credit Bank 4.270% Due 08-20-30	100.00	5,000,000	98.96	4,948,197	77,690	5,025,887	0.26	4.270	213,500	4.27	AA+		08-20-26

City of Sacramento
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Quantity	Security Symbol	Security	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	Market Value + Accrd. Int.	Pct. Assets	Unit Income	Annual Income	Cur. Yield	S & P	Bond Status	Call Put Date
5,000,000	3133etxy8	Federal Farm Credit Bank 4.000% Due 09-16-30	100.00	5,000,000	98.92	4,945,953	58,333	5,004,286	0.26	4.000	200,000	4.00	AA+		09-16-26
5,000,000	3133etv38	Federal Farm Credit Bank 3.870% Due 11-18-30	99.95	4,997,500	98.45	4,922,282	23,112	4,945,395	0.26	3.870	193,500	3.88	AA+		11-18-27
5,000,000	3133et4s3	Federal Farm Credit Bank 3.890% Due 12-17-30	99.90	4,995,000	98.47	4,923,354	7,564	4,930,918	0.26	3.890	194,500	3.91	AA+		12-17-27
5,000,000	3133ewlu2	Federal Farm Credit Bank 4.090% Due 04-21-31	100.00	5,000,000	98.56	4,927,934	39,764	4,967,698	0.26	4.090	204,500	4.09	AA+		04-21-28
5,000,000	3133ewtg5	Federal Farm Credit Bank 4.730% Due 06-16-31	99.97	4,998,500	99.91	4,995,575	9,854	5,005,429	0.27	4.730	236,500	4.74	AA+		06-16-27
				141,966,345		140,829,496	978,178	141,807,675	7.49		5,316,449	3.75			
				141,966,345		140,829,496	978,178	141,807,675	7.49		5,316,449	3.75			
MUNICIPAL BONDS															
Not Classified															
1,000,000.00	697511fu2	Palomar Calif Cmnty College Di 1.031% Due 08-01-26	100.00	1,000,000	99.75	997,471	4,296	1,001,767	0.05	1.031	10,310	1.03	AA		
3,000,000.00	79770gjc1	San Francisco Calif City & Cnt 1.861% Due 08-01-26	101.35	3,040,470	99.80	2,994,127	23,262	3,017,390	0.16	1.861	55,830	1.55	AA		
1,975,000.00	798306wq5	San Juan Calif Uni Sch Dist Sa 1.201% Due 08-01-26	96.06	1,897,224	99.77	1,970,459	9,883	1,980,342	0.10	1.201	23,720	2.13			
2,000,000.00	20772kqk8	Connecticut State 3.631% Due 06-15-27	99.57	1,991,480	99.49	1,989,824	3,228	1,993,051	0.11	3.631	72,620	3.73	AA-		
3,450,000.00	798170ak2	San Jose Calif Redev Agy Succe 3.226% Due 08-01-27	99.41	3,429,748	98.99	3,415,276	46,374	3,461,650	0.18	3.226	111,297	3.66	AA		
2,425,000.00	79768hjn9	San Francisco Calif City & Cnt 4.655% Due 10-01-27	101.57	2,463,048	100.48	2,436,685	28,221	2,464,906	0.13	4.655	112,884	3.78			09-01-27
5,000,000.00	419792p67	Hawaii St 4.237% Due 10-01-28	100.00	5,000,000	99.79	4,989,541	52,962	5,042,503	0.27	4.237	211,850	4.24	AA+		
2,530,000.00	419792r81	Hawaii St 3.938% Due 10-01-28	100.00	2,530,000	99.16	2,508,666	16,882	2,525,548	0.13	3.938	99,631	3.94	AA+		
1,000,000.00	8827243s4	Texas St 4.066% Due 10-01-28	100.00	1,000,000	99.67	996,700	10,165	1,006,865	0.05	4.066	40,660	4.07	AAA		
5,000,000.00	13063dmb1	California St 3.050% Due 04-01-29	96.35	4,817,650	96.72	4,836,192	38,125	4,874,317	0.26	3.050	152,500	4.12	AA-		
3,500,000.00	13068xnu9	California St Pub Wks Brd Leas Lease Rev 4.783% Due 04-01-29	101.24	3,543,435	100.81	3,528,291	41,851	3,570,142	0.19	4.783	167,405	4.43	A+		
1,250,000.00	574296ep0	Maryland St Stadium Auth Rev 4.065% Due 06-15-29	100.00	1,250,000	98.99	1,237,368	2,258	1,239,626	0.07	4.065	50,812	4.07	AA		
9,895,000.00	91412hfg3	University Calif Revenue Bonds 3.349% Due 07-01-29	96.69	9,567,113	97.39	9,636,652	165,692	9,802,344	0.51	3.349	331,384	4.14	AA		
5,055,000.00	54438cdt6	Los Angeles Calif Cmnty College 5.520% Due 08-01-29	101.91	5,151,803	101.69	5,140,365	116,265	5,256,630	0.27	5.520	279,036	5.04	AA+		
1,000,000.00	20772kd48	Connecticut State 3.865% Due 08-15-29	100.00	1,000,000	98.46	984,561	14,601	999,162	0.05	3.865	38,650	3.87	AA-		
5,960,000.00	419792p75	Hawaii St 4.287% Due 10-01-29	100.00	5,960,000	99.74	5,944,298	63,876	6,008,174	0.32	4.287	255,505	4.29	AA+		
2,500,000.00	419792r99	Hawaii St 4.005% Due 10-01-29	100.00	2,500,000	98.89	2,472,279	16,966	2,489,244	0.13	4.005	100,125	4.01	AA+		
1,000,000.00	8827243t2	Texas St 4.178% Due 10-01-29	100.00	1,000,000	99.92	999,226	10,445	1,009,671	0.05	4.178	41,780	4.18	AAA		
1,260,000.00	574296eq8	Maryland St Stadium Auth Rev 4.165% Due 06-15-30	100.00	1,260,000	98.93	1,246,528	2,332	1,248,860	0.07	4.165	52,479	4.17	AA		
1,000,000.00	20772kd55	Connecticut State 3.885% Due 08-15-30	100.00	1,000,000	97.99	979,853	14,677	994,530	0.05	3.885	38,850	3.89	AA-		

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Quantity	Security Symbol	Security	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	Market Value + Accrd. Int.	Pct. Assets	Unit Income	Annual Income	Cur. Yield	S & P	Bond Status	Call Put Date
3,500,000.00	79730wbt6	San Diego Calif Redev Agy Succ 3.625% Due 09-01-30	98.14	3,435,075	96.42	3,374,534	42,292	3,416,826	0.18	3.625	126,875	4.06	AA		09-01-26
1,000,000.00	91412hyx5	University Calif Revenue Bonds 4.504% Due 05-15-31	100.00	1,000,000	100.20	1,001,958	2,502	1,004,460	0.05	4.504	45,040	4.50	AA		
				63,837,047		63,680,854	727,156	64,408,010	3.39		2,419,243	3.94			
				63,837,047		63,680,854	727,156	64,408,010	3.39		2,419,243	3.94			
CORPORATE BONDS															
INDUSTRIALS															
5,000,000	24422eye3	John Deere Capital Corp 4.550% Due 06-05-30	100.73	5,036,620	100.13	5,006,301	16,431	5,022,732	0.27	4.550	227,500	4.38	A		
5,000,000	902133bc0	Tyco Electronics Group S A 4.500% Due 02-09-31	99.80	4,989,900	99.41	4,970,509	88,750	5,059,259	0.26	4.500	225,000	4.55	A-		01-09-31
				10,026,520		9,976,810	105,181	10,081,990	0.53		452,500	4.46			
COMMUNICATION SERVICES															
5,000,000	30303mab8	Meta Platforms Inc 4.200% Due 11-15-30	100.50	5,024,950	98.43	4,921,566	26,833	4,948,399	0.26	4.200	210,000	4.08	AA-		10-15-30
5,000,000	02079kbb2	Alphabet Inc 4.100% Due 02-15-31	98.26	4,913,150	98.26	4,912,900	78,583	4,991,484	0.26	4.100	205,000	4.51	AA+		01-15-31
10,000,000	254687gd2	Disney Walt Co 4.000% Due 03-14-31	99.23	9,923,400	97.71	9,770,887	154,444	9,925,331	0.52	4.000	400,000	4.17	A		
5,000,000	30303maf9	Meta Platforms Inc 4.550% Due 05-15-31	100.10	5,004,775	99.46	4,973,098	36,021	5,009,119	0.26	4.550	227,500	4.53	AA-		04-15-31
				24,866,275		24,578,451	295,882	24,874,333	1.31		1,042,500	4.29			
CONSUMER DISCRETIONARY															
5,000,000	571676aj4	Mars Inc 0.875% Due 07-16-26	97.32	4,865,950	99.87	4,993,259	20,052	5,013,311	0.27	0.875	43,750	1.49	A		
4,500,000	74460dag4	Public Storage 1.500% Due 11-09-26	98.14	4,416,255	99.11	4,459,945	9,750	4,469,695	0.24	1.500	67,500	1.91	A		10-09-26
5,000,000	742718fv6	Procter & Gamble Co 1.900% Due 02-01-27	99.53	4,976,400	98.78	4,938,967	39,583	4,978,550	0.26	1.900	95,000	2.00	AA-		
2,000,000	742718fg9	Procter & Gamble Co 2.800% Due 03-25-27	97.94	1,958,740	99.07	1,981,389	14,933	1,996,322	0.11	2.800	56,000	3.26	AA-		
5,000,000	6681512x6	Northwestern Mutual Global Fdg 4.125% Due 08-25-28	99.37	4,968,750	99.22	4,961,115	72,187	5,033,302	0.26	4.125	206,250	4.42	AA+		
5,000,000	023135cs3	Amazon Com Inc 3.900% Due 11-20-28	100.37	5,018,600	98.95	4,947,331	22,208	4,969,539	0.26	3.900	195,000	3.76	AA		10-20-28
5,000,000	742718gf0	Procter & Gamble Co 4.350% Due 01-29-29	99.71	4,985,650	100.39	5,019,274	91,833	5,111,107	0.27	4.350	217,500	4.43	AA-		
5,000,000	05565ecj2	BMW US Capital LLC 4.900% Due 04-02-29	100.00	5,000,000	100.54	5,026,813	60,569	5,087,383	0.27	4.900	245,000	4.90	A		03-02-29
5,000,000	05565ecr4	BMW US Capital LLC 4.650% Due 08-13-29	99.00	4,950,000	99.74	4,986,870	89,125	5,075,995	0.27	4.650	232,500	4.90	A		07-13-29
10,000,000	571676ay1	Mars Inc 4.800% Due 03-01-30	100.73	10,073,300	100.30	10,029,787	160,000	10,189,787	0.53	4.800	480,000	4.63	A		02-01-30
5,000,000	641062bg8	Nestle Holdings Inc 4.950% Due 03-14-30	102.91	5,145,750	101.31	5,065,512	73,562	5,139,075	0.27	4.950	247,500	4.28	AA-		01-14-30
5,688,000	05565eb18	BMW US Capital LLC 4.150% Due 04-09-30	96.42	5,484,199	97.66	5,555,147	53,767	5,608,915	0.30	4.150	236,052	4.97	A		01-09-30
5,000,000	872540at6	Tjx Cos Inc New 3.875% Due 04-15-30	96.75	4,837,400	97.65	4,882,649	40,903	4,923,552	0.26	3.875	193,750	4.61	A		01-15-30
5,000,000	64110lav8	Netflix Inc. 4.875% Due 06-15-30	102.25	5,112,400	100.62	5,031,072	10,833	5,041,906	0.27	4.875	243,750	4.37	A		03-15-30

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Quantity	Security Symbol	Security	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	Market Value + Accrd. Int.	Pct. Assets	Unit Income	Annual Income	Cur. Yield	S & P	Bond Status	Call Put Date
5,000,000	20030ncu3	Comcast Corporation	100.36	5,017,950	98.04	4,901,856	44,861	4,946,717	0.26	4.250	212,500	4.16	A-		07-15-30
5,000,000	141781cf9	4.250% Due 10-15-30 Cargill Inc	99.85	4,992,300	97.93	4,896,599	38,958	4,935,558	0.26	4.125	206,250	4.16	A		09-23-30
5,000,000	023135dd5	4.125% Due 10-23-30 Amazon Com Inc	99.40	4,969,850	98.47	4,923,273	63,750	4,987,023	0.26	4.250	212,500	4.39	AA		02-13-31
5,000,000	57629tcc9	4.250% Due 03-13-31 Massmutual Global Funding	99.74	4,986,900	99.79	4,989,254	58,750	5,048,004	0.27	4.700	235,000	4.76	AA+		
		4.700% Due 04-01-31													
				91,760,394		91,590,114	965,628	92,555,742	4.87		3,625,802	4.04			
CONSUMER STAPLES															
5,000,000	427866b11	Hershey Co	100.56	5,027,850	100.89	5,044,582	83,785	5,128,366	0.27	4.750	237,500	4.62	A		01-24-30
5,000,000	194162at0	4.750% Due 02-24-30 Colgate Palmolive Co	99.60	4,980,000	99.53	4,976,561	35,000	5,011,561	0.26	4.200	210,000	4.29	A+		04-01-30
5,000,000	37331nax9	4.200% Due 05-01-30 Georgia Pacific Corp	99.07	4,953,750	99.16	4,958,127	34,500	4,992,627	0.26	4.600	230,000	4.81	A+		04-15-31
		4.600% Due 05-15-31													
				14,961,600		14,979,269	153,285	15,132,554	0.80		677,500	4.57			
ENERGY															
5,000,000	291011bp8	Emerson Elec Co	96.04	4,802,200	99.08	4,954,016	9,236	4,963,252	0.26	0.875	43,750	1.74	A		09-15-26
		0.875% Due 10-15-26													
FINANCIAL															
5,000,000	78016e2t7	Royal Bank of Canada	99.97	4,998,550	99.89	4,994,700	26,674	5,021,374	0.27	1.150	57,500	1.16	A		
3,000,000	22550l2g5	1.150% Due 07-14-26 Credit Suisse Ag New York	97.69	2,930,670	99.73	2,991,983	15,000	3,006,983	0.16	1.250	37,500	1.77	A+		
3,000,000	06048wn63	1.250% Due 08-07-26 Bank of America Corporation	99.00	2,970,000	99.33	2,979,827	10,637	2,990,464	0.16	1.150	34,500	1.36	A-		
5,000,000	0641598k5	1.150% Due 09-10-26 Bank Nova Scotia B C	97.99	4,899,650	99.41	4,970,660	19,139	4,989,799	0.26	1.300	65,000	1.75	A-		
3,000,000	06368gc54	1.300% Due 09-15-26 Bank Of Montreal	100.00	3,000,000	98.80	2,963,864	1,500	2,965,364	0.16	2.000	60,000	2.00	A-		
5,000,000	58769jaq0	2.000% Due 12-22-26 Mercedes-Benz Fin North Amer	100.46	5,023,250	100.28	5,014,035	113,333	5,127,369	0.27	4.800	240,000	4.03	A		
5,000,000	59217ger6	4.800% Due 01-11-27 Metropolitan Life Global Fdg I	98.68	4,934,000	98.79	4,939,374	44,271	4,983,645	0.26	1.875	93,750	2.16	AA-		
5,000,000	06417xad3	1.875% Due 01-11-27 Bank Nova Scotia B C	98.46	4,923,100	98.73	4,936,660	40,354	4,977,015	0.26	1.950	97,500	2.28	A-		
5,500,000	808513by0	1.950% Due 02-02-27 Schwab Charles Corp	100.00	5,500,000	98.80	5,434,227	44,168	5,478,395	0.29	2.450	134,750	2.45	A-		02-03-27
5,000,000	58769jaw7	2.450% Due 03-03-27 Mercedes-Benz Fin North Amer	100.06	5,002,900	100.16	5,008,200	100,000	5,108,200	0.27	4.800	240,000	4.78	A		
5,000,000	17325fbk3	4.800% Due 08-01-29 Citibank NA	100.30	5,014,950	100.80	5,039,875	97,432	5,137,307	0.27	4.838	241,900	4.76	A+		07-06-29
5,000,000	89236tmk8	4.838% Due 08-06-29 Toyota Motor Credit Corp	99.81	4,990,600	99.96	4,998,066	89,736	5,087,802	0.27	4.550	227,500	4.60	A+		
5,000,000	06406yaa0	4.550% Due 08-09-29 Bank New York Mellon Corp	97.47	4,873,650	96.12	4,805,986	58,667	4,864,653	0.26	3.300	165,000	4.06	A-		05-23-29
5,000,000	02665wfq9	3.300% Due 08-23-29 American Honda Finance	97.55	4,877,700	98.95	4,947,425	70,889	5,018,314	0.26	4.400	220,000	5.00	BBB+		
5,000,000	62829d2e9	4.400% Due 09-05-29 Mutual Of Omaha Cos Global Fdg	99.76	4,987,850	99.86	4,992,975	50,139	5,043,114	0.27	4.750	237,500	4.81	A+		
10,000,000	58769jba4	4.750% Due 10-15-29 Mercedes-Benz Fin North Amer	99.83	9,982,900	100.94	10,093,941	65,167	10,159,108	0.54	5.100	510,000	5.14	A		
		5.100% Due 11-15-29													

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5,000,000	06055jqs1	Bank of America Corp 4.250% Due 12-03-29	100.00	5,000,000	98.60	4,929,984	17,118	4,947,102	0.26	4.250	212,500	4.29	A-		03-02-27
5,000,000	74368cca0	Protective Life Global Funding 4.772% Due 12-09-29	99.38	4,969,100	99.58	4,978,935	14,581	4,993,517	0.26	4.772	238,600	4.92	AA-		
7,000,000	04685a4g3	Athene Global Funding 5.380% Due 01-07-30	101.07	7,074,900	100.30	7,020,815	182,023	7,202,838	0.37	5.380	376,600	5.12	A+		
5,000,000	6944pl3f4	Pacific Life Global Fdg Ii Med 4.850% Due 02-10-30	100.74	5,036,900	100.28	5,014,043	94,979	5,109,022	0.27	4.850	242,500	4.67	AA-		
5,000,000	857477cw1	State Str Corp 4.729% Due 02-28-30	100.48	5,024,250	100.70	5,034,864	80,787	5,115,651	0.27	4.729	236,450	4.61	A		01-28-30
5,000,000	02665wfy2	American Honda Finance 4.800% Due 03-05-30	99.61	4,980,300	99.81	4,990,387	77,333	5,067,720	0.27	4.800	240,000	4.89	BBB+		
5,000,000	12572qal9	Cme Group Inc 4.400% Due 03-15-30	99.89	4,994,750	99.53	4,976,307	64,778	5,041,085	0.26	4.400	220,000	4.42	AA-		02-15-30
5,000,000	808513bc8	Charles Schwab Corp 4.625% Due 03-22-30	100.71	5,035,400	100.58	5,028,927	63,594	5,092,520	0.27	4.625	231,250	4.47	A-		12-22-29
5,000,000	62829d2f6	Mutual Of Omaha Cos Global Fdg 5.000% Due 04-01-30	101.28	5,063,780	100.72	5,036,040	62,500	5,098,540	0.27	5.000	250,000	4.70	A+		
5,000,000	02665weh0	American Honda Finance 4.600% Due 04-17-30	98.47	4,923,500	99.10	4,955,143	47,278	5,002,421	0.26	4.600	230,000	4.95	BBB+		
5,000,000	857477db6	State Str Corp 4.834% Due 04-24-30	101.12	5,055,950	101.00	5,050,035	44,983	5,095,018	0.27	4.834	241,700	4.58	A		03-24-30
5,000,000	89236tnj0	Toyota Motor Credit Corp 4.800% Due 05-15-30	100.37	5,018,750	100.59	5,029,478	30,667	5,060,144	0.27	4.800	240,000	4.71	A+		
5,000,000	82622rac0	Siemens Funding B.V. 4.600% Due 05-28-30	100.22	5,010,985	100.11	5,005,692	21,083	5,026,776	0.27	4.600	230,000	4.55	AA-		04-28-30
5,000,000	17325fbp2	Citibank NA 4.914% Due 05-29-30	101.36	5,067,950	101.23	5,061,695	21,840	5,083,535	0.27	4.914	245,700	4.60	A+		04-29-30
5,000,000	40139lbp7	Guardian Life Global Funding 4.402% Due 12-11-30	99.46	4,973,000	98.68	4,933,965	12,228	4,946,193	0.26	4.402	220,100	4.53	AA+		
5,000,000	14913ubh2	Caterpillar Financial Services Corp 4.150% Due 01-08-31	100.00	5,000,000	98.40	4,919,980	99,715	5,019,696	0.26	4.150	207,500	4.15	A		
5,000,000	64952wfr9	New York Life Global 4.250% Due 01-09-31	100.25	5,012,500	98.37	4,918,383	101,528	5,019,911	0.26	4.250	212,500	4.19	AA+		
5,000,000	59217gfu8	Metropolitan Life Global Fdg I 4.350% Due 01-12-31	100.30	5,015,250	98.44	4,921,933	102,104	5,024,037	0.26	4.350	217,500	4.28	AA-		
11,000,000	62829d2h2	Mutual Of Omaha Cos Global Fdg 4.546% Due 01-13-31	99.45	10,939,760	98.68	10,854,482	233,361	11,087,844	0.58	4.546	500,060	4.67	A+		
5,000,000	89115kam2	Toronto Dominion Bank 4.411% Due 01-13-31	100.71	5,035,500	98.90	4,944,846	102,923	5,047,769	0.26	4.411	220,550	4.25	A-		
5,000,000	6944pl3m9	Pacific Life Global Fdg Ii Med 4.375% Due 02-03-31	100.78	5,038,900	98.72	4,935,779	89,931	5,025,709	0.26	4.375	218,750	4.20	AA-		
5,000,000	06055jqj1	Bank of America Corp 4.350% Due 02-10-31	100.00	5,000,000	98.72	4,936,160	85,187	5,021,347	0.26	4.350	217,500	4.35	A-		02-10-28
5,000,000	58769jbm8	Mercedes-Benz Fin North Amer 4.500% Due 03-10-31	99.82	4,991,100	98.18	4,908,998	69,375	4,978,373	0.26	4.500	225,000	4.54	A		
5,000,000	89236tqb4	Toyota Motor Credit Corp 4.550% Due 05-14-31	99.67	4,983,650	99.17	4,958,580	29,701	4,988,281	0.26	4.550	227,500	4.62	A+		
5,000,000	14913v2d9	Caterpillar Financial Services Corp 4.500% Due 05-15-31	99.73	4,986,700	99.53	4,976,347	28,750	5,005,097	0.26	4.500	225,000	4.56	A		
5,000,000	38151gax9	Goldman Sachs Bank Usa 4.700% Due 05-21-31	100.00	5,000,000	100.18	5,008,824	26,111	5,034,935	0.27	4.700	235,000	4.70	A+		05-21-29
5,000,000	53359kae1	Lincoln Finl Global Fdg 4.950% Due 05-21-31	99.99	4,999,750	99.56	4,978,238	27,500	5,005,738	0.26	4.950	247,500	4.95	A+		
				222,142,395			221,420,658	2,679,065	224,099,723	11.77	9,272,160	4.20			

City of Sacramento
PORTFOLIO APPRAISAL
City Investment Pool A
June 30, 2026

Quantity	Security Symbol	Security	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	Market Value + Accrd. Int.	Pct. Assets	Unit Income	Annual Income	Cur. Yield	S & P	Bond Status	Call Put Date
HEALTHCARE															
2,000,000	717081et6	Pfizer Inc 3.450% Due 03-15-29	98.60	1,972,060	97.67	1,953,445	20,317	1,973,762	0.10	3.450	69,000	3.79	A		12-15-28
5,000,000	91324pez1	Unitedhealth Group Inc 4.700% Due 04-15-29	102.92	5,146,050	100.67	5,033,338	49,611	5,082,949	0.27	4.700	235,000	4.00	A+		03-15-29
5,000,000	66989hat5	Novartis Capital Corp 3.800% Due 09-18-29	96.48	4,824,150	98.15	4,907,723	54,361	4,962,084	0.26	3.800	190,000	4.65	AA-		08-18-29
5,000,000	04352eaa3	Ascension Health Alliance 2.532% Due 11-15-29	91.73	4,586,750	93.75	4,687,663	16,177	4,703,840	0.25	2.532	126,600	4.57	AA		08-15-29
5,000,000	91324pfg2	Unitedhealth Group Inc 4.800% Due 01-15-30	100.16	5,007,950	100.77	5,038,634	110,667	5,149,301	0.27	4.800	240,000	4.76	A+		12-15-29
5,000,000	377372ap2	Glaxosmithkline Cap Inc 4.500% Due 04-15-30	99.60	4,979,955	100.13	5,006,290	47,500	5,053,790	0.27	4.500	225,000	4.59	A		03-15-30
5,000,000	716973ad4	Pfizer Investment Enterprises 4.650% Due 05-19-30	100.43	5,021,350	100.31	5,015,437	27,125	5,042,562	0.27	4.650	232,500	4.55	A		03-19-30
5,000,000	883556dg4	Thermo Fisher Scientific Inc 4.215% Due 02-12-31	100.75	5,037,450	98.20	4,910,136	81,373	4,991,509	0.26	4.215	210,750	4.05	A-		01-12-31
5,000,000	002824bs8	Abbott Laboratories 4.000% Due 03-15-31	99.94	4,997,000	97.46	4,872,758	62,222	4,934,980	0.26	4.000	200,000	4.01	A+		02-15-31
5,000,000	532457dc9	Eli Lilly & Co 4.250% Due 03-15-31	101.66	5,082,850	99.04	4,952,225	62,569	5,014,795	0.26	4.250	212,500	3.88	AA-		02-15-31
5,000,000	58933ybx2	Merck & Co. Inc 4.150% Due 03-15-31	100.22	5,011,150	98.10	4,905,191	61,097	4,966,289	0.26	4.150	207,500	4.10	A+		02-15-31
10,000,000	66989hbg2	Novartis Capital Corp 4.400% Due 03-18-31	100.24	10,023,725	99.26	9,926,496	125,889	10,052,385	0.53	4.400	440,000	4.34	AA-		02-18-31
5,000,000	375558cl5	Gilead Sciences Inc 4.600% Due 05-20-31	99.80	4,989,900	99.68	4,984,008	26,194	5,010,202	0.27	4.600	230,000	4.65	A-		04-20-31
				66,680,340		66,193,346	745,102	66,938,448	3.52		2,818,850	4.33			
INFORMATION TECHNOLOGY															
5,000,000	459200km2	IBM Corporation 2.200% Due 02-09-27	99.00	4,950,000	98.71	4,935,461	43,389	4,978,850	0.26	2.200	110,000	2.41	A-		01-09-27
5,000,000	747525au7	Qualcom Inc 3.250% Due 05-20-27	98.40	4,920,250	99.12	4,955,906	18,507	4,974,413	0.26	3.250	162,500	3.88	A		02-20-27
5,000,000	794661aq7	Salesforce Inc 4.500% Due 03-15-28	99.92	4,996,100	99.87	4,993,689	67,500	5,061,189	0.27	4.500	225,000	4.54	A+		02-15-28
2,000,000	794661af1	Salesforce Inc 3.700% Due 04-11-28	99.66	1,993,200	98.69	1,973,895	16,444	1,990,339	0.10	3.700	74,000	3.80	A+		01-11-28
5,000,000	794661ar5	Salesforce Inc 4.650% Due 03-15-29	100.61	5,030,750	99.95	4,997,409	69,750	5,067,159	0.27	4.650	232,500	4.42	A+		02-15-29
5,000,000	70450yae3	Paypal Hldgs Inc 2.850% Due 10-01-29	92.25	4,612,650	94.39	4,719,559	35,625	4,755,184	0.25	2.850	142,500	4.72	A-		07-01-29
5,000,000	459200lg4	IBM Corporation 4.800% Due 02-10-30	100.27	5,013,700	100.49	5,024,549	94,000	5,118,549	0.27	4.800	240,000	4.74	A-		01-10-30
5,000,000	17275rbx9	Cisco System Inc 4.750% Due 02-24-30	102.89	5,144,600	100.87	5,043,491	83,785	5,127,276	0.27	4.750	237,500	3.97	AA-		01-24-30
5,000,000	747525bu6	Qualcom Inc 4.500% Due 05-20-30	99.92	4,996,150	99.96	4,998,182	25,625	5,023,807	0.27	4.500	225,000	4.52	A		04-20-30
5,000,000	038222at2	Applied Materials Inc 4.000% Due 01-15-31	99.22	4,961,155	97.58	4,878,821	92,222	4,971,043	0.26	4.000	200,000	4.18	A		12-15-30
5,000,000	459200lr0	IBM Corporation 4.300% Due 02-03-31	100.26	5,012,800	98.32	4,915,865	88,389	5,004,254	0.26	4.300	215,000	4.24	A-		01-03-31
5,000,000	449276ad6	Ibm Intl Cap Pte Ltd 4.750% Due 02-05-31	100.48	5,024,000	100.01	5,000,377	96,319	5,096,696	0.27	4.750	237,500	4.63	A-		12-05-30
5,000,000	70450yav5	Paypal Hldgs Inc 4.950% Due 06-01-31	100.35	5,017,300	100.00	5,000,063	31,625	5,031,688	0.27	4.950	247,500	4.87	A-		05-01-31

City of Sacramento
PORTFOLIO APPRAISAL
City Investment Pool A
June 30, 2026

Quantity	Security Symbol	Security	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	Market Value + Accrd. Int.	Pct. Assets	Unit Income	Annual Income	Cur. Yield	S & P	Bond Status	Call Put Date
5,000,000	46124hak2	Intuit 4.950% Due 06-15-31	100.33	5,016,350	100.00	4,999,884	13,750	5,013,634	0.27	4.950	247,500	4.88	A		05-15-31
5,000,000	67066gar5	Nvidia Corporation 4.500% Due 06-15-31	100.18	5,008,900	99.65	4,982,298	8,125	4,990,423	0.26	4.500	225,000	4.46	AA		04-15-31
				71,697,905		71,419,450	785,056	72,204,505	3.80		3,021,500	4.30			
TRANSPORTATION															
5,761,000	44891acu9	Hyundai Capital America 5.300% Due 01-08-29	100.09	5,766,243	101.15	5,827,062	146,729	5,973,792	0.31	5.300	305,333	5.27	A-		12-08-28
5,000,000	44891acy1	Hyundai Capital America 5.350% Due 03-19-29	102.33	5,116,700	101.38	5,069,093	75,792	5,144,885	0.27	5.350	267,500	4.71	A-		02-19-29
5,000,000	44891adc8	Hyundai Capital America 5.300% Due 06-24-29	100.96	5,048,000	101.17	5,058,728	5,153	5,063,881	0.27	5.300	265,000	5.05	A-		05-24-29
5,000,000	26884tba9	Erac Usa Finance Company 4.700% Due 04-30-31	100.91	5,045,550	99.69	4,984,627	50,264	5,034,891	0.27	4.700	235,000	4.49	A-		03-30-31
				20,976,493		20,939,511	277,938	21,217,448	1.11		1,072,833	4.90			
				527,914,121		526,051,624	6,016,372	532,067,996	27.97		22,027,395	4.23			
OTHER GOVERNMENT AGENCY BONDS															
Not Classified															
5,000,000	880591fe7	Tennessee Valley Auth 3.875% Due 08-01-30	100.00	5,000,000	98.76	4,938,049	80,729	5,018,779	0.26	3.875	193,750	3.88	AA+		
				5,000,000		4,938,049	80,729	5,018,779	0.26		193,750	3.88			
SUPRANATIONALS															
Not Classified															
5,000,000	459058lk7	International Bk Recon & Develop 4.000% Due 08-27-26	99.88	4,994,200	100.04	5,001,961	68,889	5,070,850	0.27	4.000	200,000	4.06	AAA		
5,000,000	45906m5h0	International Bk Recon & Develop 5.170% Due 04-24-29	101.10	5,055,000	100.05	5,002,335	48,110	5,050,445	0.27	5.170	258,500	4.47	AAA	c	07-24-26
8,000,000	45906m5k3	International Bk Recon & Develop 4.750% Due 07-30-29	100.58	8,046,500	99.99	7,999,523	349,389	8,348,912	0.43	4.750	380,000	4.61	AAA		07-30-26
5,000,000	45950vuj3	International Finance Corporation 4.500% Due 02-14-30	99.94	4,997,250	100.36	5,018,145	85,625	5,103,770	0.27	4.500	225,000	4.50	AAA		02-14-28
5,000,000	45818wgh3	Inter-American Development Bank 4.200% Due 07-17-30	100.00	5,000,000	99.01	4,950,476	193,083	5,143,560	0.26	4.200	210,000	4.20	AAA		07-30-27
				28,092,950		27,972,441	745,096	28,717,537	1.49		1,273,500	4.39			
				28,092,950		27,972,441	745,096	28,717,537	1.49		1,273,500	4.39			
VARIABLE RATE SECURITIES															
Not Classified															
5,000,000	3130anxc9	Federal Home Loan Bank 3.000% Due 09-29-26	100.00	5,000,000	99.76	4,988,221	38,333	5,026,555	0.27	3.000	150,000	1.14	AA+		
5,000,000	459058kb8	International Bk Recon & Develop 2.250% Due 11-06-26	99.95	4,997,450	98.91	4,945,422	17,187	4,962,610	0.26	2.250	112,500	1.63	AAA		
5,000,000	46647pax4	JP Morgan Chase Bank Na 4.452% Due 12-05-29	98.61	4,930,750	99.43	4,971,659	16,077	4,987,735	0.26	4.452	222,600	5.03	A		12-05-28
5,000,000	6174468g7	Morgan Stanley 4.431% Due 01-23-30	98.93	4,946,500	99.09	4,954,318	97,236	5,051,554	0.26	4.431	221,550	5.01	A-		01-23-29
5,000,000	06051ghq5	Bank of America Corp 3.974% Due 02-07-30	96.73	4,836,650	98.12	4,905,849	79,480	4,985,329	0.26	3.974	198,700	4.98	A-		02-07-29
5,000,000	78017dat5	Royal Bank of Canada 4.400% Due 04-17-30	99.46	4,973,150	99.17	4,958,531	45,222	5,003,753	0.26	4.400	220,000	4.76	A		04-17-29
5,000,000	17325fbr8	Citibank NA 5.150% Due 05-29-30	101.36	5,068,000	101.35	5,067,287	20,028	5,087,315	0.27	5.150	257,500	4.97	A+		04-29-30

City of Sacramento
PORTFOLIO APPRAISAL
City Investment Pool A
June 30, 2026

Quantity	Security Symbol	Security	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	Market Value + Accrd. Int.	Pct. Assets	Unit Income	Annual Income	Cur. Yield	S & P	Bond Status	Call Put Date
5,000,000	61748uae2	Morgan Stanley 5.230% Due 01-15-31	103.12	5,156,050	101.13	5,056,395	120,581	5,176,976	0.27	5.230	261,500	4.73	A-		01-15-30
5,000,000	6174468p7	Morgan Stanley 3.622% Due 04-01-31	96.16	4,807,950	95.77	4,788,346	45,275	4,833,621	0.25	3.622	181,100	4.41	A-		04-01-30
5,000,000	225401ap3	UBS Group AG 4.194% Due 04-01-31	98.25	4,912,300	97.63	4,881,366	52,425	4,933,791	0.26	4.194	209,700	4.50	A-		04-01-30
				<u>49,628,800</u>		<u>49,517,394</u>	<u>531,844</u>	<u>50,049,238</u>	<u>2.63</u>		<u>2,035,150</u>	<u>4.12</u>			
				49,628,800		49,517,394	531,844	50,049,238	2.63		2,035,150	4.12			
TOTAL PORTFOLIO				1,883,596,635		1,880,635,276	14,389,609	1,895,024,885	100.00		74,722,026	3.99			

City of Sacramento
PURCHASE AND SALE
City Investment Pool A
From 06-01-26 To 06-30-26

Trade Date	Settle Date	Sec Type Code	Security Symbol	Cusip	Quantity	Security	S & P	Unit Price	Amount
PURCHASES									
06-01-26	06-02-26	cbus	57629tcc9	57629TCC9	5,000,000	Massmutual Global Funding 4.700% Due 04-01-31	AA+	100	4,986,900
06-02-26	06-03-26	vrus	78017dat5	78017DAT5	5,000,000	Royal Bank of Canada 4.400% Due 04-17-30	A	99	4,973,150
06-03-26	06-04-26	cbus	66815l2x6	66815L2X6	5,000,000	Northwestern Mutual Global Fdg 4.125% Due 08-25-28	AA+	99	4,968,750
06-03-26	06-11-26	mbus	91412hyx5	91412HYX5	1,000,000.00	University Calif Revenue Bonds 4.504% Due 05-15-31	AA	100	1,000,000
06-11-26	06-12-26	cbus	46124hak2	46124HAK2	5,000,000	Intuit 4.950% Due 06-15-31	A	100	5,016,350
06-11-26	06-16-26	fms	3136gdgl1	3136GDGL1	5,000,000	Fannie Mae 4.500% Due 06-16-31	AA+	100	5,000,000
06-15-26	06-22-26	cdus	46659cf88	46659CF88	10,000,000	JP Morgan Chase Bank NA 4.100% Due 06-22-27	A1+	100	10,000,000
06-16-26	06-18-26	cbus	67066gar5	67066GAR5	5,000,000	Nvidia Corporation 4.500% Due 06-15-31	AA	100	5,008,900
06-23-26	06-24-26	frus	3133ewtg5	3133EWTG5	5,000,000	Federal Farm Credit Bank 4.730% Due 06-16-31	AA+	100	4,998,500
06-23-26	06-29-26	frus	3133ewul2	3133EWUL2	5,000,000	Federal Farm Credit Bank 4.310% Due 06-29-29	AA+	100	5,000,000
									50,952,550
SALES									
06-01-26	06-01-26	cbus	902674zz6	902674ZZ6	5,000,000	UBS Ag London Branch 1.250% Due 06-01-26	A+	100	5,000,000
06-03-26	06-03-26	cbus	89114tzd7	89114TZD7	10,000,000	Toronto Dominion Bank 1.200% Due 06-03-26	A-	100	10,000,000
06-10-26	06-11-26	cbus	539830cc1	539830CC1	5,000,000	Lockheed Martin Corp 4.500% Due 02-15-29	A-	100	4,994,300
06-15-26	06-15-26	cbus	63743hew8	63743HEW8	4,000,000	National Rural Utils Coop Fin 1.000% Due 06-15-26	A-	100	4,000,000
06-15-26	06-15-26	frus	3133emh21	3133EMH21	5,000,000	Federal Farm Credit Bank 0.900% Due 06-15-26	AA+	100	5,000,000
06-15-26	06-15-26	frus	3133emh54	3133EMH54	5,000,000	Federal Farm Credit Bank 0.960% Due 06-15-26	AA+	100	5,000,000
06-15-26	06-15-26	mbus	79773ksj4	79773KSJ4	2,000,000.00	San Francisco Calif City & Cnt Tax Alloc 3.700% Due 06-15-26	AA+	100	2,000,000
06-16-26	06-16-26	cdus	90348jm72	90348JM72	5,000,000	UBS Bank CD 0.850% Due 06-16-26	AA-	100	5,000,000
06-18-26	06-18-26	cbus	89236tjk2	89236TJK2	5,000,000	Toyota Motor Credit Corp 1.125% Due 06-18-26	A+	100	5,000,000
06-22-26	06-22-26	frus	3133eml67	3133EML67	3,000,000	Federal Farm Credit Bank 0.800% Due 06-22-26	AA+	100	3,000,000

City of Sacramento
PURCHASE AND SALE
City Investment Pool A
From 06-01-26 To 06-30-26

Trade Date	Settle Date	Sec Type Code	Security Symbol	Cusip	Quantity	Security	S & P	Unit Price	Amount
06-23-26	06-23-26	flus	3130ampt3	3130AMPT3	3,000,000	Federal Home Loan Bank 1.030% Due 06-23-26	AA+	100	3,000,000
									51,994,300

Capitol Area Development Authority

CAPITOL AREA DEVELOPMENT AUTHORITY

MONTHLY REVIEW – JUNE 2026

STRATEGY

The CADA funds are invested in the City of Sacramento's Pool A investment fund. The Fund is invested pursuant to the objectives and requirements set forth in the City's investment policy. The three objectives of the investment policy, in order of priority, are (1) the preservation of capital by the investment in safe instruments, (2) the liquidity needs of the City and pool participants so such parties will have access to cash when they need it, and (3) the maximizing of current income while remaining consistent with the other more important objectives. The City's investment policy incorporates applicable provisions of state law including, among other things, the prudent person standard and California Code Section 53601 pertaining to eligible investments.

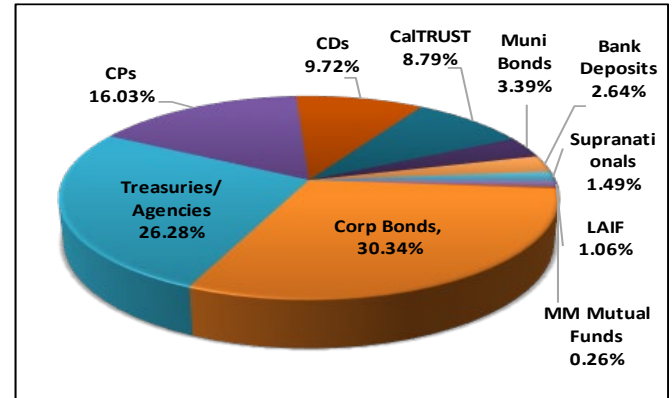
PORTFOLIO STATISTICS

Beginning Balance	20,020,562
Contributions	0
Withdrawals	0
Interest Earned	66,313
Ending Balance	20,086,875

PERFORMANCE COMPARISON

City Pool A	4.03%
LAIF	3.82%
90 Day T-Bill	3.73%
Federal Funds	3.75%

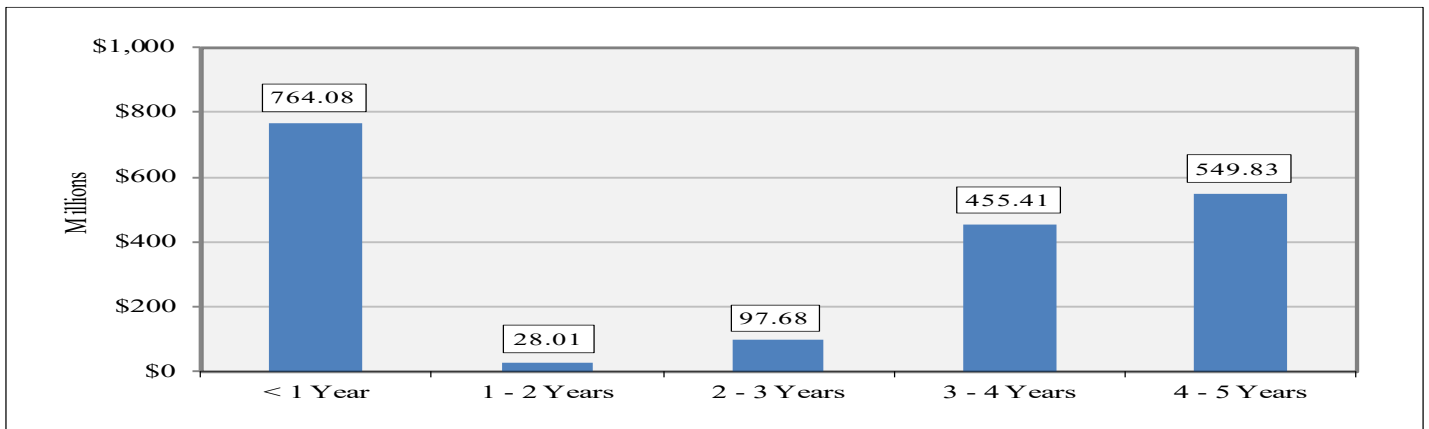
CITY POOL A PORTFOLIO COMPOSITION



CITY POOL A MATURITY SCHEDULE

Maturity	Market Value	Pct. Holdings
< 1 Year	764,079,629	40.33%
1 - 2 Years	28,013,576	1.48%
2 - 3 Years	97,684,824	5.15%
3 - 4 Years	455,412,781	24.03%
4 - 5 Years	549,834,075	29.01%
5 Yrs+30 Dys	-	0.00%
Total	1,895,024,885	100.00%

Asset Type	Pct. Assets	YTM
Corp Bonds	30.34%	4.22%
Treasuries/Agencies	26.28%	3.90%
CPs	16.03%	3.87%
CDs	9.72%	3.95%
CalTRUST	8.79%	3.79%
Muni Bonds	3.39%	3.94%
Bank Deposits	2.64%	3.33%
Supranationals	1.49%	4.39%
LAIF	1.06%	3.82%
MM Mutual Funds	0.26%	3.32%



City of Sacramento
CASH LEDGER
Capitol Area Development Authority - Banking
From 06-01-26 To 06-30-26

All Cash Accounts

<u>Trade Date</u>	<u>Settle Date</u>	<u>Tran Code</u>	<u>Quantity</u>	<u>Security</u>	<u>Amount</u>	<u>Cash Balance</u>
Pool A Interest Receivable						
06-01-26				Beginning Balance		614,172.33
06-30-26	06-30-26	in		Pool A Cash	66,313.25	680,485.58
				Jun 2026 estimated Pool A interest		
					<u>66,313.25</u>	
06-30-26				Ending Balance		680,485.58
Pool A Cash						
06-01-26				Beginning Balance		19,406,389.58
06-30-26				Ending Balance		19,406,389.58

CAPITOL AREA DEVELOPMENT AUTHORITY – TAX EXEMPT

MONTHLY REVIEW – JUNE 2026

STRATEGY

The CADA funds are invested in the City of Sacramento's Pool A investment fund. The Fund is invested pursuant to the objectives and requirements set forth in the City's investment policy. The three objectives of the investment policy, in order of priority, are (1) the preservation of capital by the investment in safe instruments, (2) the liquidity needs of the City and pool participants so such parties will have access to cash when they need it, and (3) the maximizing of current income while remaining consistent with the other more important objectives. The City's investment policy incorporates applicable provisions of state law including, among other things, the prudent person standard and California Code Section 53601 pertaining to eligible investments.

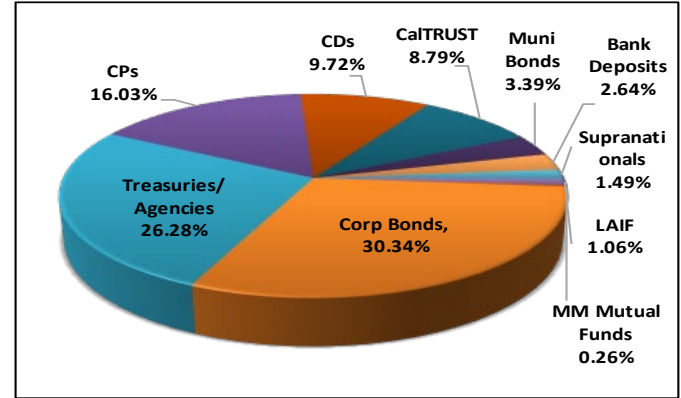
PORTFOLIO STATISTICS

Beginning Balance	44,008
Contributions	0
Withdrawals	0
Interest Earned	146
Ending Balance	44,154

PERFORMANCE COMPARISON

City Pool A	4.03%
LAIF	3.82%
90 Day T-Bill	3.73%
Federal Funds	3.75%

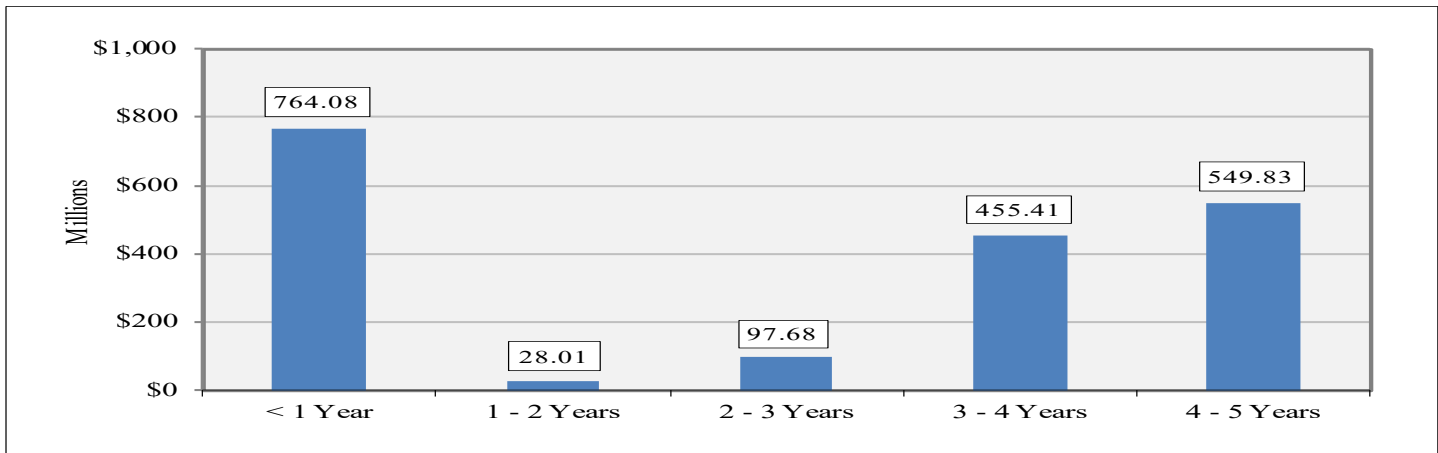
CITY POOL A PORTFOLIO COMPOSITION



CITY POOL A MATURITY SCHEDULE

Maturity	Market Value	Pct. Holdings
< 1 Year	764,079,629	40.33%
1 - 2 Years	28,013,576	1.48%
2 - 3 Years	97,684,824	5.15%
3 - 4 Years	455,412,781	24.03%
4 - 5 Years	549,834,075	29.01%
5 Yrs+30 Dys	-	0.00%
Total	1,895,024,885	100.00%

Asset Type	Pct. Assets	YTM
Corp Bonds	30.34%	4.22%
Treasuries/Agencies	26.28%	3.90%
CPs	16.03%	3.87%
CDs	9.72%	3.95%
CalTRUST	8.79%	3.79%
Muni Bonds	3.39%	3.94%
Bank Deposits	2.64%	3.33%
Supranationals	1.49%	4.39%
LAIF	1.06%	3.82%
MM Mutual Funds	0.26%	3.32%



City of Sacramento
CASH LEDGER
Capitol Area Development Authority - Tax Exempt
From 06-01-26 To 06-30-26

All Cash Accounts

<u>Trade Date</u>	<u>Settle Date</u>	<u>Tran Code</u>	<u>Quantity</u>	<u>Security</u>	<u>Amount</u>	<u>Cash Balance</u>
Pool A Interest Receivable						
06-01-26				Beginning Balance		1,350.04
06-30-26	06-30-26	in		Pool A Cash	145.77	1,495.81
				Jun 2026 estimated Pool A interest		
					<u>145.77</u>	
06-30-26				Ending Balance		1,495.81
Pool A Cash						
06-01-26				Beginning Balance		42,657.95
06-30-26				Ending Balance		42,657.95

CAPITOL AREA DEVELOPMENT AUTHORITY – TAXABLE

MONTHLY REVIEW – JUNE 2026

STRATEGY

The CADA funds are invested in the City of Sacramento's Pool A investment fund. The Fund is invested pursuant to the objectives and requirements set forth in the City's investment policy. The three objectives of the investment policy, in order of priority, are (1) the preservation of capital by the investment in safe instruments, (2) the liquidity needs of the City and pool participants so such parties will have access to cash when they need it, and (3) the maximizing of current income while remaining consistent with the other more important objectives. The City's investment policy incorporates applicable provisions of state law including, among other things, the prudent person standard and California Code Section 53601 pertaining to eligible investments.

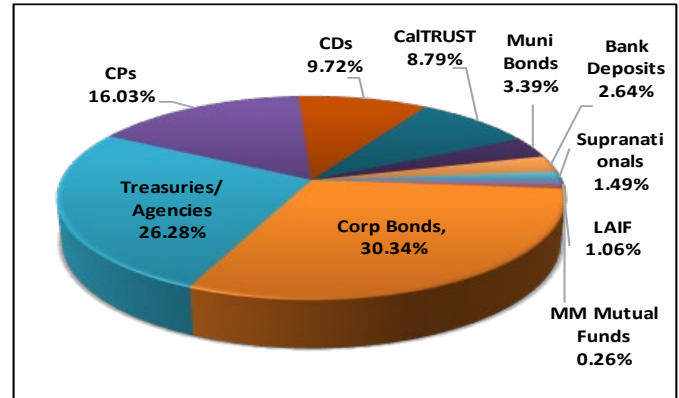
PORTFOLIO STATISTICS

Beginning Balance	300,012
Contributions	0
Withdrawals	0
Interest Earned	994
Ending Balance	301,006

PERFORMANCE COMPARISON

City Pool A	4.03%
LAIF	3.82%
90 Day T-Bill	3.73%
Federal Funds	3.75%

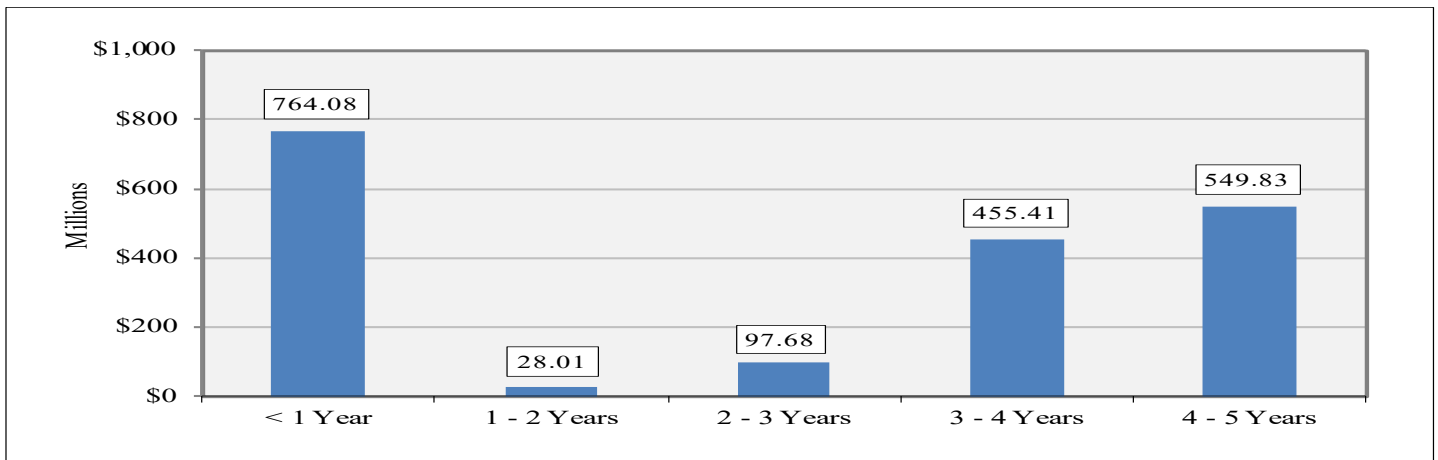
CITY POOL A PORTFOLIO COMPOSITION



CITY POOL A MATURITY SCHEDULE

Maturity	Market Value	Pct. Holdings
< 1 Year	764,079,629	40.33%
1 - 2 Years	28,013,576	1.48%
2 - 3 Years	97,684,824	5.15%
3 - 4 Years	455,412,781	24.03%
4 - 5 Years	549,834,075	29.01%
5 Yrs+30 Dys	-	0.00%
Total	1,895,024,885	100.00%

Asset Type	Pct. Assets	YTM
Corp Bonds	30.34%	4.22%
Treasuries/Agencies	26.28%	3.90%
CPs	16.03%	3.87%
CDs	9.72%	3.95%
CalTRUST	8.79%	3.79%
Muni Bonds	3.39%	3.94%
Bank Deposits	2.64%	3.33%
Supranationals	1.49%	4.39%
LAIF	1.06%	3.82%
MM Mutual Funds	0.26%	3.32%



City of Sacramento
CASH LEDGER
Capitol Area Development Authority - Taxable
From 06-01-26 To 06-30-26

All Cash Accounts

<u>Trade Date</u>	<u>Settle Date</u>	<u>Tran Code</u>	<u>Quantity</u>	<u>Security</u>	<u>Amount</u>	<u>Cash Balance</u>
Pool A Interest Receivable						
06-01-26				Beginning Balance		9,203.49
06-30-26	06-30-26	in		Pool A Cash	993.72	10,197.21
				Jun 2026 estimated Pool A interest		
					993.72	
06-30-26				Ending Balance		10,197.21
Pool A Cash						
06-01-26				Beginning Balance		290,808.44
06-30-26				Ending Balance		290,808.44

CAPITOL AREA DEVELOPMENT AUTHORITY – 2020 TAXABLE BOND PROCEEDS

MONTHLY REVIEW – JUNE 2026

STRATEGY

The CADA funds are invested in the City of Sacramento's Pool A investment fund. The Fund is invested pursuant to the objectives and requirements set forth in the City's investment policy. The three objectives of the investment policy, in order of priority, are (1) the preservation of capital by the investment in safe instruments, (2) the liquidity needs of the City and pool participants so such parties will have access to cash when they need it, and (3) the maximizing of current income while remaining consistent with the other more important objectives. The City's investment policy incorporates applicable provisions of state law including, among other things, the prudent person standard and California Code Section 53601 pertaining to eligible investments.

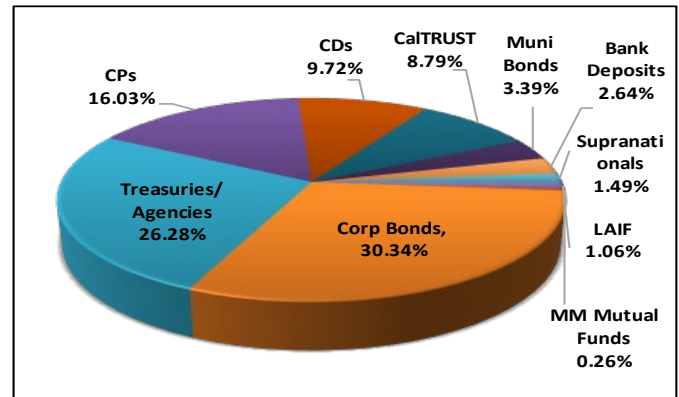
PORTFOLIO STATISTICS

Beginning Balance	19,952,658
Contributions	0
Withdrawals	0
Interest Earned	66,088
Ending Balance	20,018,746

PERFORMANCE COMPARISON

City Pool A	4.03%
LAIF	3.82%
90 Day T-Bill	3.73%
Federal Funds	3.75%

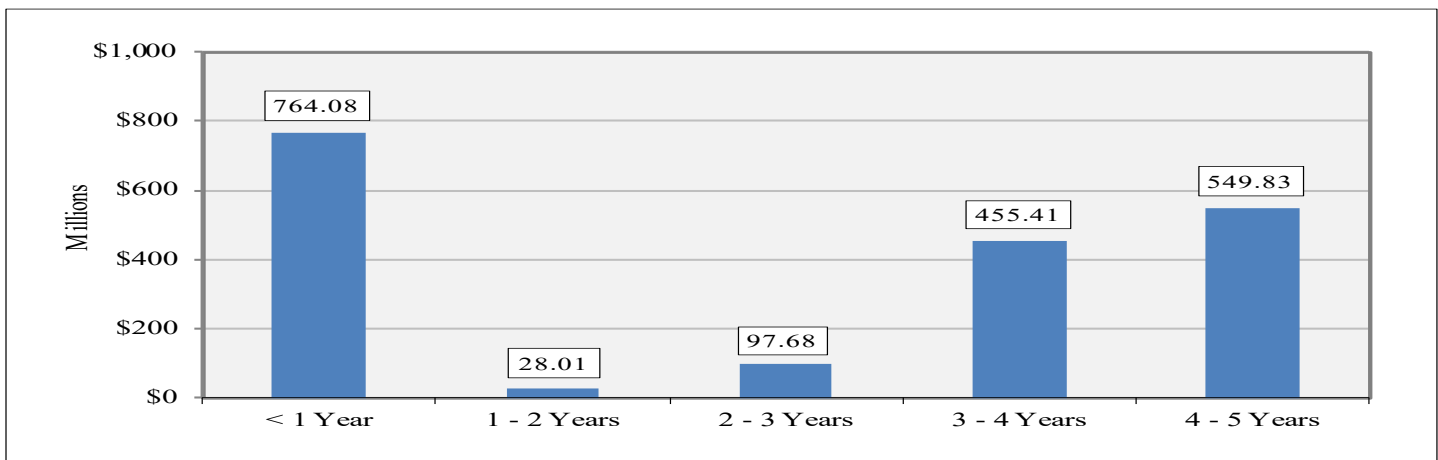
CITY POOL A PORTFOLIO COMPOSITION



CITY POOL A MATURITY SCHEDULE

Maturity	Market Value	Pct. Holdings
< 1 Year	764,079,629	40.33%
1 - 2 Years	28,013,576	1.48%
2 - 3 Years	97,684,824	5.15%
3 - 4 Years	455,412,781	24.03%
4 - 5 Years	549,834,075	29.01%
5 Yrs+30 Dys	-	0.00%
Total	1,895,024,885	100.00%

Asset Type	Pct. Assets	YTM
Corp Bonds	30.34%	4.22%
Treasuries/Agencies	26.28%	3.90%
CPs	16.03%	3.87%
CDs	9.72%	3.95%
CalTRUST	8.79%	3.79%
Muni Bonds	3.39%	3.94%
Bank Deposits	2.64%	3.33%
Supranationals	1.49%	4.39%
LAIF	1.06%	3.82%
MM Mutual Funds	0.26%	3.32%



City of Sacramento
CASH LEDGER
CADA 2020 Taxable Bond Proceeds
From 06-01-26 To 06-30-26

All Cash Accounts

<u>Trade Date</u>	<u>Settle Date</u>	<u>Tran Code</u>	<u>Quantity</u>	<u>Security</u>	<u>Amount</u>	<u>Cash Balance</u>
Pool A Interest Receivable						
06-01-26				Beginning Balance		612,090.78
06-30-26	06-30-26	in		Pool A Cash	66,088.34	678,179.12
				Jun 2026 estimated Pool A interest		
					66,088.34	
06-30-26				Ending Balance		678,179.12
Pool A Cash						
06-01-26				Beginning Balance		19,340,567.26
06-30-26				Ending Balance		19,340,567.26



CALIFORNIA DEBT AND INVESTMENT ADVISORY COMMISSION

Update for 2026

Reflects state law changes
effective as of January 1, 2026
CDIAC 26.01

California Debt and Investment Advisory Commission

The California Debt and Investment Advisory Commission (CDIAC) provides information, education, and technical assistance on debt issuance and public fund investments to local agencies and public finance professionals. CDIAC also serves as the State's clearinghouse for public debt issuance information.

FIONA MA, CPA

State Treasurer and Chair

GAVIN NEWSOM

Governor

MALIA M. COHEN

State Controller

DAVID ALVAREZ

Assemblymember

AVELINO VALENCIA

Assemblymember

TIMOTHY GRAYSON

Senator

LAURA RICHARDSON

Senator

SANDIE ARNOTT

*Treasurer-Tax Collector
County of San Mateo*

NIKOLAI SKLAROFF

*Capital Finance Director
San Francisco Public Utilities Commission*

ROBERT BERRY

Executive Director

Additional information concerning this report or CDIAC programs may be obtained by contacting CDIAC directly via phone (916) 653-3269, fax (916) 654-7440, e-mail (cdiac@treasurer.ca.gov) or by visiting CDIAC's website: www.treasurer.ca.gov/cdiac/.

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About the Local Agency Investment Guidelines

The *Local Agency Investment Guidelines* is intended to aid local officials in their efforts to implement existing laws pertaining to the investment of public funds. Each year, CDIAC staff convenes a working group of public- and private-sector professionals to support its efforts to revise and update these *Guidelines*.

THOSE PARTICIPATING IN THE 2026 GUIDELINES INCLUDE:

- Constantine Baranoff, *Attorney, Lozano Smith*
- Deborah M. Higgins, *President, Higgins Capital Management, Inc.*
- John Johnson, *Asst. Auditor-Controller/Treasurer/Tax Collector, San Bernardino County*
- Carol L. Lew, *Partner, Stradling, Yocca, Carlson & Rauth, P.C.*
- Philip Marr, *Senior Portfolio Manager, City of Los Angeles – Office of Finance*
- Laura Parisi, CPA, CFIP, *City Treasurer, City of Laguna Beach*
- Rick Phillips, CCM, *Senior Vice President, Chief Investment Strategist, Meeder*
- Monique Spyke, *Managing Director, Head of California Practice, PFM Asset Management, a division of U.S. Bancorp Asset Management, Inc.*

This document briefly describes each issue, offers an interpretation of the minimum compliance requirements, and provides consensus recommendations where the working group deemed them necessary. These interpretations represent the best judgment of CDIAC and the professionals involved and are intended only as a guide for local agencies in their compliance. Agencies should rely only on their legal counsel for legal advice.

The *Local Agency Investment Guidelines: Update for 2026* reflects current investment statutes. It is divided into chapters on investment policy, fund management, reporting requirements, and the treasury oversight committee. Please note that an issue may not fit neatly into the following four chapters.

Generally speaking, all local agencies are subject to the reporting, fund management, and investment policy requirements. Only county governments may be subject to the county oversight committee requirements. Any jurisdiction that assumes it is not covered by these provisions should seek legal counsel. California Government Code Section 53600 states:

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

Summary of Changes

The *2026 Local Agency Investment Guidelines* incorporates the following California statutory changes:

STATUTORY CHANGES

LOCAL FUNDS

Chapter 242, Statutes of 2025 (SB 858) amends Gov. Code 53601(h) to increase the maximum maturity for prime quality commercial paper from 270 days to up to 397 days.

Chapter 323, Statutes of 2025 (SB 595) amends Government Code (Gov. Code) section 53601(h) to address the investment of local agency surplus funds. The bill extends the authority for local agencies that have \$100,000,000 or more of investment assets under management, to invest no more than 40% of their money in eligible commercial paper until January 1, 2031. SB 595 also amends Gov. Code section 53601.6 to extend a local agency's authority to invest in securities issued by, or backed by, the United States government that could result in zero-interest accrual if held to maturity, to January 1, 2031.

SB 595 also makes the change, concurrent and conforming with the amendments to Gov. Code 53601(h) made by SB 858, to permanently increase the maximum allowable maturity for prime quality commercial paper from 270 days to up to 397 days, up to and after the January 1, 2031 sunset date established under SB 595.

Finally, SB 595 amends Gov. Code section 53895 to revise the requirements for local agency financial transactions reports to the State Controller by imposing penalties if the required reports are not filed within 10 months after the end of the fiscal year or by the State Controller's deadline, whichever is later.

Chapter 661, Statutes of 2025 (SB 827) expands training requirements for local agency officials in California by updating ethics training mandates and introducing a new fiscal and financial training component. Ethics training must now be completed within six months of starting service (previously one year). Public agencies must maintain and publicly disclose training records for at least five years, with instructions on how to request training records posted on their website beginning July 1, 2026.

In addition, SB 827 establishes a biennial two-hour fiscal and financial training requirement for officials of cities, counties and special districts including members of the legislative body, elected officers, appointed officials with financial responsibilities and other agency executives. The training specified in the bill covers a wide variety of fiscal and financial topics including capital financing and debt management, pensions and other postemployment benefits, cash management and investments, the prudent investor standard, the ethics of safeguarding public resources, municipal budgets and budget processes, and financial reporting and auditing. Agencies may partner with recognized experts to deliver the training in person or online and must offer it annually.

Chapter 331, Statutes of 2025 (SB 852) amends Gov. Code 87500(a)(2) adding public officials who manage public investments to the list of individuals that are required to file statements of economic interest (Form 700) using the Fair Political Practice Commission's electronic filing system.

FEDERAL AND REGULATORY CHANGES

No changes.

OTHER CHANGES

The 2026 Local Agency Investment Guidelines includes changes to Chapter II: Fund Management:

Chapter 2, II.A. A. *Which investments are permissible? Which are prohibited?* [Sections 16340, 16429.1, 27133, 53601, 53601.6, 53601.8, 53635, 53635.2, 53635.8, 53638, 53684, and 57603] now includes a reference to shares of ETFs, REITs, and equities, and annuities as a prohibited investment not included in Figure 1.

New guidance has been added to Chapter 2, Fund Management, II.D. *What funds should a local agency use to calculate portfolio concentration compliance with state law?* [Section 53601], related to agencies that use checking (depository) accounts involving money market or commercial paper sweep accounts when calculating portfolio concentration limitations.

All references to statutory code "sections" throughout this document shall refer to California Government Code unless otherwise stated.

Chapter I. The Annual Investment Policy

A good investment policy encompasses the cash, treasury, and investment management functions of an agency. It serves as a guide for setting and achieving program objectives, defines rules and establishes benchmarks, and reduces the exposure to liability of both the investment staff and the governing board. It is also important to note that rating agencies pay close attention to an agency's investment policy and portfolio in determining its credit rating.

From this point forward, all references to the word “section” refers to the California Government Code unless otherwise stated.

I. A Should local agencies produce an investment policy? Should the investment policy be presented to the local agency's legislative body? [Section 53646(a)]¹

The investment policy serves as the foundation of a local agency's investment goals and priorities. If the investment policy is carefully researched, effectively drafted, and reviewed regularly to assure that it continues to meet the agency's goals/priorities for its portfolio, it can help protect the assets of the organization. The existence of an approved investment policy demonstrates that the governing body is performing its fiduciary responsibilities, thereby, inspiring trust and confidence among the public that it serves.

MINIMUM LEGAL REQUIREMENTS:

Section 53646(a)(1) states that the treasurer of a county government may annually render to their board of supervisors and oversight committee an investment policy, which the board shall review and approve at a public meeting. In addition, the board shall review and approve any changes to the investment policy at a public meeting.

Section 53646(a)(2) states that the treasurer or chief fiscal officer of any other local agency may annually render to their legislative body and any oversight committee an investment policy, that the legislative body shall consider at a public

¹ All statutory references are to the California Government Code unless otherwise noted.

meeting. This raises questions about whether or not the policy should be adopted officially by the legislative body, and the time during the year that this “consideration” should take place.

CONSENSUS RECOMMENDATION:

An investment policy should always be in place. While not required by statute, it is in the best interest of the local agency to present and discuss the policy with the agency’s legislative body or oversight committee, and then have the policy approved by a vote of the legislative body. A public vote signifies that the legislative body shares fiduciary responsibility with the treasurer, increases the authority and legitimacy of the investment policy, and provides transparency and disclosure.

I. B When should the investment policy be reviewed and updated? How should the investment policy be rendered to the legislative body? [Section 53646(a)]

The size and complexity of the investment policy, portfolio, agency and the agency’s staff are factors that may affect the frequency of the investment policy review and revision.

MINIMUM LEGAL REQUIREMENT:

Section 53646(a) provides that if an investment policy is submitted to the local agency’s legislative body, it must be an agenda item at a public meeting. If submitted to a county board of supervisors, the board is required to review and approve the investment policy and any changes to it at the public meeting. The statute does not place the same specific approval requirements on other local agencies, but it does require consideration. The statute does not specify, however, when during the year that consideration or approval should occur.

CONSENSUS RECOMMENDATION:

The Association of Public Treasurers of the United States & Canada, the Government Finance Officers Association, and the Government Investment Officers Association have established policy standards that recommend investment policies be reviewed annually. At a minimum, the internal treasury staff should conduct a review annually. Ideally, the review should be timed to coincide with the end of the state legislative cycle so that consideration may be given to any changes in statute that may impact the agency’s policy.

An update in the investment policy is warranted if treasury staff’s review results in a material change in policy due to either a change in statute or a change in the agency’s goals and objectives for safety, liquidity and yield. A change in statute, however, may not necessarily require a change in the policy. Many agencies’ policies are already more restrictive than statute. Likewise, an agency may choose to update its policy to restrict the purchase of a new investment

product that is allowable by statute but that the agency deems to be too risky for its investment portfolio.

Although rendering the investment policy to the legislative body or oversight committee is not required, it is highly recommended. If it is done, it should be done annually, on an established schedule, such as after the annual review and update.

For newly-elected legislative body members, election terms may not coincide with the investment policy review. But, because of the fiduciary responsibility of the legislative body, any newly-elected members should be made aware of the existence of the investment policy and its contents as soon as possible.

I. C What information should be included in the investment policy? [Section 27133]

MINIMUM LEGAL REQUIREMENTS:

Except for county governments, the California Government Code does not contain any provisions specifying what must be included in the investment policy of a local agency. Section 27133 provides that county investment policies must contain:

- A list of securities or other instruments in which the county treasury may invest, according to the law, including the maximum percentage by type of security, and the maximum term of any security purchased;
- The manner of calculating and apportioning the authorized costs of investing, depositing, banking, auditing, reporting, handling, and managing of funds;
- Limits on the receipt of honoraria, gifts, and gratuities for county treasury oversight members from advisors, brokers, dealers, bankers, or other persons with whom the county treasury conducts business;
- Criteria for selecting brokers and dealers (including prohibitions against selecting any broker, dealer, or security firm within any consecutive 48-month period of making a campaign contribution exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board);
- A requirement that the treasurer provide the county treasury oversight committee with an investment report as required by the Board of Supervisors;
- Terms and conditions under which other local agencies that are not required to deposit funds may deposit funds in the county treasury if they so choose; and
- Criteria for considering requests to withdraw funds from the county treasury.

The last two of the above elements directly refer to the duties counties have in maintaining a local government investment pool.

CONSENSUS RECOMMENDATION:

Although statute does not specify the contents of the investment policy for local agencies other than counties, it should include at a minimum, the first five elements required of counties. In addition, the policy should specify the funds to which the policy will and will not apply. For instance, bond proceeds are usually guided by the bond documents and thus, may not be a part of the investment policy. Similarly, pension funds are guided by other code sections and may have different investment objectives.

The Association of Public Treasurers of the United States & Canada and the Government Investment Officers Association offers an Investment Policy Program that provides public investors with guidance and technical assistance in developing a comprehensive written investment policy at www.aptusc.org and www.gioa.us. The California Municipal Treasurers Association (CMTA) has sample investment policies that were certified through [CMTA's Investment Policy Certification Program](#). Additional sources for recommended elements of an investment policy can be found in CDIAC's [California Public Fund Investment Primer](#) and [Investment Policy Reporting Practices: An Informative Guide](#), and the Government Investment Officers Association's [Investment Policy Certification Program and Application](#).

I. D How is the limit on a political contribution determined when selecting brokers and dealers? [Section 27133 (c) and MSRB Rule G-37]

The county treasury shall not select brokers and dealers who individually, or as a firm, have contributed more than the current limit established under Municipal Securities Regulatory Board (MSRB) Rule G-37.

MINIMUM LEGAL REQUIREMENT:

The county treasury is prohibited from selecting those brokers, brokerage firms, dealers, or securities firms having made political contributions within the last four years, which exceed the amount set forth in MSRB Rule G-37. For 2026, the limit is \$250. This limit applies to the local treasurer, any member of the governing board of the local agency, or any candidate for those offices.

In addition to the provisions outlined in Section 27133 and MSRB Rule G-37, local agencies, the state, and the Fair Political Practices Commission (FPPC) may adopt additional standards on acceptable political contribution limits. For reference, the local treasurer, any member of the governing board of the local agency,

and treasury staff are required to report any gift of \$50 or more on his or her annual Form 700 submission to the FPPC.

CONSENSUS RECOMMENDATION:

All treasury staff should be knowledgeable of the specific state and local laws and ordinances governing their receipt of political contributions, gifts, and honoraria. Although the MSRB Rule G-37 applies to the local treasurer and the governing board of the local agency, treasury staff are likely subject to additional rules set forth by the FPPC and the local agency. If there is no policy on the receipt of political contributions, gifts, or honoraria at the local agency level, establish one and educate all agency employees who affect treasury decisions.

I. E What constraints can county pools place on voluntary depositors? [Section 27133(g)]

County treasurers have difficulty predicting withdrawals of voluntary funds made by pool participants. As a result, questions commonly arise regarding how county pools should treat funds from voluntary depositors. In the absence of information on a depositor's cash flow, an unanticipated withdrawal can create potential liquidity problems for the pool.

MINIMUM LEGAL REQUIREMENT:

State law does not require county pools to accept voluntary deposits.

CONSENSUS RECOMMENDATION:

Allow voluntary deposits only under a clearly written contract or memorandum of understanding. This agreement should spell out the exact rules for participating in the pool and provide the county treasurer with reasonable predefined discretion to establish the frequency and amount of voluntary funds that can be removed from the pool at a particular time. Another option is to ban voluntary deposits altogether if the county has confidence that other local agencies have reasonable investment alternatives.

Chapter II. Fund Management

For the investment of county funds in a county treasury, Section 27000.3 establishes the Board of Supervisors as a fiduciary that is subject to the prudent investor standard unless it delegates its investment duties to the county treasurer. For other local agencies' funds invested in the county treasury, the county treasurer serves as a fiduciary and is subject to the prudent investor standard.

Except as provided for in Section 27000.3, Section 53600.3 declares as a trustee each person, treasurer, or governing body authorized to make investment decisions on behalf of local agencies. As trustees these individuals are subject to the prudent investor standard. That is, they shall act with care, skill, prudence, and diligence under the circumstances then prevailing when investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing funds. Section 53600.5 further stipulates that the objectives of any person investing public funds is to, first, safeguard principal; second, to meet the liquidity needs of the depositor; and lastly, to achieve a return or yield on the funds under its control (Section 27000.5 specifies the same objectives for county treasurers and boards of supervisors).

Risk is inherent throughout the investment process. There is investment risk associated with any investment activity and opportunity risk related to inactivity. Market risk is derived from exposure to overall changes in the general level of interest rates while credit risk is the risk of loss due to the failure of the issuer of a security. The market value of a security varies inversely with the level of interest rates. If an investor is required to sell an investment with a 5% yield in a comparable 7% rate environment, that security will be sold at a loss. The magnitude of that loss will depend on the amount of time until maturity.

Purchasing certain allowable securities with a maturity of greater than five years from the settlement date, requires approval of the governing board (see Section 53601). Part of that approval process involves assessing and disclosing the risk and possible volatility associated with longer-term investments.

Another element of risk is liquidity risk. Instruments with extraordinary or special call features, sinking fund redemption structures, or those issued by little known issuers, are examples of "story bonds" and often are thinly traded. Their uniqueness often makes finding prospective buyers in a secondary market more difficult and, consequently, the securities' marketability and prices may be discounted. However, under certain market conditions, gains may also be possible with these types of securities.

Default risk represents the possibility that the borrower may be unable to repay the obligation as scheduled. Generally, securities issued by the federal government and its agencies are considered the most secure, while securities issued by private corporations, or negotiable certificates of deposit issued by commercial banks have a greater degree of risk. Securities with additional credit enhancements, such as bankers' acceptances, collateralized repurchase agreements, and collateralized bank deposits, are somewhere between the two on the risk spectrum.

The majority of local agency portfolios are managed with a buy and hold investment strategy. Investments are purchased with the intent and capacity to hold them until maturity. At times, market forces or operations may dictate exchanging one security for another or selling a security before maturity. Continuous analysis and fine tuning of the investment portfolio are considered part of prudent investment management.

California Government Code contains specific provisions regarding the types of investments and practices permitted after considering the broad requirement of preserving principal and maintaining liquidity before seeking yield. These provisions are intended to promote the use of reliable, diverse, and safe investment instruments to better ensure a prudently managed portfolio worthy of public trust.

II. A Which investments are permissible? Which are prohibited? [Sections 16340, 16429.1, 27133, 53601, 53601.6, 53601.8, 53635, 53635.2, 53635.8, 53638, 53684, and 57603]

MINIMUM LEGAL REQUIREMENT:

Local agencies may invest only in those instruments specified in State law. Investments commonly held in personal investment portfolios like shares of exchange traded funds (ETFs), equities, and real estate investment trusts (REITs), and insurance products like annuities are not statutorily permitted investments and are effectively prohibited in a local agency surplus funds portfolio.

Sections 16340, 16429.1, 27133, 53601, 53601.6, 53601.8, 53635, 53635.2, 53635.8, 53638, 53684, and 57603 include a number of requirements on how and where public money may be invested. Figure 1 provides a synopsis of the permitted investment instruments and limitations on each, in which all local agencies may invest.

Section 53601 places limits on permissible securities. A five-year maximum maturity applies to all permissible securities unless otherwise stated in the code. A permissible security may exceed this limitation only if the legislative body has approved the investment either specifically or as a part of an investment program no less than three months prior to the investment. A permissible investment's term or remaining maturity is to be measured from the

investment's settlement date to final maturity. Any forward settlement that exceeds 45 days from the time of investment is prohibited.

Prohibited investments include securities not listed in Figure 1, as well as those specifically prohibited under 53601.6(a) including inverse floaters, range notes, and interest only strips derived from a pool of mortgages.

Section 53601.6(b) prohibits investment by a local agency in any security that could result in a zero-interest accrual if held to maturity. This restriction, however, does not apply to local agency investments in shares of beneficial interest issued by diversified management companies registered under the Investment Company Act of 1940 that are authorized for investment pursuant to subdivision(l) of Government Code Section 53601. In addition, since January 1, 2020, Section 53601.6(b) has authorized local agencies to invest in securities issued by, or backed by the United States government that could result in zero- or negative-interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates. A local agency may hold these instruments until their maturity date. This limited code exception allows local agencies the option of buying and holding onto zero- or negative-interest accrual United States government securities, if it would preserve more principal. This provision will sunset January 1, 2031.

Section 53601 provides that public agencies may invest in bonds issued by the local agency itself, but IRS rules may not support maintenance of the tax-exempt status. In 2008, the Legislature added Section 5925 to clarify that the purchase of bonds by the local agency that issued the bonds does not cancel, defease, or otherwise affect the bonds. With the addition of Section 5925 the repurchased or acquired bonds may be treated as outstanding bonds under state law to the extent provided by the issuer or the documents defining the rights of the bondholders. However, IRS rules that supported the maintenance of the tax-exempt status upon a purchase by a municipal issuer of its own debt sunset in 2010.

In 2019, the Legislature added Section 57600 et seq. authorizing local agencies to form a public bank. Furthermore, under 57603, local agencies that do not pool money in deposits or investments with other local agencies that have separate governing bodies as well as local agencies that pool money in deposits or investments with other local agencies, including local agencies that have the same governing body, are permitted to invest in debt securities or other obligations of a public bank.

CONSENSUS RECOMMENDATION:

Local agencies should include the list of permissible securities in the investment policy and modify the list to meet its unique needs. These modifications may include additional restrictions on the type and amount of specific authorized securities to reflect current federal tax and securities regulations and an agency's risk tolerance.

The addition of Section Code 5925 authorizing state and local agencies to purchase their own bonds was intended to be complementary to Internal Revenue Service (IRS) Notice 2008-41 and 2008-88 that allowed municipal issuers to

FIGURE 1
**ALLOWABLE INVESTMENT INSTRUMENTS PER STATE GOVERNMENT
CODE (AS OF JANUARY 1, 2026)^A APPLICABLE TO ALL LOCAL AGENCIES^B**

See "Table of Notes for Figure 1" on the next page for footnotes related to this figure.

INVESTMENT TYPE	MAXIMUM MATURITY ^C	MAXIMUM SPECIFIED % OF PORTFOLIO ^D	MINIMUM QUALITY REQUIREMENTS	GOV'T CODE SECTIONS
Local Agency Bonds	5 years	None	None	53601(a)
U.S. Treasury Obligations	5 years	None	None	53601(b)
State Obligations— CA And Others	5 years	None	None	53601(c) 53601(d)
CA Local Agency Obligations	5 years	None	None	53601(e)
U.S Agency Obligations	5 years	None	None	53601(f)
Bankers' Acceptances	180 days	40% ^E	None	53601(g)
Commercial Paper—Non-Pooled Funds ^F (under \$100,000,000 of investments)	397 days or less	25% ^G	Highest letter and number rating by an NRSRO ^H	53601(h)
Commercial Paper—Non-Pooled Funds ^F (min. \$100,000,000 of investments)	397 days or less	40% ^G	Highest letter and number rating by an NRSRO ^H	53601(h)
Commercial Paper— Pooled Funds ^I	397 days or less	40% ^J	Highest letter and number rating by an NRSRO ^H	53635(a)
Negotiable Certificates of Deposit	5 years	30% ^K	None	53601(i)
Non-negotiable Certificates of Deposit	5 years	None	None	53630 et seq.
Placement Service Deposits	5 years	50% ^L	None	53601.8 and 53635.8
Placement Service Certificates of Deposit	5 years	50% ^L	None	53601.8 and 53635.8
Repurchase Agreements	1 year	None	None	53601(j)
Reverse Repurchase Agreements and Securities Lending Agreements	92 days ^M	20% of the base value of the portfolio	None ^N	53601(j)
Medium-Term Notes ^O	5 years or less	30%	"A" rating category or its equivalent or better	53601(k)
Mutual Funds And Money Market Mutual Funds	N/A	20% ^P	Multiple ^{Q, R}	53601(l) and 53601.6(b)
Collateralized Bank Deposits ^S	5 years	None	None	53630 et seq. and 53601(n)
Mortgage Pass-Through and Asset-Backed Securities ^T	5 years or less ^T	20%	"AA" rating category or its equivalent or better ^T	53601(o)
County Pooled Investment Funds	N/A	None	None	27133
Joint Powers Authority Pool	N/A	None	Multiple ^U	53601(p)
Local Agency Investment Fund (LAIF)	N/A	None	None	16429.1
Voluntary Investment Program Fund ^V	N/A	None	None	16340
Supranational Obligations ^W	5 years or less	30%	"AA" rating category or its equivalent or better	53601(q)
Public Bank Obligations	5 years	None	None	53601(r), 53635(c) and 57603

TABLE OF NOTES FOR FIGURE 1

- ^A Sources: Sections 16340, 16429.1, 27133, 53601, 53601.6, 53601.8, 53630 et seq., 53635, 53635.8, and 57603.
- ^B Municipal Utilities Districts have the authority under the Public Utilities Code Section 12871 to invest in certain securities not addressed here.
- ^C Section 53601 provides that the maximum term of any investment authorized under this section, unless otherwise stated, is five years from the settlement date. However, the legislative body may grant express authority to make investments either specifically or as a part of an investment program approved by the legislative body that exceeds this five-year remaining maturity limit. Such approval must be issued no less than three months prior to the purchase of any security exceeding the five-year maturity limit.
- ^D Percentages apply to all portfolio investments regardless of source of funds. For instance, cash from a reverse repurchase agreement would be subject to the restrictions.
- ^E No more than 30% of the agency's money may be in bankers' acceptances of any one commercial bank.
- ^F Applies to local agencies, other than counties or a city and county, that are a city, a district, or other local agency that do not pool money in deposits or investments with other local agencies other than local agencies that have the same governing body (non-pooled).
- ^G Local agencies, described in footnote F (non-pooled), may invest no more than 10% of their investment assets in the commercial paper and medium-term notes of any single issuer.
- ^H Issuing entity must be organized and operating within the U.S. as a general corporation, have assets in excess of \$500 million, and have debt other than commercial paper, if any, rated by a NRSRO in a rating category of "A" or its equivalent or higher; or the issuing entity must be organized within the U.S. as a special purpose corporation, trust, or LLC, have program wide credit enhancements, and have commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.
- ^I Includes the City of Los Angeles and agencies defined as a county, a city and county, or other local agency that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body (pooled).
- ^J Local agencies, described in footnote I (pooled), may invest no more than 10% of their investment assets in the commercial paper of any single issuer.
- ^K No more than 30% of the agency's money may be in negotiable certificates of deposit that are authorized under Section 53601(i).
- ^L Effective January 1, 2020, no more than 50% of the agency's money may be invested in deposits, including certificates of deposit, through a placement service as authorized under 53601.8 (excludes negotiable certificates of deposit authorized under Section 53601(i)). On January 1, 2031, the maximum percentage of the portfolio reverts back to 30%. Investments made pursuant to 53635.8 remain subject to a maximum of 30% of the portfolio.
- ^M Reverse repurchase agreements or securities lending agreements may exceed the 92-day term if the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity dates of the same security.
- ^N Reverse repurchase agreements must be made with primary dealers of the Federal Reserve Bank of New York or with a nationally or state-chartered bank that has a significant relationship with the local agency. The local agency must have held the securities used for the agreements for at least 30 days.
- ^O "Medium-term notes" are defined in Section 53601 as "all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States."
- ^P No more than 10% invested in any one mutual fund. This limitation does not apply to money market mutual funds.
- ^Q A mutual fund must receive the highest ranking by not less than two nationally recognized rating agencies or the fund must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years' experience investing in instruments authorized by Sections 53601 and 53635.
- ^R A money market mutual fund must receive the highest ranking by not less than two nationally recognized statistical rating organizations or retain an investment advisor registered with the SEC or exempt from registration and who has not less than five years' experience investing in money market instruments with assets under management in excess of \$500 million.
- ^S Investments in notes, bonds, or other obligations under Section 53601(n) require that collateral be placed into the custody of a trust company or the trust department of a bank that is not affiliated with the issuer of the secured obligation, among other specific collateral requirements.
- ^T Security types authorized under Section 53601(o) that are issued or guaranteed by an issuer identified in subdivisions (b) or (f), are not subject to the limitations placed on privately issued securities authorized in Section 53601(o)(2)(A)(B).
- ^U A joint powers authority pool must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years' experience investing in instruments authorized by Section 53601, subdivisions (a) to (o).
- ^V Local entities can deposit between \$200 million and \$10 billion into the Voluntary Investment Program Fund, upon approval by their governing bodies. Deposits in the fund will be invested in the Pooled Money Investment Account.
- ^W Only those obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less.

temporarily hold certain types of their own tax-exempt debt without extinguishment or loss of tax-exempt status. However, these IRS provisions were meant to be temporary and sunset on December 31, 2010, with some remaining exceptions for certain variable rate debt subject to a qualified tender. Given the incongruity between Section 5925 and IRS rules, a local agency should seek legal guidance on the potential tax implications of purchasing its own debt especially if that debt does not clearly fall within the remaining IRS exceptions.

As a result of amendments to Government Code Sections 53601.8 and 53635.8, local agencies should review portfolio limitations for CDs and negotiable CDs in their investment policies.

Some investments, such as straight floaters or floating rate notes that are not otherwise prohibited, have the potential to result in zero-interest accrual. Before purchasing these types of investments, the local agency should evaluate all possible outcomes, and, as a safeguard, should consider including in its investment policy a statement establishing an acceptable positive spread or floor for all securities, which pay interest based on a spread to an index.

Also, while not expressly prohibited by State law, unregistered securities, such as Rule 144A securities, may not be purchased by local agencies that do not meet the threshold of \$5 million investments and \$100 million in securities. On August 26, 2020 the Securities and Exchange Commission expanded the definition of Qualified Institutional Buyers (QIB) to include any institution that qualifies as an accredited investor under Rule 501(a) under the Securities Act that are not otherwise stated in the definition of “qualified institutional buyer” provided they satisfy the \$100 million threshold.

II. B What requirements must a financial institution satisfy before a local agency may deposit its money in it? [Section 53635.2]

Section 53635.2 states that all local agency money may be invested in investments set forth in 53601 or deposited for safekeeping in state or national banks, public banks, savings associations, federal associations, credit unions, or federally insured industrial loan companies in this state. It also specifies certain requirements that such financial institutions must satisfy to hold local agency money.

MINIMUM LEGAL REQUIREMENT:

To be eligible to receive local agency money, a financial institution must receive an overall rating of not less than “satisfactory” from the appropriate federal supervisory agency for meeting the criteria specified in Section 2906 of Title 12 of the U.S. Code (Community Reinvestment Act of 1977). The Community Reinvestment Act of 1977 (Act) requires financial institutions to demonstrate their commitment to meet-

ing the credit needs of local communities in which they are chartered to do business. For the purpose of the Act, the appropriate federal supervisory agency includes:

- The Comptroller of the Currency with respect to national banks;
- The Board of Governors of the Federal Reserve System with respect to state chartered banks that are members of the Federal Reserve system and bank holding companies;
- The Federal Deposit Insurance Corporation (FDIC) with respect to state chartered banks, public banks, and savings banks that are not members of the Federal Reserve system and the deposits of which are insured by the FDIC; and
- The Director of Office of Thrift Supervision with respect to savings associations (the deposits of which are insured by the FDIC) and savings holding companies.

CONSENSUS RECOMMENDATION:

A local agency should contact the appropriate federal supervisory agency to determine if its financial institution meets the overall rating requirement.

Local agencies should be aware that in some instances ratings from federal supervisory agencies may not be current, as financial institutions are evaluated only every year or two. Additional inquiry may be necessary to obtain updated information if the last published rating is more than one year old.

II. C When must investments contained in a local agency investment portfolio comply with state law? [Section 53601]

California Government Code provides a description of the types of instruments permissible for local agency investment and specifies the timing of compliance with state law. Questions arise concerning the timing of any test of compliance with these requirements.

MINIMUM LEGAL REQUIREMENT:

Where Section 53601 specifies a percentage restriction on a certain category of investment, this share of the investment portfolio must be in compliance with state law at the time that investment is purchased. The law does not specify that the *entire* portfolio must be in compliance when new instruments are purchased. It also does not require “rebalancing” when subsequent maturities, sales, withdrawals, or similar non-purchase activities result in the remaining portfolio having one or more of the categories of investment rise above the percentage restrictions applicable at the time of purchase.

Where Section 53601 clarifies that the settlement date is to be used to measure final maturity, it does not change the date of purchase. To determine when an investment portfolio must be in compliance with state law, the date of purchase must be used, despite the length of maturity starting from the settlement date. When local agencies purchase securities, the date of purchase and the date the purchase is settled may not always be the same.

CONSENSUS RECOMMENDATION:

In the event the portfolio or individual investments are deemed to be out of compliance with either statute or the investment policy, the local agency should have procedural guidelines in place that outline actions to take under various scenarios. Due to its fiduciary responsibility, early communication with and involvement of the legislative body concerning a major or critical event is of utmost importance. Therefore, the procedural guidelines should identify circumstances under which communication and discussion of the treasurer's analysis and recommended course of action to the legislative body or oversight committee is warranted.

II. D What funds should a local agency use to calculate portfolio concentration compliance with state law? [Section 53601]

California Government Code provides a description of the types of instruments permissible for local agency investment and specifies the timing of compliance with state law. Questions arise about how to determine what local agency funds are available for investment, as well as what funds to include when calculating portfolio concentration for those permissible investments that are limited by state law.

MINIMUM LEGAL REQUIREMENT:

Section 53601 states that, "The legislative body of a local agency having moneys in a sinking fund or moneys in its treasury not required for the immediate needs of the local agency may invest any portion of the moneys that it deems wise or expedient in those investments set forth below" [Section 53601(a) through (r)].

Statute establishes portfolio concentration limitations for certain permissible investments; however, it does not specify the calculation methods for calculating these limitations at the time of investment.

CONSENSUS RECOMMENDATION:

Terms such as "base value", "moneys", "agency's moneys", or "agency's surplus moneys" used when describing a portfolio limitation for a specific permissible investment in Section 53601 are referring to the agency's determination of funds available for investment (as defined above in Minimum Legal Requirement). The determination as to whether to include certain agency funds, such as funds in an agency checking account, as part of the funds available for investment should rely

on agency practices. For example, if the agency uses funds in its checking account for the immediate, day-to-day needs of the agency, it is recommended to not include the funds in the checking account when calculating portfolio compliance.

However, checking accounts involving money market mutual fund or commercial paper sweep accounts should be included in the calculation of portfolio compliance limits as per Sections 53601(l), and 53601(h) or 53635, respectively.²

A determination of funds available for investment under Section 53601 may vary agency to agency but generally are those accounted for in a local agency's annual financial report. It is recommended that a local agency's investment policy should specify the funds to which the policy will and will not apply. *See Chapter 1, I.C. What information should be included in the investment policy? ([Section 27133]).*

Examples of moneys that can be available to invest under 53601 by local agency type:

CITIES/DISTRICTS

- General funds
- Reserve funds
- Bond Proceeds funds
- Debt Service funds
- Excess Enterprise funds

COUNTIES

- General funds
- Reserve funds
- Bond Proceeds funds
- Debt Service funds
- Excess Enterprise funds
- Voluntary Pool funds

Although the statute does not specify how an agency's portfolio should be calculated at the time of investment, local agencies should consider its cash flow needs each time it considers purchasing securities to determine the available amount of moneys in its treasury not required for the immediate needs of the local agency. A cash flow analysis is intended to help an agency understand and, to the extent possible, control the organization's cash resources. The goal is to ensure that cash is available to pay expenditures when needed and that temporarily unneeded cash can be invested optimally to maximize earnings on invested funds.³

When calculating portfolio compliance, it is recommended that the agency value its portfolio based on book value rather than market value. The book value of investments along with the agency's funds available for investment should be used for portfolio compliance calculations. Percentages apply to all portfolio investments regardless of source of funds.

² Refer to CDLAC publication [*The Use of Sweep Accounts by California Local Governments*](#) for more information on sweep accounts.

³ Refer to CDLAC publication [*California Public Fund Investment Primer*](#) for more information on the purpose of cashflow forecasts.

II. E Must bond proceeds be invested in the securities set forth in statute? [Section 53601(m)]

Section 53601(m) allows greater flexibility with respect to the types of investments that may be made with bond proceeds. Specifically, the law permits money from bond proceeds, obligations under a lease, installment sales, or other agreements of a local agency to be invested in any security that meets the statutory provisions governing the issuance of the bond or other agreements made by the issuing agency. In so doing, this section of the code recognizes that outstanding contracts between issuers and bond holders may not comply with the investment statutes and gives local agencies greater discretion in how to invest bond proceeds.

MINIMUM LEGAL REQUIREMENT:

Bond proceeds may be invested in accordance with statutes or they may be invested in alternative vehicles if authorized by bond documents. Federal tax restrictions for tax-exempt bonds may be applicable to the investment of bond proceeds, including yield restrictions, market pricing (e.g., obtaining bids for a guaranteed investment contract), and rebating excess earnings over the bond yield to the federal government.

CONSENSUS RECOMMENDATION:

The agency's investment policy should either require that bond proceeds be invested in accordance with statutes, reference applicable bond documents (such as, the indenture, applicable tax certificate, or rating agency requirements), or specify the types of investments authorized for bond proceeds. Bond proceeds may be invested in instruments with maturities longer than five years. Applying the five-year maturity limitation found in statute may result in less yield. When investing bond proceeds, maturities should match the cash flow needs of the project or fund.

II. F How does the Municipal Advisor (MA) Rule affect investment of bond proceeds?

As a part of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Pub. L. 111-203) (Dodd-Frank Act), the Securities and Exchange Commission (SEC) enacted regulations addressing the apparent conflict of interest between municipal bond underwriters providing both underwriting and advice on the investment of bond proceeds for the same debt issue. These regulations were incorporated in the Municipal Advisor Rule (MA Rule). The MA Rule states that broker-dealers providing advice to government clients have a fiduciary duty to their clients and must be registered as a municipal advisor. In order to avoid becom-

ing a fiduciary to municipal issuers, many broker-dealers, who have a significant municipal underwriting business, have adopted policies prohibiting brokers from providing investment advice. The MA Rule provides specific exemptions to public agencies seeking to receive investment advice from broker-dealers, including receiving advice through a request for proposal (RFP) process or by entering into a formal relationship with an independent registered municipal advisor for advice.

MINIMUM LEGAL REQUIREMENT:

The MA Rule places no legal obligations on public agencies. The regulations address only the responsibilities of broker-dealers with respect to the bond proceeds.

CONSENSUS RECOMMENDATION:

Although the MA Rule does not specifically regulate the investment of bond proceeds by a local agency, it has materially affected the investment processes of many agencies. For example, treasury staff may have to adopt procedures, including the use of a mini-RFP that would exempt their brokers-dealer from being defined as a fiduciary. Local agency treasury staff should understand the MA Rule and its exemptions; have knowledge of the limitations of their broker-dealer firms as a result of the MA Rule; and address the MA Rule by adopting a policy regarding the investment of bond proceeds. Visit CDIAC's [Municipal Advisor Rule webpage](#) for more information.

II. G Are all U.S. Agency bonds legal investments for California local agencies? [Sections 53601(f) and 53601.6]

There has been a lot of discussion about the risk profile of certain products and derivatives issued by U.S. Agencies and U.S. government sponsored enterprises (GSEs). These Agencies and GSEs issue both traditional fixed-income securities (notes and bonds) as well as more complex, structured products including customized mortgage- and asset-backed securities and derivatives.⁴ The State's investment laws, however, place no restrictions on these types of investments other than the prohibitions against inverse floaters, range notes, and interest-only strips derived from mortgage pools. Until January 1, 2031, local agencies are authorized to invest in securities, issued by, or backed by, the United States government that could result in zero- or negative-interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates. A local agency may hold these instruments until their maturity dates.

⁴ Refer to CDIAC publication *Issue Brief [Securitized Investments](#) for a discussion of mortgage pass-through obligations and asset-backed securities.*

In recent years, some GSE debt has been privatized and is now structured like corporate debt yet still falls under the limits of 53601(f) and 53601.6. The most commonly traded GSE debt includes that from the Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Federal Home Loan Mortgage Corporation (Freddie Mac), Federal National Mortgage Association (Fannie Mae) and Federal Agricultural Mortgage Corporation (Farmer Mac). Other less common GSEs include Government National Mortgage Association (Ginnie Mae), Community Development Corporation (CDC), Student Loan Marketing Association (Sallie Mae)⁵, Small Business Administration (SBA), Overseas Private Investment Corporation (OPIC), and Tennessee Valley Authority (TVA).

MINIMUM LEGAL REQUIREMENT:

Obligations, including bonds, notes, certificates of participation, or other instruments issued as U.S. Agencies or GSE debt are permissible investments under Section 53601(f). These investments are, however, subject to the prohibition against inverse floaters, range notes, and interest-only strips derived from a pool of mortgages in Section 53601.6. Until January 1, 2031, local agencies are authorized to invest in securities, issued by, or backed by, the United States government that could result in zero- or negative-interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates. A local agency may hold these instruments until their maturity dates.

CONSENSUS RECOMMENDATION:

Local agencies should institute restrictions that recognize the different characteristics and risk profile of the variety of U.S. Agency and GSE debt instruments. Factors such as the repayment pledge, size of the issue, prominence of the issuer in the market, and the complexity of the issue (such as call features, timing of interest and principal payments, or other options) will impact the risk profile and, thus, the balance of safety, liquidity, and yield in a local agency's portfolio. With SBA loans or pools, for example, the principal and interest may be guaranteed by the U.S. Government, but the prepayment or premium risk can be substantial. Investments in these types of products should only be entered into with a clear awareness, by both the legislative body and treasurer, of the risks involved and only if the local agency's staff have sufficient expertise and resources to manage such investments.

⁵ *SLMA (Sallie Mae) terminated its ties to the federal government in 2004; bonds issued prior to 2005 are GSE debt; bonds issued in 2005 and after are corporate debt issued by the SLM Corporation.*

II. H What are supranational securities? [Section 53601 (q)]

A supranational organization is formed by a group of countries through an international treaty with specific objectives such as promoting economic development. Supranational organizations also issue debt in the United States. The most commonly recognized supranational debt is issued by the International Bank for Reconstruction and Development (IBRD or World Bank).

Section 53601 (q) allows local agencies to invest in bonds issued by one of three supranationals: World Bank, International Finance Corporation (IFC) and Inter-American Development Bank (IADB), which were established by international treaties, incorporated into U.S. federal law by Congressional Acts and headquartered in Washington, D.C. Currently, these entities carry the highest credit ratings (AAA) based on their financial structure, policies, performance and capital support from shareholders. Securities issued by these supranationals include benchmark bonds, global bonds, structured notes, plain fixed and floating rate notes, discount notes as well as green bonds

MINIMUM LEGAL REQUIREMENT:

In order for local agencies to invest in bonds issued by supranationals, the bonds must meet the following criteria:

- Maturity of five years or less;
- Eligible for purchase and sale within the US;
- In a rating category of "AA" or its equivalent or better by a nationally recognized statistical rating organization (NRSRO); and
- Cannot exceed 30% of the agency's investment portfolio.

II. I Can a local agency invest in an investment pool administered by another state? [Section 53601 (d)]

Section 53601 is prescriptive of the types of investments permissible for local agency investment. It specifies, among other things, the issuer of the security, the type of obligation and the maturity of the security.

MINIMUM LEGAL REQUIREMENT:

Section 53601 (d) allows local agencies to invest in the debt of another state or department, board, agency or authority and 53601(p) allows joint powers authorities

(JPA) established pursuant to Section 6509.7 to invest in securities and obligations authorized under 53601 (a)-(q) as long as each member of the JPA has an equal proportional interest in the purchased securities. Furthermore, members of the JPA may include public agencies outside of California. However, local agencies are not permitted to invest in an investment pool administered by another state.

CONSENSUS RECOMMENDATION:

Local agency permissible investments do not include investment pools administered by another state as an investment option.

II. J What are “medium-term notes?” [Section 53601(k)]

Until recently, the statutes defined medium-term notes as those instruments meeting certain term-length and quality requirements. Amendments to Section 53601(k) have attempted to clarify some of the ambiguity surrounding this definition. A variety of reasons account for this past confusion. One is that the SEC treats “corporate notes” slightly differently than “medium-term notes.” Another is that brokers often refer to corporate obligations that have an original term to maturity longer than five years as corporate rather than medium-term notes, even though the remaining term to maturity for these notes may be less than five years.

MINIMUM LEGAL REQUIREMENT:

Section 53601(k) defines medium-term notes as “all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating in the United States.” Therefore, investments in any corporate or depository institution debt securities that mature within five years from the time of purchase are legal as long as they meet the minimum quality standards. Moreover, the statute specifies that local agencies may not classify investments as medium-term notes if they satisfy the definition of other allowable investments authorized under state law. For example, a local agency could not consider a security that satisfies the definition of commercial paper as a medium-term note in its portfolio. In addition, a local agency, other than a county or a city and a county, may invest no more than 10% of its total investment assets in the commercial paper and the medium-term notes of any single issuer.

CONSENSUS RECOMMENDATION:

With many companies and depository institutions operating worldwide, the interpretation of the phrases “organized and operating in the United States” and “licensed by the United States or any state” comes into question. The terms organized, operating, and licensed are not specifically defined by statutes nor are they legal terms that hold specific meaning. For the purpose of applying Section 53601(k), the following interpretations, based upon usage and context, are offered as guidance to local agencies.

- Organized – An entity organized as a corporation in the United States.
- Operating – Engaged in business activities for which it was organized and maintaining a functioning office (other than a representative office).
- Licensed – Permitted by the appropriate regulatory agency to operate and conduct business in the United States (federal license) or a specific state (state license).

Given that even the above interpretations do not provide certainty, local agencies should establish a method of determining whether a purchase of medium-term notes meets the requirements of Section 53601(k) in consultation with their legal counsel. The following provides additional general guidance and recommendations to consider:⁶

- If an issuing entity is incorporated in the U.S., but is a subsidiary of a foreign-owned parent company the stability of either the parent company or the economy of the country of the parent company should be considered when purchasing debt issued by these types of entities.
- Alternately, a local agency may hold securities in a U.S. company that is subsequently purchased by or merges with a foreign company (for example, the InBev merger with Anheuser Busch in 2008). The local agency should monitor the merger or purchase to determine if it remains a prudent for the agency to hold the security.
- Identifying the venue for any legal recourse in the event of a bankruptcy or credit event would assist the local agency in determining whether the organization is organized and operating in the U.S. If the security is backed by assets that are in the U.S., then the investor may attempt to attach a claim on them in a U.S. court in the event of a bankruptcy or default. If the security is not backed by assets in the U.S., then the initial financing documents of the underlying security may provide a possible source to assist with determining the legal venue.

⁶ Refer to CDIAC publication [*Investments under Government Code 53601– Focus on Securities Issued by Foreign Entities and Foreign Affiliates – 2025 Update*](#) for more information on debt issued by foreign entities.

II. K Are bonds issued by departments and financing authorities of the State of California permissible investments for local agencies?[Section 53601(c)]

Securities issued by the State of California are permissible investments for local agencies under Section 53601(c). However, questions arise when considering whether bonds issued by departments or financing authorities of the State are also permissible under this section.

MINIMUM LEGAL REQUIREMENTS:

Section 53601(c) permits a local agency to invest in registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.

CONSENSUS RECOMMENDATION:

There are two conditions that a bond could meet to be a permissible investment under Section 53601(c). The first part of Section 53601(c), "state warrants, treasury notes and bonds of this state", refers to bonds issued by the State of California, for instance, general obligation bonds. This was the operative code section prior to the state's issuance of revenue bonds.

The last part of the code section broadens the definition of permissible investments to include, "bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or a department, board, agency, or authority of the state". This describes state-issued revenue bonds. Issuance by a state authority or instrumentality alone is inadequate to meet the conditions in Section 53601(c) as the source of revenue for repayment must meet the qualifier included in the code section. For a security issued by a state authority or department, are the underlying agreements considered property owned/controlled/operated by the state? In general, if a public agency intends to purchase bonds issued by a state authority or department that are not clearly revenue bonds, an agency should consult counsel on the permissibility of such an investment.

II. L What are the rules regarding the use of reverse repurchase agreements and securities lending agreements? Are shorting strategies allowed? [Section 53601(j)]

The intent of Section 53601(j) is to limit the imprudent use of reverse repurchase agreements (reverse repos) and securities lending agreements. In 1995, the Legislature, concerned about the use of reverse repurchase agreements for enhancing yield, imposed a number of restrictions on local governments.

MINIMUM LEGAL REQUIREMENTS:

Section 53601(j) imposes the following restrictions on reverse repos:

- Reverse repos cannot constitute more than 20% of the “market value” of an agency’s portfolio;⁷
- Reverse repos are limited to 92 days unless the minimum spread between the rate on investment and cost of funds is guaranteed in writing; and
- Securities used to make reverse repos must be held for a minimum of 30 days prior to the transaction.

Section 53601(j) also applies the above restrictions to securities lending agreements with the exception that a local agency portfolio may not hold more than 20% of its base value in reverse repos and securities lending agreements combined.

Section 53601(j)(5) provides specific definitions for repurchase agreements, reverse repurchase agreements, and securities lending agreements. Agreements not meeting these specific definitions are therefore not authorized.

CONSENSUS RECOMMENDATION:

Both reverse repurchase agreements and securities lending agreements may be used to take advantage of certain short-term opportunities to improve yield and mitigate cash flow shortages. They should be entered into only when there is a clear understanding by both the legislative body and treasurer of the risks inherent in these types of agreements. The agency’s staff (or their municipal/investment advisor) must have sufficient expertise in the arrangement and management of these transactions.⁸

Although reverse repurchase agreements and securities lending agreements can be an effective short-term portfolio management tool in certain circumstances, they should not be confused with “short selling” or “margin selling.” Reverse repurchase agreements are used to address cash flow concerns by entering into an agreement in which a counterparty will buy securities from a local agency. At the end of the agreement, the counterparty that purchased the securities will resell the securities to the local agency at a specified date and price. With a securities lending agreement, securities owned by the local agency are loaned to a borrower who provides an agreed-upon return and collateral to the local agency. At the conclusion of the agreement, the loaned securities are returned to the local agency and the collateral is returned to the borrower.

“Short selling” or “margin selling” is a practice where a margin account is established with delivery versus payment (DVP) settlement and securities are loaned

⁷ For reverse repos purchased under Section 53601, the calculation is based upon the “base value” of the agency’s portfolio, which is defined as the dollar amount obtained by totaling all cash balances in the portfolio from all sources, excluding any amounts from reverse repos or similar borrowing methods.

⁸ Refer to CDIA Issue Brief, [Securities Lending Agreements](#), for a detailed discussion of these types of transactions.

by a broker/dealer to the local agency. The loaned securities may be immediately sold with the intent of purchasing the securities back when market prices are lower to close out the margin position, thus profiting on the decline in value of the securities. Shorting strategies carry a high degree of risk of not only a zero return, but significant loss of asset value. They do not meet the risk-limiting intent of the legislature in the adoption of 53601(j), and are not considered a prudent investment for the public portfolio.

II. M What are the rules regarding the use of mutual funds and money market funds? Are exchange-traded funds permissible investments? [Sections 53601(l) And 53601.6(b)]

Local agencies have the authority to invest in shares of mutual funds as described in Section 53601 (l) and 53601.6 (b) and in money market mutual funds as specified in the federal Investment Company Act of 1940. The permissible investments and strategies of the mutual fund or money market fund should be reviewed to determine whether or not they adhere to the parameters contained in both federal and state law. Questions arise about whether exchange-traded funds (ETFs) are a permissible investment under 53601(l) since they have characteristics similar to mutual funds.

MINIMUM LEGAL REQUIREMENT:

Local agencies can invest in shares of mutual funds that invest in the securities and obligations as authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (q), inclusive, of Section 53601 and that comply with the investment restrictions of Section 53630. Local agencies can also invest in shares of mutual funds that are defined as money market mutual funds that follow regulations specified by the SEC under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.). The purchase price of shares shall not include any commission that the fund manager may charge and shall not exceed 20% of the agency's funds that may be invested pursuant to this Section 53601.

In addition, no more than 10% of the agency's funds may be invested in shares of any single mutual fund.⁹ Both mutual and money market mutual funds require that they have attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.¹⁰ In addition they have retained an investment advisor registered or exempt from registration with the SEC with not less than five years' experience managing their specific category of fund and have assets under management in excess of \$500,000,000.

The 10% limitation does not apply to money market mutual funds.

⁹ *Mutual fund as defined in Government Code Section 53601(1)(1).*

¹⁰ *Nationally Recognized Statistical Rating Organization.*

Local agencies may invest only in those instruments specified in State law.

CONSENSUS RECOMMENDATION:

The investment policy should specify criteria for selection of both mutual funds and money market funds by the investment official. Local agencies should review the permissible investments and strategies of the mutual fund or money market fund to determine whether or not they adhere to both federal and state law.

While similar to mutual funds, exchange-traded funds (ETFs) are not specifically addressed in Section 53601 nor contemplated under 53601(l); therefore, ETFs are not a permissible investment for local agencies. *See Chapter 2, II. A. Which investments are permissible? Which are prohibited? [Sections 16340, 16429.1, 27133, 53601, 53601.6, 53601.8, 53635, 53635.2, 53635.8, 53638, 53684, and 57603])*

FIGURE 2

GOVERNMENT CODE REQUIREMENTS FOR LOCAL AGENCY INVESTMENT IN MONEY MARKET AND MUTUAL FUNDS

CONDITIONS ALLOWING FOR INVESTMENT	MONEY MARKET FUNDS	MUTUAL FUNDS
I. Must receive the highest ranking or the highest letter and numerical rating by no less than two nationally recognized rating services; —or— Must retain an investment advisor who is registered or exempt from registration with the SEC and has at least five years' experience investing in specified securities and managing assets in excess of \$500 million. ^A	●	●
II. Must abide by the same investment restrictions and regulations that apply to public agencies in California [Section 53601(a-k, m-o)].		●
III. Must follow regulations specified by the SEC under the investment company act of 1940 (15 U.S.C. Section 80a-1, et seq.).	●	

^A The requirement for mutual funds is an investment advisor with experience investing in securities and obligations authorized in Sections 53601 and 53635. For money market funds, the advisor must have experience in managing the types of investments that can be purchased by money market funds as specified in SEC Regulation 2a-7.

II. N What are the rules affecting the investment of tax and revenue anticipation note (TRAN) and grant anticipation note (GAN) proceeds? [Sections 53821.5, 53841.5, 53852.5 and 53859.02(b)]

Existing statutes prevent agencies from using the proceeds of their temporary borrowing, specifically TRANs and GANs, to purchase long-term securities in order to achieve higher investment yields in a manner which could limit liquidity needed to ensure sufficient cash to repay the temporary borrowing when due.

MINIMUM LEGAL REQUIREMENT:

Government Code Sections 53821.5, 53841.5, 53852.5 and 53859.02(b) prohibit the investment of the proceeds of temporary borrowing in securities that have terms exceeding those of the temporary borrowing itself. In other words, proceeds from a temporary borrowing due June 20 may not be invested in securities that mature after June 20. The minimum legal requirements are clear for securities that have an identifiable term to maturity. However, the law is ambiguous when an agency invests the proceeds of temporary borrowing in items that do not have a specific maturity date, such as investments in county pools or other funds that may have an average maturity that is longer than the temporary borrowing.

CONSENSUS RECOMMENDATION:

The proceeds of temporary borrowing can be placed in investments that have no specific term to maturity so long as the proceeds can be removed within the term of the temporary borrowing without a penalty. Therefore, cash equivalent shares in liquid funds such as LAIF or county pools—where an agency has relatively quick access to its deposits—are legitimate investments for the proceeds of temporary borrowing, as long as withdrawals in amounts sufficient to repay the temporary borrowing when due are not restricted or penalized.

II. O What is an appropriate safekeeping arrangement for securities? [Sections 53601 and 53608]

Sections 53601 and 53608 address the appropriate safekeeping arrangements for securities. While a third party institution is the standard used in safekeeping arrangements, securities may be held by the same firm from which they were purchased as long as the securities for safekeeping are in the name of or under the control of the local agency and kept in a legally separate trust department.

MINIMUM LEGAL REQUIREMENT:

Section 53601 specifically allows local agencies to use a counterparty bank's trust department or separate safekeeping department for the physical delivery of a security if the security is held in the name of the local agency. Section 53608 authorizes general safekeeping arrangements that allows local agencies to use for deposit for safekeeping a federal or state association (as defined by Section 5102 of the Financial Code), a trust company or a state or national bank located within this state or with the Federal Reserve Bank of San Francisco or any branch thereof within this state, or with any Federal Reserve bank or with any state or national bank located in any city designated as a reserve city by the Board of Governors of the Federal Reserve System, the bonds, notes, bills, debentures, obligations, certificates of indebtedness, warrants, or other evidences of indebtedness in which the money of the local agency is invested pursuant to this article or pursuant to other legislative authority. The local agency shall take from such financial institution a receipt for securities so deposited.

CONSENSUS RECOMMENDATION:

Industry standard is to set up a third-party (an institution other than the party that sold the agency the investment) safekeeping agreement. In order for the securities to be held by the same institution that sold the security, they must be kept in a separate area of the institution such as its trust department. The security must be in the local agency's name or "perfected" by transferring the security through a signed agreement that contains a description of the security.

II. P How does the Municipal Advisor (MA) Rule affect a local agency's relationship with an investment advisor? [Section 53600.3]

The MA Rule provides specific exemptions to public agencies seeking to receive investment advice from broker-dealers, including receiving advice through a request for proposal (RFP) process or by entering into a formal relationship with another independent registered municipal advisor who provides investment advice. The MA Rule states that broker-dealers providing advice to government clients on the investment of bond proceeds have a fiduciary duty to their clients and must be registered as a municipal advisor. In order to avoid becoming a fiduciary to municipal issuers, many broker-dealers, who have a significant municipal underwriting business, have adopted policies prohibiting brokers from providing investment advice. The MA Rule provides specific exemptions to public agencies seeking to receive investment advice from broker-dealers, including receiving advice through a request for proposal (RFP) process or by entering into a formal relationship with another independent registered municipal advisor who provides investment advice.

MINIMUM LEGAL REQUIREMENT:

The MA Rule places no legal obligations on public agencies. The regulations address only the responsibility of broker-dealers with respect to bond proceeds.

It is important to note that a local agency's fiduciary responsibilities cannot be delegated regardless of the fiduciary standards imposed on other members of the municipal market. Section 53600.3 provides that a finance officer or treasurer can delegate duties to an external investment manager via a principal-agent relationship, but they cannot delegate fiduciary responsibility.

CONSENSUS RECOMMENDATION:

Local agencies rely on municipal advisors to help make decisions about issuing municipal securities and investing bond proceeds. Registered investment advisors hold a fiduciary responsibility to their clients by virtue of their registration with the SEC under the Investment Advisor Act of 1940. Nonetheless, the fiduciary responsibility that ultimately rests with the legislative body and the treasurer cannot be wholly delegated to an external investment manager.

Under the MA Rule, when an investment adviser consents to act in the capacity of an Independent Registered Municipal Advisor (IRMA), the local agency is able to exchange information with broker-dealers that do not have a fiduciary duty to the agency. When a local agency retains an IRMA, it agrees to consult the IRMA when considering information provided by broker-dealers. Further, when a local agency has an IRMA they should communicate that information to the market. Local agencies should ensure that the professionals they use are registered with the SEC and MSRB by checking the MSRB's Municipal Advisor Registration webpage.

II. Q What are the rules regarding the payment of interest earned on non-general fund deposits to an agency's general fund? [Section 53647]

Many local agencies have the opportunity to earn interest on funds held in governmental accounts other than the general fund.

MINIMUM LEGAL REQUIREMENT:

Section 53647 provides that interest earned on a local agency's deposits shall be paid quarterly to the general fund of the agency unless otherwise directed by law. Alternatively, if directed by the governing body of the local agency, interest shall be paid to the fund containing the principal upon which the interest accrued.

CONSENSUS RECOMMENDATION:

Although all interest earned on its deposits should be paid to the agency's general fund on a quarterly basis, the governing body may direct that the interest be allocated to the fund in which the interest earning principal was deposited. It is important to note that other directives provided in law or contract for the payment of interest to a specific fund (e.g., funds held by a trustee) are overriding exceptions.

II. R Should local agencies invest in financial futures and option contracts? If so, in what manner should they be utilized? [Sections 53601.1]

In addition to the permitted investments in Section 53601 such as treasuries, agencies, money markets, medium-term notes, and pooled investments, local agencies are permitted to invest in financial futures and option contracts in relation to any of these authorized investments. Local agencies can use a financial futures contract to potentially hedge risk because the buyer/seller are obligated to purchase/sell an asset at a predetermined future date and price thereby limiting a local agency's exposure to price fluctuations.¹¹ Financial options contracts, which allows the buyer to buy or sell an obligation at a specified price for a specified time, are more risky and usually expire with a zero value.¹²

MINIMUM LEGAL REQUIREMENT:

Section 53601.1 states that the authority of a local agency to invest funds pursuant to Section 53601 includes, in addition thereto, authority to invest in financial futures or financial option contracts in any of the investment categories enumerated in that section.

CONSENSUS RECOMMENDATION:

Although the language in Section 53601.1 is very broad in its application to execute option and futures contracts on any investment categories enumerated in Section 53601, extreme care should be taken when using these strategies. Option and futures strategies are complicated and should only be used to hedge matched positions in securities currently held in the portfolio as a means to limit the risk of adverse price movements of a given security. Option and futures contracts should not be utilized in the public portfolio as a high-yield strategy.

An imprudent high-yield options and future strategy involves taking “naked” positions. “Naked” positions are those option and futures contract strategies placed on securities that are not covered by matched positions held in the portfolio. A “naked” position will require acquisition of securities in the marketplace at the prevailing market price in order to close out the position, which could result in unlimited risk and large asset losses. A high-risk, high-yield option and futures strategy is not consistent with the prudent investor standards established in Section 53600.3 and safety-liquidity-yield objectives established under Section 53600.5.

¹¹ Brian Beers. "How are Futures Used to Hedge a Position?" Investopedia (Updated October 3, 2021). Accessed January 2023. www.investopedia.com/ask/answers/06/futureshedge.asp.

¹² Beth Gaston Moon. "Understanding Options Risk." InvestorPlace (April 12, 2012). Accessed February 2018. <https://investorplace.com/2012/04/understanding-options-risk/#.WnSdQK6nG70>.

II. S How long should a local agency retain trade ticket information?

Pursuant to SEC's Rules 17a-3 and 17a-4 detailing the record-keeping requirements for broker-dealers, trade blotters or records of sales and purchases are required to be retained for six years. Trade confirmations, on the other hand, are required to be kept for three years. Given that there is no specific state requirement requiring a period of time that trade ticket information should be retained, local agencies may consider adopting such guidelines.

MINIMUM LEGAL REQUIREMENT:

There are no existing legal requirements pertaining to the retention of trade tickets.

CONSENSUS RECOMMENDATION:

Trade ticket information includes the price, yield, Committee on Uniform Securities Identification Procedures (CUSIP) reference number of the security as well as net money including principal, accrued interest, and total money. It also identifies the broker-dealer with whom the trade was done. It is important to retain trade ticket information for several reasons, most importantly for compliance and audit reasons. In addition, if there are any questions regarding a particular trade, it would be beneficial to have documentation. To be prudent, trade tickets should be kept for at least six years. Local agencies should consider adopting their own agency guidelines for retention of financial records, including trade ticket information.

Chapter III. Reporting Requirements

Reporting requirements and recommendations are imposed on local agencies in Sections 53646 and 53607.

Section 53646 states that the treasurer or chief fiscal officer of a local agency may file reports on the status of their investment portfolios with their respective legislative body, internal auditor, and chief executive officer. These reports generally are intended to provide the legislative body the ability to meet its fiduciary obligations as a trustee and to increase the disclosure of the agency's investment activities to those outside the agency. Section 53646 states that if the quarterly investment portfolio report is submitted, it must contain, among other things, a listing of investments, fund balances, activity, and return on investments made by the local agency. Quarterly reports should reflect the current positions and past performance of a portfolio of investments for the period of time under consideration.

Section 53646(e) states that for local agency funds that have been placed in a county investment pool, LAIF, FDIC-insured bank deposits, National Credit Union Shared Insurance Fund-insured accounts in a credit union, accounts insured or guaranteed pursuant to California Financial Code Section 14858, or some combination of the above, the treasurer may substitute the most recent account statement received from those entities in lieu of the information on these investments that is otherwise required by this section. Section 53646(f) states that securities, investments, or monies held by a school district or county office of education in individual accounts that are less than twenty-five thousand dollars (\$25,000) may be excluded from the report.

Local agency treasurers to whom the authority to invest or reinvest funds or to sell or exchange securities has been delegated by the legislative body of a local agency are required by Section 53607 to submit a monthly report of transactions to the legislative body.

III. A What specific information regarding portfolio investments needs to be included in the report to the legislative body? [Section 53646(b)(1-4) and 53607]

Section 53646 specifically encourages treasurers to prepare the quarterly investment report to enable the legislative body to perform its fiduciary duty and provide full disclosure of the public entity's investment activities.

MINIMUM LEGAL REQUIREMENTS:

If the treasurer or chief fiscal officer of a local agency elects to submit or if the legislative body mandates the submission of a quarterly investment report to the legislative body pursuant to Section 53646, it must do so within 45 days after the end of the quarter and include the following information:

- Type of investment (i.e. U.S. Treasury security, commercial paper);¹³
- Issuer name;
- Date of maturity;
- Par amount;
- Dollar amount invested in all securities, and investments and monies held by the local agency;¹⁴
- A description of the funds, investments, and programs (including lending programs) managed by contracted parties (i.e. LAIF, investment pools, outside money managers, and securities lending agents);
- Current market value as of the date of the report of all funds held by the local agency and under the management of any outside party that is not also a local agency or LAIF and the source of the valuation;
- A statement of compliance with the investment policy or an explanation for non-compliance; and
- A statement of the local agency's ability to meet its pool's expenditure requirements for the next six months, as well as an explanation of why sufficient money will not be available if that is the case.

The legislative body of the local agency may elect to require this report on a monthly basis. Furthermore, the legislative body may require the treasurer to provide additional information beyond that listed above.

¹³ Refer to CDIAC publication [California Public Fund Investment Primer](#) for definitions of investment types.

¹⁴ "Dollar amount invested" is defined as cost, however, best practice uses amortized cost or book value. Confusion exists as to the meaning of the words "held by the local agency" found in Government Code Section 53646(b)(1). Several standards have been suggested to clarify this phrase, including "ownership," "control," "under direct management by," "possession," and "accountability for the funds." Each of these suggestions would lead to different determinations as to the specific funds required to be reported. The apparent intent of the Legislature in enacting this requirement was to provide for comprehensive disclosure of local agency investments.

If the local agency's legislative body delegates, to the local agency's treasurer, its authority to invest or reinvest the agency's funds or sell or exchange the agency's securities, the treasurer shall make a monthly report of those transactions to the legislative body, pursuant to Section 53607. The delegation of authority may be made for a period of one year. The requirement to submit the transaction report lasts until the authority is revoked or expires. In contrast to the specific information required in the quarterly report under Section 53646(b), the contents of the monthly report of transactions required under Section 53607 are not enumerated.

CONSENSUS RECOMMENDATION:

Based upon the public benefits achieved by reporting, it is recommended that the treasurer or designated official provide the local agency's legislative body a quarterly investment report that provides a clear picture of the status of the current investment portfolio. The quarterly investment report should include the following:

1. A listing of individual securities held at the end of the reporting period by authorized investment category.
2. Average life and final maturity of all investments listed.
3. Coupon, discount or earnings rate.
4. Par value, amortized book value and market value.
5. Percentage of the portfolio represented by each investment category.
6. A description of the funds, investments, and programs (including lending programs) managed by contracted parties (i.e. LAIF, investment pools, outside money managers, and securities lending agents).
7. A statement of compliance with the investment policy or an explanation for non-compliance.
8. A statement of the local agency's ability to meet its pool's expenditure requirements for the next six months, as well as an explanation of why sufficient money will not be available if that is the case.

Local agency funds that have been placed in a county investment pool, LAIF, FDIC insured bank deposits, National Credit Union Shared Insurance Fund-insured accounts in a credit union, accounts insured or guaranteed pursuant to California Financial Code Section 14858, or some combination of the above, may substitute the most recent account statement received from those entities in lieu of the information recommended above.

In addition to the reporting requirement set forth by Section 53646, a local agency treasurer who has been delegated authority to invest or reinvest funds of the local agency by the legislative body under Section 53607 must submit a report to the legislative body accounting for transactions made during the month. This reporting requirement is separate and distinct from the quarterly report submitted under Section 53646. If the legislative body has delegated authority to the treasurer and has elected to require the quarterly report under Section 53646 on a monthly basis, it may be very practical and efficient to merge the elements of

the quarterly report with the month's transactions and provide a combined report on a monthly basis. While the elements of each reporting requirement may be different they may be combined in one report.

III. B Should the report include market value measures for individual securities? [Section 53646(b)(1)]

The market value of each security in a portfolio must be computed before determining the portfolio's overall market value.

MINIMUM LEGAL REQUIREMENT:

Section 53646(b)(1) states: "With respect to all securities held by the local agency, and under management of any outside party that is not also a local agency or the LAIF, the report shall also include a current market value as of the date of the report, and shall include the source of this same valuation."

CONSENSUS RECOMMENDATION:

The law is not clear whether "all" securities implies the market value of the overall portfolio or each security. The level of detail to be presented in the report depends on the portfolio activity and the audience. The report for internal treasury staff and the oversight committee should list the individual market value for each security. This approach gives a more complete picture of the health of a portfolio and brings individual investment performance to the attention of those responsible for compliance oversight. For the legislative body, the report should be a summary with aggregate market value listed and include a footnote stating that data on particular investments is available upon request.

HOW SHOULD THE MARKET VALUE OF THE PORTFOLIO BE DETERMINED?

In establishing market value of the portfolio as required by Section 53646(b)(1), the Government Finance Officers Association recommends that local entities obtain independent third-party assessment of investments and risk from a reputable source.

The most common approach is to request pricing information from the agency's safekeeping service, custodial service, or trustee. Agencies may need to contract with pricing service companies for more complex securities. These companies specialize in giving the current market price for a broad range of securities.

An alternative way to determine the value of securities in a portfolio is to perform an in-house analysis by collecting information from different sources such as dealer quotes, online computer information, and certain publications that provide price estimates. These sources may not be as up-to-date or accurate as a pric-

ing service, but they offer a relatively inexpensive method to make price estimates. Finally, to assess the value of securities where specific prices are not available, a treasurer can either tie the spread of a recent investment to a benchmark security that is easy to value or use a matrix pricing formula. A matrix pricing formula displays the prices of a variety of different securities which are then used as a basis for approximating the value of the security in question. These formulas are particularly useful for short-term securities that mature between 90 and 180 days.

MINIMUM LEGAL REQUIREMENT:

Section 53646(b)(1) provides that the agency shall include the current market value as of the reporting period date and the source of the valuation.

CONSENSUS RECOMMENDATION:

To provide the most unbiased method of reporting current market values, the local agency should obtain an independent valuation of the portfolio from a reputable source, such as, a broker or other financial institution, custodial bank, available publications or other pricing services. The independent sources should not be a party to the transaction. For example, the broker that sold the security should not be used to provide the valuation. The agency should use the best sources of market price information available. Prices for securities are estimates that carry a certain degree of error regardless of the approach used and will fluctuate over time due to market conditions. It is imperative that local officials pay extra attention to estimates on complex, infrequently traded, or highly customized securities.

HOW FREQUENTLY SHOULD MARKET VALUE BE CHECKED?

MINIMUM LEGAL REQUIREMENT:

None. Government Code does not specify frequency of market valuation.

CONSENSUS RECOMMENDATION:

Frequency of market valuation will be dependent on the complexity of the securities in the portfolio and the frequency of trading. For infrequent or passive investors, market value should be “marked-to-market” quarterly at a minimum. For a more active portfolio, the industry standard is monthly.

III. C Should an analysis of cash flows be prepared by the local agency in order to validate the six-month liquidity certification? [Section 53646]

A public agency is required to include a statement indicating that the projected cash flow is adequate to meet expected obligations over the next six months or provide an explanation as to why sufficient money may or may not be available.

MINIMUM LEGAL REQUIREMENT:

Section 53646(b)(3) addresses the requirement for the local agency to include a statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months or provide an explanation as to why sufficient money may or may not be available. There are no other requirements for identifying cash flows and setting liquidity targets at the local agency.

Section 53646(c) requires the treasurer or chief fiscal officer to report whatever additional information or data may be required by the legislative body of the local agency.

CONSENSUS RECOMMENDATION:

An analysis of cash flows is not required. However, the treasurer should be prepared to discuss cash flow projections and methodology at the request of legislative or oversight bodies. This analysis may list basic projections—based on historical data, market sensitivity or other relevant information—that support the cash flow liquidity statement. There are no guarantees when it comes to predicting future obligations. A sound justification for the expenditure statement gives the finance officer added protection against decisions that originally looked good but turned out poorly because of unforeseen circumstances.

The nature of the analysis will vary greatly depending on the size, sophistication, and complexity of the local agency staff and portfolio. Best practices dictate that cash flow statements should be prepared on a regular basis. However, in some agencies it may not be practicable or necessary, for instance, for LAIF-only participants. An analysis of cash flows is the precursor to portfolio management and should be prepared and updated, as needed, at least for internal investment staff use.

Those who manage investment pools need to pay close attention to the needs and accuracy of the requests of participants to ensure accurate cash flow projections. Incomplete information about a pool's investors not only compromises the legitimacy of the six-month cash flow statement, but also adds substantially to the liquidity risk of the pool.

In the case of investment pools, all participants' cash flow needs must be taken into account in preparing the six month cash flow statement. The pool administrator or manager should keep close tabs on mandatory and voluntary pool participants' cash flows needs and establish clear criteria for the deposit and withdrawal of their funds. Also, the pool administrator or manager should obtain expected deposit/disbursement information from pool participants at the time of major fund deposits or updates of cash flow projections.

III. D What tools can be used to measure interest rate risk?

Interest rate risk, also known as market risk, is the risk that a security's value or price will decline as interest rates rise in the general market. Weighted average maturity (WAM) and duration are commonly used measures of interest rate risk. WAM measures the portfolio's "average life." Duration considers all of the cash flow receipts not just the last cash flow as in WAM and provides an approximate percentage change in the value of a security or portfolio for a given change in interest rates.¹⁵ Some local agencies have inquired whether they should include this information in their report.

MINIMUM LEGAL REQUIREMENT:

Existing statutes do not require local agencies to report an interest rate risk measure in their portfolios. Section 16480.7 requires the State Treasurer to submit a quarterly report to the Pooled Money Investment Board that includes the weighted average maturity of the investments in the Pooled Money Investment Account.

CONSENSUS RECOMMENDATION:

Local agencies should consider including the WAM or duration measurement in the report. The type of duration measure (e.g. modified and/or effective duration) used will depend on the type of investments being analyzed and the capacity of the agency to perform or source the calculations. While duration will present greater precision than WAM in the measurement of interest rate risk, given the need for specialized software to perform calculations or an external source for duration information, an agency may find greater utility in the easier to calculate WAM. The decision on which metric to use will be based on the needs and resources of the local agency.

Local agencies also should consider whether their investment policies should provide guidance on acceptable ranges or limits for the respective measure used. These figures trigger a number of valuable considerations about the status of the portfolio for both internal and external purposes including liquidity, cash flow, and average maturity (for example, WAM). WAM is a relatively simple calculation which may be determined by dividing the sum of the days to maturity multiplied by the book value for each security by the total book value of the portfolio. Figure 3 shows an example of how WAM is calculated:

¹⁵ Refer to CDIAC publications [California Public Fund Investment Primer](#) and [Duration Basics](#).

FIGURE 3

CALCULATION OF WEIGHTED AVERAGE MATURITY

PAR VALUE	SECURITY DESCRIPTION	DAYS TO MATURITY	BOOK VALUE	DAYS BY BOOK VALUE
\$1,350,000	Repurchase Agreements	1	\$1,350,000	1,350,000
5,000,000	Local Agency Inv. Fund	1	5,000,000	5,000,000
5,000,000	Fed Natl. Mtg. Assn.	185	4,886,108	903,930,041
5,000,000	Fed Home Loan Bank	550	5,000,000	2,750,000,000
5,000,000	U.S. Treasury Note	720	4,985,156	3,589,312,500
5,000,000	Fed Natl. Mtg. Assn.	822	5,000,000	4,110,000,000
5,000,000	Fed Farm Credit Bank	910	4,988,941	4,539,936,255
TOTAL			\$31,210,206	15,899,528,796

$$\text{WAM} = \frac{\frac{\sum \text{Days to Maturity Multiplied by Book Value of Each Investment}}{\text{Total Book Value}}}{\frac{15,899,528,796}{\$31,210,206}} = \frac{509 \text{ Days}}{\text{or } 1.42 \text{ Years}}$$

Duration is a more complex computation and requires the proper software to perform the specific calculations for each security and then for the entire portfolio. Three types of duration are commonly used.

MACAULAY DURATION. The simplest method of calculating duration which measures the number of years required to recover the true cost of a security and is the only type of duration measurement quoted in “years.”

MODIFIED DURATION. Builds upon Macaulay duration to measure the price sensitivity of an investment to interest rate changes and assumes the cash flows of an investment do not change as interest rates change. Modified duration is quoted as a percentage of value change as interest rates change. Figure 4 is an example of a basic modified duration application.

EFFECTIVE DURATION. Further refines modified duration using an iterative estimation process and is typically used with floating rate, asset-backed, and pass-through securities and more generally, with securities that have call option features. Effective duration takes into account embedded options of a security (e.g., call features or sinking fund schedule) and adjusts the price of the investment to reflect changes in the value of those embedded options.¹⁶ Thus, effective duration requires simulations of many possible interest rate scenarios to calculate the duration to call and provides a wider assessment of risk for a portfolio containing more than fixed rate securities. Due to the complexity of calculating effective duration, no example appears below.

¹⁶ Refer to CDIAC publication [Investing in Callable Securities – September 2020 Update](#) for a summary of callable securities. Refer to CDIAC publication [Issue Brief: Benefits and Limitations of Option-Adjusted Spread Analysis](#) for general guidance about option-adjusted spread (OAS) and how to interpret OAS values.

FIGURE 4

**DURATION—GAIN/LOSS OF MARKET VALUE MATRIX
FOR A \$100,000,000 PORTFOLIO**

		PORTFOLIO MODIFIED DURATION			
		1.2	2.7	5.0	6.0
RATE CHANGE	.25%	\$300,000	\$675,000	\$1,250,000	\$1,500,000
	.50%	600,000	1,350,000	2,500,000	3,000,000
	1.50%	1,800,000	4,050,000	7,500,000	9,000,000
	2.00%	2,400,000	5,400,000	10,000,000	12,000,000
	5.00%	6,000,000	13,500,000	25,000,000	30,000,000

Modified duration measures the approximate change in the market value of assets as a result of a change in market interest rates. Thus, for a portfolio with a market value of \$100,000,000 and a duration of 1.2, as interest rates increase by 1.5%, the portfolio's market value would be expected to decrease by \$1,800,000. Specifically:

$$\frac{\$100,000,000}{\text{portfolio size}} \times \frac{1.2}{\text{duration}} \times \frac{0.015}{\text{interest rate increase}} = \frac{\$1,800,000}{\text{portfolio market value decrease}}$$

Conversely, for the same portfolio, if interest rates were to decrease by 2%, the portfolio's market value increases by approximately \$2,400,000. Specifically:

$$\frac{\$100,000,000}{\text{portfolio size}} \times \frac{1.2}{\text{duration}} \times \frac{0.02}{\text{interest rate increase}} = \frac{\$2,400,000}{\text{portfolio market value increase}}$$

Securities or portfolios with higher duration carry more interest rate risk and have higher price volatility (i.e., sensitivity of the security's price to changes in market interest rates) than those with lower durations. For example, if the same \$100,000,000 portfolio had a duration of 2.7, a 1.5% increase in market interest rates will produce a greater change in the portfolio's market value:

$$\frac{\$100,000,000}{\text{portfolio size}} \times \frac{2.7}{\text{duration}} \times \frac{0.015}{\text{interest rate increase}} = \frac{\$4,050,000}{\text{portfolio market value decrease}}$$

For a 2% decrease in interest rates:

$$\frac{\$100,000,000}{\text{portfolio size}} \times \frac{2.7}{\text{duration}} \times \frac{0.02}{\text{interest rate increase}} = \frac{\$5,400,000}{\text{portfolio market value decrease}}$$

III. E What action should the legislative body take with the report? [Section 53646]

Section 53646(b) states that the “treasurer or chief fiscal officer may render a quarterly report to the chief executive officer, internal auditor, and the legislative body” within 45 days of the quarter’s end. Questions arise as to whether the legislative body needs to discuss and approve the report during a regular meeting, have it placed on the consent calendar, or only receive a copy.

MINIMUM LEGAL REQUIREMENT

Section 53646(b) only states that the report may be rendered to the legislative body. It does not require the legislative body to take action on this report.

CONSENSUS RECOMMENDATION

If presented to the legislative body of the local agency, it should discuss the report as necessary and take action on the report in public session. The report could be listed as a consent calendar item or as a non-consent calendar item, depending on the preferences of the legislative body. Possible actions of the governing body on the report could include: receiving and filing the report, approving or disapproving the report (with or without amendments), or asking staff for further information/clarification. In addition, if presented to an investment oversight body, the oversight body should discuss the reports at their own meetings.

III. F How should agencies address difficulties in meeting the 45-day requirement for submitting quarterly investment reports to the legislative body? [Section 53646(b)]

It can be difficult for an agency to collect all the appropriate information for the report, have an oversight committee (if a jurisdiction has one) review or approve it, and present it to the legislative body within 45 days of the quarter’s end. Various factors such as the length and diversity of the portfolio, size of staff, and type and availability of computer software can influence the amount of time it takes to compile a report.

MINIMUM LEGAL REQUIREMENT:

Section 53646(b) requires that if the quarterly investment report is submitted to the legislative body, it may be rendered within 45 days of the end of the quarter.

CONSENSUS RECOMMENDATION:

A report, as complete as possible, should be submitted within the allotted 45 days. If current values for certain investments are not available within the time frame to complete the report in a timely fashion, submit the report on time and indicate in the report the most recent valuation and its date and then submit updated values to the legislative body at the soonest possible date thereafter. It should be available for individual legislative body members to review within 45 days of quarter end. This may include providing a copy to each member, including it in agenda materials for a public meeting, or actually presenting the report at a public meeting of the legislative body.

Chapter IV. Treasury Oversight Committees

Section 27131 and 27132 through 27132.4 consider the formation, composition, and role of a county treasury oversight committee. These code sections provide that the function of the treasury oversight committee is to monitor and review the county investment policy by conducting or causing an annual audit and discussing its findings at a public meeting. The rationale behind the creation of an oversight committee is to give local agencies and private sector citizens a say in the policies governing the investment pool.

IV. A What options are available for structuring the county treasury oversight committee? [Sections 27131 and 27132 through 27132.4]

The statutes governing the structure of county treasury oversight committees are meant to bring together a representative and knowledgeable committee while limiting conflicts of interest with the treasurer and the treasury functions subject to oversight. However the composition is subject to specific requirements that can make it difficult for local agencies to recruit and staff a committee. Specifically, the statutes prohibit individuals from employment with or securing employment within one year of serving on a county treasury oversight committee with underwriting, bond counsel or broker-dealer firms doing business with the county treasurer. Committee members are also prohibited from making individual political contributions to, or being employed by an entity that makes political contributions to, or from doing any fund raising on behalf of any candidate for office of the governing board of any agency that deposits funds in the county treasury in the previous three years.

MINIMUM REQUIREMENT:

Section 27131(a) states that the board of supervisors in any county that invests surplus money may establish a treasury oversight committee. If established, the committee must consist of three to eleven members, the exact number determined by the board of supervisors in consultation with the county treasurer. Members must be appointed from the following categories:

- | | |
|---|--|
| 1. County treasurer. | school districts and community college districts in the county. |
| 2. County auditor, auditor-controller, or finance director as the case may be. | 5. County superintendent of schools or their designee. |
| 3. A representative appointed by the board of supervisors. | 6. A representative selected by a majority of the presiding officers of the legislative bodies of the special districts that are required or authorized to deposit funds in the county treasury. |
| 4. A representative selected by a majority of the presiding officers of the governing bodies of the | |

A majority of the public members of the committee shall have expertise in or an academic background in public finance. The other public members shall be economically diverse and bipartisan in political registration. Committee members cannot:

- Be employed by an entity that has contributed to the campaign of a candidate for the office of local treasurer;
- Be employed by an entity that has contributed to the campaign of a candidate for membership on a legislative body of any local agency that has deposited funds in the county treasury in the previous three years or during the period the employed person is a member of the committee;
- Directly or indirectly raise money for a candidate for local treasurer or a member of the governing board of any local agency that has deposited funds in the county treasury while a member of the committee; and
- 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 committee or for one year after leaving the committee.

CONSENSUS RECOMMENDATION:

County legislative bodies should decide if an oversight committee is necessary and if they should have private sector individuals from the restricted firm types serve on the committee. If so, the county may choose one of three options to compose the committee (Figure 5).

If the committee is composed of public and private sector members (Option 1), the members, for their term of service and one year following, cannot work for firms doing business with the treasurer. As a way to obtain the participation of private sector professions employed by firms doing business with the treasurer, a county may create an advisory board of the county treasury oversight committee (Option 2). However, a county that chooses Option 2 and forms an advisory

FIGURE 5

**APPROACHES TO ESTABLISHING THE COUNTY
TREASURY OVERSIGHT COMMITTEE**

VARIOUS OPTIONS AVAILABLE TO LOCAL GOVERNMENTS

1. A committee of both public and private sector members.
2. A committee of public sector officials that has an advisory board made up of private sector professionals and citizens.
3. A committee that only consists of individuals who work for agencies that have funds invested in the pool.

sory board whose membership criteria is less stringent than the criteria used to compose an oversight committee is advised to consult legal counsel. Finally, the county may establish an oversight committee composed exclusively of individuals unaffiliated with private sector firms doing business with the treasurer. The easiest way to do so is to draw members of the committee from the public agencies investing funds with the county treasurer (Option 3).

**IV. B Does the appointment of the treasurer to the county treasury oversight committee create a conflict of interest?
[Sections 27131 and 27132]**

Since the oversight committee's central task is to oversee the treasurer's policies, some believe that allowing the treasurer to sit on the oversight committee represents a conflict of interest. Others claim that a treasurer who donates money to their own campaign cannot be on the county treasury oversight committee because the law bars those who contribute to the campaign of someone running for treasurer while serving on the committee from participation.

MINIMUM LEGAL REQUIREMENT:

None. Sections 27131 and 27132 do not specify whether or not the county treasurer should be a member of the oversight committee. Section 27132 specifically lists the county treasurer as a potential member of the county treasury oversight committee.

CONSENSUS RECOMMENDATION:

The question of whether or not a county treasurer should sit on the treasury oversight committee must be made by the county board of supervisors and the treasurer. Their answer should consider the advantages and disadvantages of having someone with the treasurer's influence and expertise sit on the committee and the future employment implications to the treasurer since any person who serves on a county treasury oversight committee is prohibited from seeking employment with the financial services industry for one year after leaving the

committee. It should not in any way hinge on whether a treasurer donated money to his or her own campaign. Contributing money to one's own campaign does not represent a legitimate conflict of interest in the context of the treasury oversight committee.

Specifying that the treasurer does not serve as the chair of the oversight committee is one approach to lessening the "conflict of interest" concern.

IV. C What is the role of the county treasury oversight committee? [Sections 27134 and 27137]

MINIMUM LEGAL REQUIREMENT:

Sections 27134 and 27137 limit the oversight committee's functions to monitoring and reviewing the county treasury's compliance with the investment policy and reporting provisions of the Government Code through an annual audit.

CONSENSUS RECOMMENDATION:

The statutes address concerns that individuals serving on the treasury oversight committees may try to micro-manage decisions that should be left to the treasurer. Considerations by the committee regarding the risk and structure of a portfolio are permitted in the law, however, any attempts to direct individual investment decisions, select individual investment advisors, brokers, or dealers, or impinge on the day-to-day operations of the county treasurer are discouraged. The local agency should clearly stipulate that the responsibilities of the treasury oversight committee are to focus on investment policy issues and to audit the portfolio for compliance with the policy.

IV. D Should other local agencies have treasury oversight committees?

It is not uncommon to find treasury oversight committees in cities and other local agencies even though the law does not require them to have such a committee. An important issue in the decision to establish a committee is the level of discretion accorded the agency treasurer in making investment decisions: the more discretion, the greater the need for oversight procedures. However, even in situations where an agency has a great deal of discretion, some believe an oversight committee merely duplicates work that can be better performed by the governing board or auditors. Others support the view that an oversight committee provides valuable information to the investment staff and involves members of the com-

munity in an important government function. If other local agencies decide that they want to engage an oversight committee, its role with respect to reviewing investment policies and quarterly investment reports should be clearly specified.

MINIMUM LEGAL REQUIREMENT:

There are no legal requirements for local agencies to have oversight committees.

CONSENSUS RECOMMENDATION:

Local agencies that are not counties should consider if an oversight committee is appropriate based on its current oversight procedures, complexity of its portfolio, frequency with which it purchases securities, and skill level of its staff. The limitations and restrictions associated with membership on a county treasury oversight committee do not apply to committees formed by other local government entities.

California Government Code

CODE SECTION	TITLE DESCRIPTION
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ACQUISITION OF BONDS

5925	Repurchase investment
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LOCAL AGENCY INVESTMENT FUND (LAIF)

16340	Voluntary Investment Program Fund
16429.1	Creation, maintenance, and operation
16429.2	Local investment advisory board
16429.3	Deposits; prohibited transfers and loans; impoundment or seizure
16429.4	Right of withdrawal

COUNTY TREASURER - DUTIES GENERALLY

27000	Custody and payment of moneys
27000.1	Investment of county funds; delegation and revocation of authority by board of supervisors; responsibility for transactions
27000.3	Prudent investor standard; use in transactions with public funds
27000.5	Objectives; managing public funds
27000.6	Effective date of specified provisions; candidate eligibility and continuing education programs; county ordinances; authority to repeal ordinances
27000.7	Eligibility for offices of county treasurer and tax collector; criteria; application of section
27000.8	County treasurers and tax collectors serving on January 1, 1996; service for remaining term; continuing education; certification; violation
27000.9	Continuing education; requirements beginning in 2000; certification; violation
27001	Certificates of auditor; filing; preservation
27002	Accounts of receipts and expenditures; requisites
27002.1	Photographic records of receipts and expenditures
27003	Separate accounts; general account

27005	Disbursements on warrants; checks or electronic funds transfers; exception
27006	Disbursements on warrants based on orders; payment of warrants
27007	Possession of money; special deposits
27008	Certificates of auditor necessary for receipt of money
27009	Receipt for deposit of moneys into county treasury
27010	Receipt of gifts and bequests
27011	Deposit of private money prohibited; penalty
27012	Conferences between controller and treasurers regarding administration of applicable law; expenses
27013	Administrative cost of investing, depositing or handling funds; reimbursement of county

COUNTY TREASURY OVERSIGHT COMMITTEES

27130	Legislative findings and declarations
27131	Establishment; determinations of size and membership
27132	Membership; pool of candidates
27132.1	Member employment by campaign contributors
27132.2	Member fundraising
27132.3	Member employment in financial services industry
27132.4	Open meetings; Ralph M. Brown Act
27133	Periodic investment policy; preparation by treasurer; committee review and oversight
27134	Periodic audits by committee; article compliance
27135	Costs of compliance; reimbursement
27136	Withdrawal of funds from county treasury pool; requests; evaluation; approval criteria
27137	Day-to-day operations and decisions; committee involvement

ETHICS TRAINING

53234	Definition
53235.1	Training requirement
53235.2	Training records
53238	Fiscal and financial training
53238.1	Training courses
53238.2	Training time/frequency
53238.3	Training instructions
53238.4	Training exemptions

INVESTMENT OF SURPLUS

53600	Local agency
53600.3	Prudent investor standard; investments on behalf of local agencies
53600.5	Objectives; managing public funds

53600.6	Legislative findings and declarations; solvency and creditworthiness
53601	Local agencies; authorized investments
53601.1	Investment in financial futures or financial option contracts
53601.2	Limited liability corporation
53601.5	Investments; qualified purchase agent
53601.6	Prohibited investments
53601.8	Investment in placement service assisted deposits, including certificates of deposit
53602	Investment in legal investments for savings banks; securities of public districts
53603	Direct purchase of securities
53604	Sale or exchange of securities; reinvestment of proceeds
53605	Sale of securities; application of proceeds to original purposes
53606	Cancellation of bonds issued by purchaser; resale
53607	Delegation of duties to treasurer; monthly report
53608	Deposit of securities; receipt; delegation of authority
53609	Eligible securities for investment of funds held by local agency pursuant to deferred compensation plans
53610	Proposition 1A receivables; purchase by local agency
57603	Investments in public bank obligations

HEALTH FUND INVESTMENTS

53620	Investment funds designated for employee retiree health benefits' payments
53621	Delegation of the governing body's investment authority to designated officers
53622	Funds to pay employee retiree health benefits; discharge of duties of the governing body or designated officer

DEPOSIT OF FUNDS

16340	The Voluntary Investment Program Fund
53630	Definitions
53630.1	Legislative findings and declarations; solvency and creditworthiness
53630.5	Additional definitions
53631	Deposits to pay principal, interest or warrants of bonds; electronic funds disbursement
53632	Classes of deposits
53632.5	Classes of security for deposits
53633	Determination of amounts to be deposited in each class
53634	Transfers from inactive to active deposits
53635	Local agency investments; commercial paper; concentration limits

53635.2	Deposit of money belonging to or in custody of local agency
53635.7	Agency consideration when borrowing funds in excess of \$100,000
53635.8	Investment in placement service assisted deposits, including certificates of deposit
53636	Deposited money as in treasury of local agency
53637	Selection of depository; interest
53638	Maximum deposits
53639	Expense of transporting money
53640	Checks, drafts, and other exchange
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Government Code Section 5925

5925

The purchase or other acquisition of bonds by or on behalf of the state or local government that issued the bonds does not cancel, extinguish, or otherwise affect the bonds and the bonds shall be treated as outstanding bonds for all purposes except to the extent otherwise determined by the issuer or otherwise provided in the constituent instruments defining the rights of the holders of the bonds.

Government Code Section 16340

16340

(a) (1) The Voluntary Investment Program Fund is hereby created within the State Treasury, for the receipt of voluntary deposits from local entities.

(2) For purposes of this section, a “local entity” includes, but is not limited to, any city, county, school district, or special district.

(b) Each local entity that is approved by its governance body to deposit moneys in the fund shall deposit no less than a total of two hundred million dollars (\$200,000,000). The total amount of moneys that may be deposited in the fund from all eligible sources shall not exceed, at any point in time, a total of ten billion dollars (\$10,000,000,000), or lesser amount as determined by the Director of Finance, in consultation with the Treasurer.

(c) The terms and conditions of deposits made into the fund shall be set by the Director of Finance, in consultation with the Treasurer. Those terms shall include, but not be limited to, the size of the deposit from a particular local entity, the length of time those moneys shall be held in deposit in the fund, the availability of funds for withdrawal by the local entity depositing the funds, and the annual rate of interest paid on deposits, as described in subdivision (e). However, the director and the Treasurer may only permit deposits that do not exceed funds needed to address an actual or anticipated cash shortfall in the General Fund not exceeding the amounts of existing appropriations, including continuing and continuous appropriations, to which resulting proceeds are to be applied.

(d) Moneys held in the Fund shall be invested by the Treasurer in investments authorized pursuant to Sections 16430 and 16480 through the Pooled Money Investment Account, and whenever the Controller determines that moneys in the General Fund, after allowing for internal borrowing from other funds are, or are expected to be, insufficient for the payment of all appropriations made by the Legislature which are to be paid out of the moneys in the General Fund, the State Controller may, based upon his or her estimate of the probable income to the General Fund during the then fiscal year and the probable dates of receipt thereof, may draw a demand or demands against appropriations made from the General Fund to be paid in the then current fiscal year prior to the receipt of the income, and deliver the demand or demands to the Treasurer. The Treasurer

shall register the demand or demands for nonpayment and may borrow moneys from the fund in an amount or amounts that is no greater than the demand or demands provided. The borrowing, together with the interest owed upon the account thereon, shall be paid exclusively from moneys in the General Fund on probable or reasonably anticipated revenues that are expected to be forthcoming within a short period of time, but not excepting recourse to internal borrowing from other funds in the event insufficient moneys are available from the General Fund. Repayment of any of those borrowings shall be considered a priority payment, equivalent to any other loan repayment made from the General Fund to another state fund.

(e) Notwithstanding any other law, the rate of interest to be earned by the depositors shall be the base apportionment rate based on their pro rata share of the earnings of the Pooled Money Investment Account on a quarterly basis at the end of each quarter plus an enhanced amount. The pro rata share shall be determined by a dollar day participation. The base apportionment rate applied to dollar day participation in the fund shall be the quarter-to-date average yield of the Pooled Money Investment Account for the current quarter. The enhancement amount paid to depositors in the fund shall be determined by the Director of Finance, in consultation with the Treasurer, and shall be added to the base rate earned by the Pooled Money Investment Account at the time the apportionment is made. The total interest cost described in this subdivision shall not exceed that provided for in paragraph (1) of subdivision (d) of Section 16731.

(f) Notwithstanding Section 13340, moneys in the fund are hereby continuously appropriated for payment of interest expenditures to depositors calculated in accordance with subdivision (e), other related expenses as determined by the Department of Finance, and return of deposits to depositors according to terms and conditions set by the Director of Finance, in consultation with the Treasurer. The amounts paid for interest and other related expenses shall be attributable to the fiscal year in which the borrowing occurred which is also the fiscal year upon which the appropriations against which the demand or demands were made.

(g) The Department of Finance shall determine the budget items to be used for the recording and reporting of interest expenditures and other related expenses pursuant to this section.

(h) Deposits in the fund shall be tracked separately for each participant in the state's accounting system, and shall be deemed to be assets of each participant. These assets shall be reflected as such on each participant's individual financial statements.

(i) These deposits are, and may only be used, to cover short-term cash needs of the state and are, and shall be, in compliance with the provisions of Proposition 58 of March 2004 as stated in subdivision (c), Section 1.3 of Article XVI of the California Constitution. Deposits and borrowing from the fund shall comply with the state's debt limit restrictions.

(j) Actions by the Director of Finance, in consultation with the Treasurer, in implementing and administering the investment program provided for in this

section and the Treasurer's and Controller's actions in borrowing from the fund shall be exempt from the provisions of the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3).

(k) Upon projection of insufficient cash in the General Fund, the Director of Finance, in consultation with the Treasurer and Controller, may utilize provisions similar to Section 16381 to facilitate the implementation of the program.

Government Code Section 16429.1-16429.4

16429.1

(a) There is in trust in the custody of the Treasurer the Local Agency Investment Fund, which fund is hereby created. The Controller shall maintain a separate account for each governmental unit having deposits in this fund.

(b) Notwithstanding any other provisions of law, a local governmental official, with the consent of the governing body of that agency, having money in its treasury not required for immediate needs, may remit the money to the Treasurer for deposit in the Local Agency Investment Fund for the purpose of investment.

(c) Notwithstanding any other provisions of law, an officer of any nonprofit corporation whose membership is confined to public agencies or public officials, or an officer of a qualified quasi-governmental agency, with the consent of the governing body of that agency, having money in its treasury not required for immediate needs, may remit the money to the Treasurer for deposit in the Local Agency Investment Fund for the purpose of investment.

(d) Notwithstanding any other provision of law or of this section, a local agency, with the approval of its governing body, may deposit in the Local Agency Investment Fund proceeds of the issuance of bonds, notes, certificates of participation, or other evidences of indebtedness of the agency pending expenditure of the proceeds for the authorized purpose of their issuance. In connection with these deposits of proceeds, the Local Agency Investment Fund is authorized to receive and disburse moneys, and to provide information, directly with or to an authorized officer of a trustee or fiscal agent engaged by the local agency, the Local Agency Investment Fund is authorized to hold investments in the name and for the account of that trustee or fiscal agent, and the Controller shall maintain a separate account for each deposit of proceeds.

(e) The local governmental unit, the nonprofit corporation, or the quasi-governmental agency has the exclusive determination of the length of time its money will be on deposit with the Treasurer.

(f) The trustee or fiscal agent of the local governmental unit has the exclusive determination of the length of time proceeds from the issuance of bonds will be on deposit with the Treasurer.

(g) The Local Investment Advisory Board shall determine those quasi-governmental agencies which qualify to participate in the Local Agency Investment Fund.

- (h) The Treasurer may refuse to accept deposits into the fund if, in the judgment of the Treasurer, the deposit would adversely affect the state's portfolio.
- (i) The Treasurer may invest the money of the fund in securities prescribed in Section 16430. The Treasurer may elect to have the money of the fund invested through the Surplus Money Investment Fund as provided in Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of Title 2.
- (j) Money in the fund shall be invested to achieve the objective of the fund which is to realize the maximum return consistent with safe and prudent treasury management.
- (k) All instruments of title of all investments of the fund shall remain in the Treasurer's vault or be held in safekeeping under control of the Treasurer in any federal reserve bank, or any branch thereof, or the Federal Home Loan Bank of San Francisco, with any trust company, or the trust department of any state or national bank.
- (l) Immediately at the conclusion of each calendar quarter, all interest earned and other increment derived from investments shall be distributed by the Controller to the contributing governmental units or trustees or fiscal agents, nonprofit corporations, and quasi-governmental agencies in amounts directly proportionate to the respective amounts deposited in the Local Agency Investment Fund and the length of time the amounts remained therein. An amount equal to the reasonable costs incurred in carrying out the provisions of this section, not to exceed a maximum of 5 percent of the earnings of this fund and not to exceed the amount appropriated in the annual Budget Act for this function, shall be deducted from the earnings prior to distribution. The amount of this deduction shall be credited as reimbursements to the state agencies, including the Treasurer, the Controller, and the Department of Finance, having incurred costs in carrying out the provisions of this section.
- (m) The Treasurer shall prepare for distribution a monthly report of investments made during the preceding month.
- (n) As used in this section, "local agency," "local governmental unit," and "local governmental official" includes a campus or other unit and an official, respectively, of the California State University who deposits moneys in funds described in Sections 89721, 89722, and 89725 of the Education Code.

16429.2

There is created the Local Investment Advisory Board consisting of five members. The chairman shall be the State Treasurer or his or her designated representative. Two members who are qualified by training and experience in the field of investment or finance, shall be appointed by the State Treasurer. Two members who are treasurers, finance or fiscal officers or business managers, employed by any county, city or local district or municipal corporation of this state, shall be appointed by the Treasurer.

The term of office of each appointed member of the board is two years, but each appointed member serves at the pleasure of the appointing authority. A vacancy

in the appointed membership, occurring other than by expiration of term, shall be filled in the same manner as the original appointment, but for the unexpired term only.

Members of the board who are not state officers or employees shall not receive a salary, but shall be entitled to a per diem allowance of fifty dollars (\$50) for each day's attendance at a meeting of the board, not to exceed three hundred dollars (\$300) in any month. All members shall be entitled to reimbursement for expenses incurred in the performance of their duties under this part, including travel and other necessary expenses.

The board's primary purpose shall be to advise and assist the State Treasurer in formulating the investment and reinvestment of moneys in the Local Agency Investment Fund, and the acquisition, retention, management, and disposition of investments of the fund. The board, from time to time, shall review those policies and advise therein as it considers necessary or desirable. The board shall advise the State Treasurer in the management of the fund and consult the State Treasurer on any matter relating to the investment and reinvestment of moneys in the fund.

16429.3

Moneys placed with the Treasurer for deposit in the Local Agency Investment Fund by cities, counties, special districts, nonprofit corporations, or qualified quasi-governmental agencies shall not be subject to either of the following:

- (a) Transfer or loan pursuant to Sections 16310, 16312, or 16313.
- (b) Impoundment or seizure by any state official or state agency.

16429.4

The right of a city, county, city and county, special district, nonprofit corporation, or qualified quasi-governmental agency to withdraw its deposited moneys from the Local Agency Investment Fund, upon demand, may not be altered, impaired, or denied, in any way, by any state official or state agency based upon the state's failure to adopt a State Budget by July 1 of each new fiscal year.

Government Code Section 27000-27013

27000

The county treasurer shall receive and keep safely all money belonging to the county and all other money directed by law to be paid to him and apply and pay it out, rendering the account as required by law.

27000.1

Subject to Section 53607, the board of supervisors may, by ordinance, delegate to the county treasurer the authority to invest or reinvest the funds of the county

and the funds of other depositors in the county treasury, pursuant to Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of title 5. The county treasurer shall thereafter assume full responsibility for those transactions until the board of supervisors either revokes its delegation of authority, by ordinance, or decides not to renew the annual delegation, as provided in Section 53607. Nothing in this section shall limit the county treasurer's authority pursuant to Section 53635 or 53684.

27000.3

(a) With regard to county funds deposited in the county treasury, the board of supervisors is the agent of the county who serves as a fiduciary and is subject to the prudent investor standard, unless a delegation has occurred pursuant to Section 53607 in which case the county treasurer shall be the agent of the county with respect to these funds, serve as a fiduciary, and be subject to the prudent investor standard and the board of supervisors shall not be the agent, serve as a fiduciary, or be subject to the prudent investor standard.

(b) With regard to funds deposited in the county treasury that are deposited by local agencies other than the county and at the discretion of those local agencies, the county treasurer serves as a fiduciary subject to the prudent investor standard.

(c) When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the county treasurer or the board of supervisors, as applicable, shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the county and other depositors, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the county and the other depositors. Within the limitations of this section and considering individual investments as part of an overall investment strategy, investments may be acquired as authorized by law. Nothing in this chapter is intended to grant investment authority to any person or governing body except as provided in Sections 53601, 53607, and 53635.

27000.5

When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the primary objective of the county treasurer or the board of supervisors, as the case may be, shall be to safeguard the principal of the funds under the treasurer's or the board's control. The secondary objective shall be to meet the liquidity needs of the depositor. The third objective shall be to achieve a return on the funds under his or her control.

27000.6

The provisions of Sections 27000.7, 27000.8, and 27000.9 shall become effective only in those counties in which, prior to the first date of the period for filing declarations of candidacy for the office of county treasurer, county tax collector, or county treasurer-tax collector, the board of supervisors by majority vote at

a regular meeting with all members present, enact an ordinance adopting the provisions of those sections. That ordinance may be repealed by the board of supervisors at any time.

27000.7

(a) A person shall not be eligible for election or appointment to the office of county treasurer, county tax collector, or county treasurer-tax collector of any county unless that person meets at least one of the following criteria:

(1) The person has served in a senior financial management position in a county, city, or other public agency dealing with similar financial responsibilities for a continuous period of not less than three years, including, but not limited to, treasurer, tax collector, auditor, auditor-controller, or the chief deputy or an assistant in those offices.

(2) The person possesses a valid baccalaureate, masters, or doctoral degree from an accredited college or university in any of the following major fields of study: business administration, public administration, economics, finance, accounting, or a related field, with a minimum of 16 college semester units, or their equivalent, in accounting, auditing, or finance.

(3) The person possesses a valid certificate issued by the California Board of Accountancy pursuant to Chapter 1 (commencing with Section 5000) of Division 3 of the Business and Professions Code, showing that person to be, and a permit authorizing that person to practice as, a certified public accountant.

(4) The person possesses a valid charter issued by the Institute of Chartered Financial Analysts showing the person to be designated a Chartered Financial Analyst, with a minimum of 16 college semester units, or their equivalent, in accounting, auditing, or finance.

(b)(1) This section shall only apply to any person duly elected or appointed as a county treasurer, county tax collector, or county treasurer-tax collector on or after January 1, 1998.

(2) The amendments made by the act adding this paragraph apply to any person duly elected or appointed as a county treasurer, county tax collector, or county treasurer-tax collector on or after January 1, 2024.

27000.8

Any duly elected county treasurer, county tax collector, or county treasurer-tax collector serving in that office on January 1, 1996, may serve for his or her remaining term of office during which period of time the requirements of this section shall not apply. After the election of a county treasurer, county tax collector, or county treasurer-tax collector to office, that person shall complete a valid continuing course of study as prescribed in this section, and shall during the person's four-year term of office on or before June 30 of the fourth year, render to the Controller a certification indicating that the person has successfully completed a continuing education program consisting of, at a minimum, 48 hours, or an

equivalent amount of continuing education units within the discipline of treasury management, tax collection, public finance, public administration, governmental accounting, or directly related subjects, offered by a recognized state or national association, institute, or accredited college or university, or the California Debt and Investment Advisory Commission, that provides the requisite educational programs prescribed in this section. The willful or negligent failure of any elected county treasurer, county tax collector, or county treasurer-tax collector to comply with the requirements of this section shall be deemed a violation of this section.

27000.9

Notwithstanding any other requirement of law, any duly appointed county officer serving in the capacity of county treasurer, county tax collector, or county treasurer-tax collector shall, beginning in 2000, complete a valid continuing course of study as prescribed in this section, and shall, on or before June 30 of each two-year period, render to the Controller, a certification indicating that the county officer has successfully completed a continuing education program consisting of, at a minimum, 24 hours or an equivalent amount of continuing education units within the discipline of treasury management, tax collection, public finance, public administration, governmental accounting, or directly related subjects, offered by a recognized state or national association, institute, or accredited college or university, or the California Debt and Investment Advisory Commission, that provides the requisite educational programs prescribed in this section. The willful or negligent failure of any county officer serving in the capacity of county treasurer, county tax collector, or county treasurer-tax collector to comply with the requirements of this section shall be deemed a violation of this section.

27001

The treasurer shall file and keep the certificates of the auditor delivered to him or her when money is paid into the treasury.

Notwithstanding Sections 26201, 26202, and 26205, the treasurer may destroy any certificate pursuant to this section under either of the following circumstances:

- (a) The certificate has been filed for more than five years.
- (b) The certificate has been filed for more than one year, and all of the following conditions are complied with:
 - (1) The record, paper, or document is photographed, microphotographed, reproduced by electronically recorded video images on magnetic surfaces, or recorded on optical disk or reproduced on any other medium that does not permit additions, deletions, or changes to the original document and is produced in compliance with Section 12168.7 for recording of permanent records or nonpermanent records if the copy is kept or maintained for five years from the date of the document.
 - (2) The device used to reproduce the record, paper, or document on film or any other medium is one that accurately reproduces the original thereof in all details. A duplicate copy of any record reproduced in compliance with Section 12168.7

for recording of permanent or nonpermanent records, whichever applies, shall be deemed an original.

(3) The photographs, microphotographs, or other reproductions on film or any other medium are placed in conveniently accessible files and provision is made for preserving, examining, and using the same.

(4) The record, paper, or document is reproduced and preserved utilizing other information technology.

27002

The treasurer shall keep an account of the receipt and expenditure of all money received or paid out by him or her in books provided for the purpose. He or she shall enter in the books the amount, the time, from whom, and on what account all money was received by him or her, and the warrant number, the amount, time, and on what account all disbursements were made by him or her.

27002.1

(a) The treasurer may, in lieu of entering in books an account of the receipt and expenditure of all money received or paid out by him or her as provided in Section 27002, photograph, microphotograph, photocopy, or enter into an electronic data-processing system that utilizes optical transmission and filing, all receipts for money received by him or her and all warrants paid out by him or her.

(b) Every reproduction described in subdivision (a) shall be deemed and considered an original, and a transcript, exemplification, or certified copy of any of those reproductions shall be deemed and considered a transcript, exemplification, or certified copy, as the case may be, of the original.

(c) All reproductions described in subdivision (a) shall be properly indexed and placed in convenient, accessible files. Each roll of microfilm shall be deemed and constitute a book, and shall be designated and numbered, and provision shall be made for preserving, examining, and using it. A duplicate of each roll of microfilm shall be made and kept in a safe and separate place.

27003

The treasurer shall keep his or her books or any other authorized form of record so that the amounts received and paid out on account of separate funds or specific appropriations are exhibited in separate and distinct accounts, and the whole receipts and expenditures shown in one general or cash account.

27005

The treasurer shall disburse the county money and all other money placed in his or her custody by official authority only on county warrants, checks, or electronic fund transfers issued by the county auditor, except for the making of legal investments.

27006

The treasurer shall disburse the money in the treasury on county warrants only when they are based on orders of the board of supervisors, upon order of the superior court, or as otherwise provided by law. In the payment of the warrants he may issue his order, check, or draft drawn upon proper funds that are on deposit in any bank.

27007

The treasurer shall keep all money belonging to the State, or any county of the State in his own possession until disbursed according to law. He shall not place the money in the possession of any person to be used for any purpose, nor shall he loan or in any manner use, or permit any person to use it, except as provided by law. This section does not prohibit him from making special deposits for the safe-keeping of public money, but he is liable therefore on his official bond.

27008

(a) The treasurer shall not receive money into the treasury or for deposit with him or her as treasurer, unless it is accompanied by the certificate of the auditor.

(b) Notwithstanding subdivision (a), the auditor and treasurer may establish alternate control procedures for the treasurer to receive or deposit money without the certificate of the auditor.

27009

The treasurer shall give a receipt to each person who deposits money into the county treasury.

27010

The treasurer may receive any money constituting gift, bequest, or devise, and pay it out in accordance with the terms thereof, or, if none are fixed, according to law.

27011

Any county officer who knowingly accepts or allows any deposit in the county treasury of money from any private and unofficial source is guilty of a misdemeanor, punishable by imprisonment in the county jail for not less than six months nor more than one year, or by a fine of not less than five hundred dollars (\$500) and not more than five thousand dollars (\$5,000), or by both that fine and imprisonment, and shall forfeit his or her office.

27012

The Controller may summon county treasurers or the authorized representative of any county treasurer to meet with the Controller or his or her duly

authorized representatives, in those groups and at that place or those places within the state as may be designated by the Controller for the purpose of discussing the interpretation, procedures, uniformity of operation, and efficient administration of the Revenue and Taxation Code and the Government Code. The actual and necessary expenses of any county officer or his or her authorized representative that are incurred while traveling to and from or while attending any meeting called pursuant to this section by the Controller shall be a charge against the county, to be paid in the same manner as other county charges are paid, provided that prior approval of the board of supervisors has been obtained.

27013

Notwithstanding any other provision of law, any treasurer, or other authorized county officer, who invests, deposits or otherwise handles funds for public agencies for the purpose of earning interest or other income on such funds as permitted by law, may deduct from such interest or income, before distribution thereof, the actual administrative cost of such investing, depositing or handling of funds and of distribution of such interest or income. Such cost reimbursement shall be paid into the county general fund.

Government Code Section 27130-27137

27130

The Legislature finds and declares that local agencies, including school districts, should participate in reviewing the policies that guide the investment of those funds. The Legislature further finds and declares that by pooling deposits from local agencies and other participants, county treasuries operate in the public interest when they consolidate banking and investment activities, reduce duplication, achieve economies of scale, and carry out coherent and consolidated investment strategies. The Legislature further finds and declares that the creation of county treasury oversight committees will promote the public interest by involving depositors in the management of their funds and by enhancing the security and investment return on their funds by providing a more stable and predictable balance for investment by establishing criteria for the withdrawal of funds.

27131

(a) The board of supervisors in each county or city and county may, if the county or city and county is investing surplus funds, establish a county treasury oversight committee. The board of supervisors, in consultation with the county treasurer, shall determine the exact size of the committee, which shall consist of from 3 to 11 members, and the categories from which the members shall be represented, as specified in subdivisions (a) to (g), inclusive, of Section 27132. Members shall be nominated by the treasurer and confirmed by the board of supervisors.

(b) In recognition of the state and local interests served by the action made optional in subdivision (a), the Legislature encourages local agencies to continue taking the action formerly mandated by this section. However, nothing in this subdivision may be construed to impose any liability on a local agency that does not continue to take the formerly mandated action.

27132

The county treasury oversight committee, pursuant to Section 27131, shall consist of members appointed from the following:

- (a) The county treasurer.
- (b) The county auditor, auditor-controller, or finance director, as the case may be.
- (c) A representative appointed by the county board of supervisors.
- (d) The county superintendent of schools or his or her designee.
- (e) A representative selected by a majority of the presiding officers of the governing bodies of the school districts and community college districts in the county.
- (f) A representative selected by a majority of the presiding officers of the legislative bodies of the special districts in the county that are required or authorized to deposit funds in the county treasury.
- (g) Up to five other members of the public.
 - (1) A majority of the other public members shall have expertise in, or an academic background in, public finance.
 - (2) The other public members shall be economically diverse and bipartisan in political registration.

27132.1

A member may not be employed by an entity that has (a) contributed to the campaign of a candidate for the office of local treasurer, or (b) 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 committee.

27132.2

A member may not directly or indirectly raise money for a candidate for local treasurer or a member of the governing board of any local agency that has deposited funds in the county treasury while a member of the committee.

27132.3

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 committee or for one year after leaving the committee.

27132.4

Committee meetings shall be open to the public and subject to the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5).

27133

In any county that establishes a county treasury oversight committee pursuant to this article, the county treasurer shall annually prepare an investment policy that will be reviewed and monitored by the county treasury oversight committee. The investment policy shall include all of the following:

- (a) A list of securities or other instruments in which the county treasury may invest, according to law, including the maximum allowable percentage by type of security.
- (b) The maximum term of any security purchased by the county treasury.
- (c) The criteria for selecting security brokers and dealers from, to, or through whom the county treasury may purchase or sell securities or other instruments. The criteria shall prohibit the selection of any broker, brokerage, dealer, or securities firm that has, within any consecutive 48-month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the local treasurer, any member of the governing board of the local agency, or any candidate for those offices.
- (d) Limits on the receipt of honoraria, gifts, and gratuities from advisors, brokers, dealers, bankers, or other persons with whom the county treasury conducts business by any member of the county treasury oversight committee. These limits may be in addition to the limits set by a committee member's own agency, by state law, or by the Fair Political Practices Commission.
- (e) A requirement that the county treasurer provide the county treasury oversight committee with an investment report as required by the board of supervisors.
- (f) The manner of calculating and apportioning the costs, authorized by Section 27013, of investing, depositing, banking, auditing, reporting, or otherwise handling or managing funds.
- (g) The terms and conditions under which local agencies and other entities that are not required to deposit their funds in the county treasury may deposit funds for investment purposes.
- (h) Criteria for considering requests to withdraw funds from the county treasury, pursuant to Section 27136. The criteria shall include an assessment of the effect of a proposed withdrawal on the stability and predictability of the investments in the county treasury.

27134

The county treasury oversight committee shall cause an annual audit to be conducted to determine the county treasury's compliance with this article. The audit may include issues relating to the structure of the investment portfolio and risk.

27135

The costs of complying with this article shall be county charges and may be included with those charges enumerated under Section 27013.

27136

(a) Notwithstanding any other provision of law, any local agency, public agency, public entity, or public official that has funds on deposit in the county treasury pool and that seeks to withdraw funds for the purpose of investing or depositing those funds outside the county treasury pool, shall first submit the request for withdrawal to the county treasurer before withdrawing funds from the county treasury pool.

(b) The county treasurer shall evaluate each proposed withdrawal for its consistency with the criteria adopted pursuant to subdivision (h) of Section 27133. Prior to approving a withdrawal, the county treasurer shall find that the proposed withdrawal will not adversely affect the interests of the other depositors in the county treasury pool.

27137

Nothing in this article shall be construed to allow the county treasury oversight committee to direct individual investment decisions, select individual investment advisors, brokers, or dealers, or impinge on the day-to-day operations of the county treasury.

Government Code Section 53234-53235.2

53234

For purposes of this article, the following definitions apply:

(a) "Legislative body" has the same meaning as specified in Section 54952.

(b) "Local agency" means a city, county, city and county, charter city, charter county, charter city and county, school district, county office of education, charter school, or special district.

(c) "Local agency official" means any of the following:

(1) A member of a local agency legislative body or an elected officer of a local agency who receives any type of compensation, salary, or stipend or reimbursement for actual and necessary expenses incurred in the performance of official duties.

(2) A department head or other similar administrative officer of a local agency.

(A) For a local educational agency, a “department head or other similar administrative officer” means the superintendent of a school district, the county superintendent of schools, or the chief administrator of a charter school.

(B) For purposes of subparagraph (A), a “local educational agency” means a school district, county office of education, or charter school.

(3) An employee designated by a local agency governing body to receive the training specified under this article.

(4) A member of the governing board of a school district, a county board of education, or the governing body of a charter school, whether or not that member receives any type of compensation, salary, or stipend or reimbursement for actual and necessary expenses incurred in the performance of official duties.

(d) “Ethics laws” include, but are not limited to, the following:

(1) Laws relating to personal financial gain by public servants, including, but not limited to, laws prohibiting bribery and conflict-of-interest laws.

(2) Laws relating to claiming perquisites of office, including, but not limited to, gift and travel restrictions, prohibitions against the use of public resources for personal or political purposes, prohibitions against gifts of public funds, mass mailing restrictions, and prohibitions against acceptance of free or discounted transportation by transportation companies.

(3) Government transparency laws, including, but not limited to, financial interest disclosure requirements and open government laws.

(4) Laws relating to fair processes, including, but not limited to, common law bias prohibitions, due process requirements, incompatible offices, competitive bidding requirements for public contracts, and disqualification from participating in decisions affecting family members.

53235.1

(a) Each local agency official in local agency service as of January 1, 2006, except for officials whose term of office ends before January 9, 2007, shall receive the training required by subdivision (a) of Section 53235 before January 1, 2007. Thereafter, each local agency official shall receive the training required by subdivision (a) of Section 53235 at least once every two years.

(b) (1) Except as provided in paragraph (2), each local agency official who commences service with a local agency on or after January 1, 2006, shall receive the training required by subdivision

(a) of Section 53235 no later than one year from the first day of service with the local agency and each local agency official who commences service with a local agency on or after January 1, 2026, shall receive the training required by subdivision (a) of Section 53235 no later than six months from the first day of service

with the local agency. Thereafter, each local agency official shall receive the training required by subdivision (a) of Section 53235 at least once every two years.

(2) Each local agency official who, as of January 1, 2025, is a member of the governing board of a school district, a county board of education, or the governing body of a charter school, except for officials whose term of office ends before January 1, 2026, shall receive the training required by paragraph (2) of subdivision (a) of Section 53235 before January 1, 2026. Thereafter, each local agency official who is a member of the governing board of a school district, a county board of education, or the governing body of a charter school shall receive the training required by paragraph (2) of subdivision (a) of Section 53235 at least once every two years.

(c) A local agency official who serves more than one local agency shall satisfy the requirements of this article once every two years without regard to the number of local agencies with which the official serves.

53235.2

(a) A local agency that provides the ethical training prescribed by this article shall maintain records indicating both of the following:

(1) The dates that local officials satisfied the requirements of this article.

(2) The entity that provided the training.

(b) Notwithstanding any other provision of law, a local agency shall maintain these records for at least five years after local officials receive the training. These records are public records subject to disclosure under the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1).

(c) Commencing July 1, 2026, a local agency that maintains an internet website shall post on that website clear instructions and contact information for the purpose of requesting records required by this section.

Government Code Section 53238-53238.4

53238

For purposes of this article:

(a) “Fiscal and financial training” includes, but is not limited to, training in all of the following:

(1) Laws and principles relating to financial administration and short- and long-term fiscal management, including, but not limited to, the role and responsibilities of financial administration, financial policies, municipal budgets and budget processes, and financial reporting and auditing.

(2) Laws and principles relating to, but not limited to, capital financing and debt management, mechanisms for local agency revenues, pensions and other post-employment benefits, cash management and investments, the prudent investor

standard, and the ethics of safeguarding public resources.

(3) General fiscal and financial planning principles and any pertinent laws relevant to the local agency official's public service and role in overseeing the local agency's operations and relevant to the local agency's procurement and contracting practices and responsibilities.

(b) "Legislative body" has the same meaning as in Section 54952.

(c) "Local agency" means a city, county, city and county, charter city, charter county, charter city and county, or special district.

(d) "Local agency official" means any of the following:

(1) Any member of a local agency legislative body or any elected officer of a local agency.

(2) Any official who is appointed by the governing body who, as part of their official duties, makes decisions or recommendations regarding financial administration, budgeting, or the use of public resources.

(3) A local agency executive, as defined in subdivision (d) of Section 3511.1, or other similar administrative officer of a local agency.

(4) An employee designated by a local agency governing body to receive the training specified under this article.

53238.1

(a) All local agency officials shall receive at least two hours of fiscal and financial training pursuant to this article.

(b) A local agency or an association of local agencies may contract with or otherwise collaborate with a provider of a training course to offer one or more training courses, or sets of self-study materials with tests, to its local agency officials to meet the requirements of this article.

(c) Training courses, or the sets of self-study materials with tests, may be taken in person or online. These courses and materials shall be developed in consultation with widely recognized experts in local government finance, including local government associations.

(d) All providers of training courses under this article shall provide participants with proof of participation to meet the requirements of Section 53238.3.

(e) A local agency shall provide information on training available to meet the requirements of this article to its local agency officials at least once annually.

53238.2

(a) Every local agency official who is in a local agency's service as of January 1, 2026, and commenced that service prior to January 1, 2026, shall receive the

fiscal and financial training required by this article before January 1, 2028, unless that official's term of office ends before January 9, 2028. Thereafter, the local agency official shall receive the training at least once every two years.

(b) Every local agency official who commences service with a local agency on or after January 1, 2026, shall receive the fiscal and financial training required by this article no later than six months from the first day of service with the local agency. Thereafter, the local agency official shall receive the training at least once every two years.

(c) A local agency official who serves more than one local agency is only required to comply with the training requirements of this article once every two years, regardless of the number of local agencies the local agency official serves. However, the local agency official shall provide a copy of proof of participation to all local agencies that they serve.

53238.3

(a) A local agency that provides the fiscal and financial training required by this article shall maintain records indicating both of the following:

- (1) The dates that local agency officials satisfied the requirements of this article.
- (2) The entity that provided the training.

(b) Notwithstanding any other provision of law, a local agency shall maintain these records for at least five years after local agency officials receive the training. These records are public records subject to disclosure under the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1).

(c) Commencing July 1, 2026, a local agency that maintains an internet website shall post on that website clear instructions and contact information for the purpose of requesting records required by this section.

53238.4

A local agency official who is in compliance with Section 26945, 26945.1, 27000.7, 27000.8, or 27000.9 is exempt from the provisions of this article.

Government Code Section 53600-53610

53600

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

53600.3

Except as provided in subdivision (a) of Section 27000.3, all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.

53600.5

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

53600.6.

The Legislature hereby finds that the solvency and creditworthiness of each individual local agency can impact the solvency and creditworthiness of the state and other local agencies within the state. Therefore, to protect the solvency and creditworthiness of the state and all of its political subdivisions, the Legislature hereby declares that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern.

53601.

This section shall apply to a local agency that is a city, a district, or other local agency that does not pool money in deposits or investments with other local agencies, other than local agencies that have the same governing body. However, Section 53635 shall apply to all local agencies that pool money in deposits or investments with other local agencies that have separate governing bodies. The legislative body of a local agency having moneys in a sinking fund or moneys in its treasury not required for the immediate needs of the local agency may invest any portion of the moneys that it deems wise or expedient in those investments set forth below. A local agency purchasing or obtaining any securities prescribed in this section, in a negotiable, bearer, registered, or nonregistered format, shall require delivery of the securities to the local agency, including those purchased for the agency by financial advisers, consultants, or managers using the agency's funds, by book entry, physical delivery, or by third-party custodial agreement. The transfer of securities to the counterparty bank's customer book entry account may be used for book entry delivery.

For purposes of this section, “counterparty” means the other party to the transaction. A counterparty bank’s trust department or separate safekeeping department may be used for the physical delivery of the security if the security is held in the name of the local agency. Where this section specifies a percentage limitation for a particular category of investment, that percentage is applicable only at the date of purchase. For purposes of compliance with this section, an investment’s term or remaining maturity shall be measured from the settlement date to final maturity. A security purchased in accordance with this section shall not have a forward settlement date exceeding 45 days from the time of investment. Where this section does not specify a limitation on the term or remaining maturity at the time of the investment, no investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement or securities lending agreement authorized by this section, that at the time of the investment has a term remaining to maturity in excess of five years, unless the legislative body has granted express authority to make that investment either specifically or as a part of an investment program approved by the legislative body no less than three months prior to the investment:

- (a) Bonds issued by the local agency, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, board, agency, or authority of the local agency.
- (b) United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.
- (c) Registered state warrants or treasury notes or bonds of this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.
- (d) Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the other 49 states, in addition to California.
- (e) Bonds, notes, warrants, or other evidences of indebtedness of a local agency within this state, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.
- (f) Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
- (g) Bankers’ acceptances otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Purchases of bankers’ acceptances shall not exceed 180 days’ maturity or 40 percent of the agency’s moneys that may be invested pursuant to this section. However, no more than 30 percent of the agency’s moneys may be invested in the bankers’ acceptances of any one commercial bank pursuant to this section.

This subdivision does not preclude a municipal utility district from investing moneys in its treasury in a manner authorized by the Municipal Utility District Act (Division 6 (commencing with Section 11501) of the Public Utilities Code).

(h) Commercial paper of “prime” quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions in either paragraph (1) or (2):

(1) The entity meets the following criteria:

(A) Is organized and operating in the United States as a general corporation.

(B) Has total assets in excess of five hundred million dollars (\$500,000,000).

(C) Has debt other than commercial paper, if any, that is rated in a rating category of “A” or its equivalent or higher by an NRSRO.

(2) The entity meets the following criteria:

(A) Is organized within the United States as a special purpose corporation, trust, or limited liability company.

(B) Has program wide credit enhancements including, but not limited to, over-collateralization, letters of credit, or a surety bond.

(C) Has commercial paper that is rated “A-1” or higher, or the equivalent, by an NRSRO.

Eligible commercial paper shall have a maximum maturity of 397 days or less. Local agencies, other than counties or a city and county, that have less than one hundred million dollars (\$100,000,000) of investment assets under management, may invest no more than 25 percent of their moneys in eligible commercial paper. Local agencies, other than counties or a city and county, that have one hundred million dollars (\$100,000,000) or more of investment assets under management may invest no more than 40 percent of their moneys in eligible commercial paper. A local agency, other than a county or a city and a county, may invest no more than 10 percent of its total investment assets in the commercial paper and the medium-term notes of any single issuer. Counties or a city and county may invest in commercial paper pursuant to the concentration limits in subdivision (a) of Section 53635.

(i) Negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit shall not exceed 30 percent of the agency’s moneys that may be invested pursuant to this section. For purposes of this section, negotiable certificates of deposit do not come within Article 2 (commencing with Section 53630), except that the amount so invested shall be subject to the limitations of Section 53638. The legislative body of a local agency and the treasurer or other official of the local agency having legal custody of the moneys are prohibited from investing local agency funds, or funds in the custody of the local agency, in negotiable

certificates of deposit issued by a state or federal credit union if a member of the legislative body of the local agency, or a person with investment decision-making authority in the administrative office manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

(j)(1) Investments in repurchase agreements or reverse repurchase agreements or securities lending agreements of any securities authorized by this section, as long as the agreements are subject to this subdivision, including the delivery requirements specified in this section.

(2) Investments in repurchase agreements may be made, on an investment authorized in this section, when the term of the agreement does not exceed one year. The market value of securities that underlie a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against those securities and the value shall be adjusted no less than quarterly. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day.

(3) Reverse repurchase agreements or securities lending agreements may be utilized only when all of the following conditions are met:

(A) The security to be sold using a reverse repurchase agreement or securities lending agreement has been owned and fully paid for by the local agency for a minimum of 30 days prior to sale.

(B) The total of all reverse repurchase agreements and securities lending agreements on investments owned by the local agency does not exceed 20 percent of the base value of the portfolio.

(C) The agreement does not exceed a term of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(D) Funds obtained or funds within the pool of an equivalent amount to that obtained from selling a security to a counterparty using a reverse repurchase agreement or securities lending agreement shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the reverse repurchase agreement or securities lending agreement, unless the reverse repurchase agreement or securities lending agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement or securities lending agreement and the final maturity date of the same security.

(4)(A) Investments in reverse repurchase agreements, securities lending agreements, or similar investments in which the local agency sells securities prior to purchase with a simultaneous agreement to repurchase the security may be made only upon prior approval of the governing body of the local agency and shall be

made only with primary dealers of the Federal Reserve Bank of New York or with a nationally or state-chartered bank that has or has had a significant banking relationship with a local agency.

(B) For purposes of this chapter, “significant banking relationship” means any of the following activities of a bank:

(i) Involvement in the creation, sale, purchase, or retirement of a local agency’s bonds, warrants, notes, or other evidence of indebtedness.

(ii) Financing of a local agency’s activities.

(iii) Acceptance of a local agency’s securities or funds as deposits.

(5)(A) “Repurchase agreement” means a purchase of securities by the local agency pursuant to an agreement by which the counterparty seller will repurchase the securities on or before a specified date and for a specified amount and the counterparty will deliver the underlying securities to the local agency by book entry, physical delivery, or by third-party custodial agreement. The transfer of underlying securities to the counterparty bank’s customer book-entry account may be used for book-entry delivery.

(B) “Securities,” for purposes of repurchase under this subdivision, means securities of the same issuer, description, issue date, and maturity.

(C) “Reverse repurchase agreement” means a sale of securities by the local agency pursuant to an agreement by which the local agency will repurchase the securities on or before a specified date and includes other comparable agreements.

(D) “Securities lending agreement” means an agreement under which a local agency agrees to transfer securities to a borrower who, in turn, agrees to provide collateral to the local agency. During the term of the agreement, both the securities and the collateral are held by a third party. At the conclusion of the agreement, the securities are transferred back to the local agency in return for the collateral.

(E) For purposes of this section, the base value of the local agency’s pool portfolio shall be that dollar amount obtained by totaling all cash balances placed in the pool by all pool participants, excluding any amounts obtained through selling securities by way of reverse repurchase agreements, securities lending agreements, or other similar borrowing methods.

(F) For purposes of this section, the spread is the difference between the cost of funds obtained using the reverse repurchase agreement and the earnings obtained on the reinvestment of the funds.

(k) Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment under this subdivision shall be rated in a rating category of “A” or its equivalent or better by an NRSRO. Purchases of medium-term notes shall not include other instruments authorized by this section and shall not exceed 30 percent of the agency’s moneys that may be invested pursuant to this

section. A local agency, other than a county or a city and a county, may invest no more than 10 percent of its total investment assets in the commercial paper and the medium-term notes of any single issuer.

(l)(1) Shares of beneficial interest issued by diversified management companies that invest in the securities and obligations as authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (q), inclusive, and that comply with the investment restrictions of this article and Article 2 (commencing with Section 53630). However, notwithstanding these restrictions, a counterparty to a reverse repurchase agreement or securities lending agreement is not required to be a primary dealer of the Federal Reserve Bank of New York if the company's board of directors finds that the counterparty presents a minimal risk of default, and the value of the securities underlying a repurchase agreement or securities lending agreement may be 100 percent of the sales price if the securities are marked to market daily.

(2) Shares of beneficial interest issued by diversified management companies that are money market funds registered with the United States Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.).

(3) If investment is in shares issued pursuant to paragraph (1), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.

(B) Retained an investment adviser registered or exempt from registration with the United States Securities and Exchange Commission with not less than five years' experience investing in the securities and obligations authorized by subdivisions (a) to (k), inclusive, and subdivisions (m) to (q), inclusive, and with assets under management in excess of five hundred million dollars (\$500,000,000).

(4) If investment is in shares issued pursuant to paragraph (2), the company shall have met either of the following criteria:

(A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs.

(B) Retained an investment adviser registered or exempt from registration with the United States Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000).

(5) The purchase price of shares of beneficial interest purchased pursuant to this subdivision shall not include any commission that the companies may charge and shall not exceed 20 percent of the agency's moneys that may be invested pursuant to this section. However, no more than 10 percent of the agency's funds may be invested in shares of beneficial interest of any one mutual fund pursuant to paragraph (1).

(m) Moneys held by a trustee or fiscal agent and pledged to the payment or security of bonds or other indebtedness, or obligations under a lease, install-

ment sale, or other agreement of a local agency, or certificates of participation in those bonds, indebtedness, or lease installment sale, or other agreements, may be invested in accordance with the statutory provisions governing the issuance of those bonds, indebtedness, or lease installment sale, or other agreement, or to the extent not inconsistent therewith or if there are no specific statutory provisions, in accordance with the ordinance, resolution, indenture, or agreement of the local agency providing for the issuance.

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

(o)(1) A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond.

(2) For securities eligible for investment under this subdivision not issued or guaranteed by an agency or issuer identified in subdivision (b) or (f), the following limitations apply:

(A) The security shall be rated in a rating category of “AA” or its equivalent or better by an NRSRO and have a maximum remaining maturity of five years or less.

(B) Purchase of securities authorized by this paragraph shall not exceed 20 percent of the agency’s surplus moneys that may be invested pursuant to this section.

(p) Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (r), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

(1) The adviser is registered or exempt from registration with the United States Securities and Exchange Commission.

(2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive.

(3) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

(q) United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-

American Development Bank, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of “AA” or its equivalent or better by an NRSRO and shall not exceed 30 percent of the agency’s moneys that may be invested pursuant to this section.

(r) Commercial paper, debt securities, or other obligations of a public bank, as defined in Section 57600.

This section shall remain in effect only until January 1, 2031, and as of that date is repealed.

53601.1

The authority of a local agency to invest funds pursuant to Section 53601 includes, in addition thereto, authority to invest in financial futures or financial option contracts in any of the investment categories enumerated in that section.

53601.2

As used in this article, “corporation” includes a limited liability company.

53601.5

The purchase by a local agency of any investment authorized pursuant to Section 53601 or 53601.1, not purchased directly from the issuer, shall be purchased either from an institution licensed by the state as a broker-dealer, as defined in Section 25004 of the Corporations Code, or from a member of a federally regulated securities exchange, from a national or state-chartered bank, from a savings association or federal association (as defined by Section 5102 of the Financial Code) or from a brokerage firm designated as a primary government dealer by the Federal Reserve bank.

53601.6

(a) A local agency shall not invest any funds pursuant to this article or pursuant to Article 2 (commencing with Section 53630) in inverse floaters, range notes, or mortgage-derived, interest-only strips.

(b) (1) Except as provided in paragraph (2), a local agency shall not invest any funds pursuant to this article or pursuant to Article 2 (commencing with Section 53630) in any security that could result in zero interest accrual if held to maturity. However, a local agency may hold prohibited instruments until their maturity dates. The limitation in this subdivision shall not apply to local agency investments in shares of beneficial interest issued by diversified management companies registered under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.) that are authorized for investment pursuant to subdivision (l) of Section 53601.

(2) Notwithstanding the prohibition in paragraph (1), a local agency may invest in securities issued by, or backed by, the United States government that could

result in zero- or negative-interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates. A local agency may hold these instruments until their maturity dates.

(c) This section shall remain in effect only until January 1, 2031, and as of that date is repealed.

53601.8

Notwithstanding any other provision of this code, a local agency that has the authority under law to invest funds, at its discretion, may invest a portion of its surplus funds in deposits at a commercial bank, savings bank, savings and loan association, or credit union that uses a private sector entity that assists in the placement of deposits. The following conditions shall apply:

(a) The local agency shall choose a nationally or state-chartered commercial bank, savings bank, savings and loan association, or credit union in this state to invest the funds, which shall be known as the “selected” depository institution.

(b) The selected depository institution may use a private sector entity to help place local agency deposits with one or more commercial banks, savings banks, savings and loan associations, or credit unions that are located in the United States and are within the network used by the private sector entity for this purpose.

(c) The selected depository institution shall request that the local agency inform it of depository institutions at which the local agency has other deposits, and the selected depository institution shall provide that information to the private sector entity.

(d) Any private sector entity used by a selected depository institution to help place its local agency deposits shall maintain policies and procedures requiring all of the following:

(1) The full amount of each deposit placed pursuant to subdivision (b) and the interest that may accrue on each such deposit shall at all times be insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration.

(2) Every depository institution where funds are placed shall be capitalized at a level that is sufficient, and be otherwise eligible, to receive such deposits pursuant to regulations of the Federal Deposit Insurance Corporation or the National Credit Union Administration, as applicable.

(3) At the time of the local agency’s investment with a selected depository institution and no less than monthly thereafter, the private sector entity shall ensure that the local agency is provided with an inventory of all depository institutions in which deposits have been placed on the local agency’s behalf, that are within the private sector entity’s network.

(4) Within its network, the private sector entity shall ensure that it does not place additional deposits from a particular local agency with any depository institution identified pursuant to subdivision (c) as holding that local agency’s deposits if those additional deposits would result in that local agency’s total amount on

deposit at that depository institution exceeding the Federal Deposit Insurance Corporation or the National Credit Union Administration insurance limit.

(e) If a selected depository uses two or more private sector entities to assist in the placement of a local agency's deposits, the selected depository shall ensure that it does not place additional deposits from a particular local agency with a depository institution if those additional deposits would result in that local agency's total amount on deposit at that depository institution exceeding the Federal Deposit Insurance Corporation or the National Credit Union Administration insurance limit.

(f) The selected depository institution shall serve as a custodian for each such deposit.

(g) On the same date that the local agency's funds are placed pursuant to subdivision (b) by the private sector entity, the selected depository institution shall receive an amount of insured deposits from other financial institutions that, in total, are equal to, or greater than, the full amount of the principal that the local agency initially deposited through the selected depository institution pursuant to subdivision (b).

(h) Notwithstanding subdivisions (a) to (g), inclusive, a credit union shall not act as a selected depository institution under this section unless both of the following conditions are satisfied:

(1) The credit union offers federal depository insurance through the National Credit Union Administration.

(2) The credit union is in possession of written guidance or other written communication from the National Credit Union Administration authorizing participation of federally insured credit unions in one or more deposit placement services and affirming that the moneys held by those credit unions while participating in a deposit placement service will at all times be insured by the federal government.

(i) It is the intent of the Legislature that this section shall not restrict competition among private sector entities that provide placement services pursuant to this section.

(j) The deposits placed pursuant to this section shall be subject to Section 53638 and shall not, in total, exceed 30 percent of the agency's funds that may be invested for this purpose.

(k) (1) On or before January 1, 2030, the California Debt and Investment Advisory Commission shall submit a report to the appropriate policy committees of the Legislature on the deposit of surplus funds pursuant to this section by local agencies. The report shall include, but is not limited to, the following information:

(A) An overview of local agency surplus funds invested in depository institutions that use private-entity placement services pursuant to this section, including information regarding the number of agencies that have deposited more than 30 percent of their surplus funds in depository institutions that use private-entity

placement services and whether any local agencies have deposited funds in more than one depository institution pursuant to this section.

(B) A recommendation for a limitation, if any, on the share of deposits that a local agency can invest in depository institutions that use private-entity placement services pursuant to this section for consideration by the Legislature.

(2) The report to be submitted pursuant to this subdivision shall be submitted in compliance with Section 9795.

(l) This section shall remain in effect only until January 1, 2031, and as of that date is repealed.

53602

The legislative body shall invest only in notes, bonds, bills, certificates of indebtedness, warrants, or registered warrants which are legal investments for savings banks in the State, provided, that the board of supervisors of a county may, by a four-fifths vote thereof, invest in notes, warrants or other evidences of indebtedness of public districts wholly or partly within the county, whether or not such notes, warrants, or other evidences of indebtedness are legal investments for savings banks.

53603

The legislative body may make the investment by direct purchase of any issue of eligible securities at their original sale or after they have been issued.

53604

The legislative body may sell, or exchange for other eligible securities, and reinvest the proceeds of, the securities purchased.

53605

From time to time, the legislative body shall sell the securities so that the proceeds may be applied to the purposes for which the original purchase money was placed in the sinking fund or the treasury of the local agency.

53606

The bonds purchased, which were issued by the purchaser, may be canceled either in satisfaction or sinking fund obligations or otherwise. When canceled, they are no longer outstanding, unless in its discretion, the legislative body holds then uncanceled. While held uncanceled, the bonds may be resold.

53607

The authority of the legislative body to invest or to reinvest funds of a local agency, or to sell or exchange securities so purchased, may be delegated for a one-

year period by the legislative body to the treasurer of the local agency, who shall thereafter assume full responsibility for those transactions until the delegation of authority is revoked or expires, and shall make a monthly report of those transactions to the legislative body. Subject to review, the legislative body may renew the delegation of authority pursuant to this section each year.

53608

The legislative body of a local agency may deposit for safekeeping with a federal or state association (as defined by Section 5102 of the Financial Code), a trust company or a state or national bank located within this state or with the Federal Reserve Bank of San Francisco or any branch thereof within this state, or with any Federal Reserve bank or with any state or national bank located in any city designated as a reserve city by the Board of Governors of the Federal Reserve System, the bonds, notes, bills, debentures, obligations, certificates of indebtedness, warrants, or other evidences of indebtedness in which the money of the local agency is invested pursuant to this article or pursuant to other legislative authority. The local agency shall take from such financial institution a receipt for securities so deposited. The authority of the legislative body to deposit for safekeeping may be delegated by the legislative body to the treasurer of the local agency; the treasurer shall not be responsible for securities delivered to and receipted for by a financial institution until they are withdrawn from the financial institution by the treasurer.

53609

Notwithstanding the provisions of this chapter or any other provisions of this code, funds held by a local agency pursuant to a written agreement between the agency and employees of the agency to defer a portion of the compensation otherwise receivable by the agency's employees and pursuant to a plan for such deferral as adopted by the governing body of the agency, may be invested in the types of investments set forth in Sections 53601 and 53602 of this code, and may additionally be invested in corporate stocks, bonds, and securities, mutual funds, savings and loan accounts, credit union accounts, life insurance policies, annuities, mortgages, deeds of trust, or other security interests in real or personal property. Nothing herein shall be construed to permit any type of investment prohibited by the Constitution.

Deferred compensation funds are public pension or retirement funds for the purposes of Section 17 of Article XVI of the Constitution.

53610

(a) For purposes of this section, "Proposition 1A receivable" means the right to payment of moneys due or to become due to a local agency, pursuant to clause (iii) of subparagraph (B) of paragraph (1) of subdivision (a) of Section 25.5 of Article XIII of the California Constitution and Section 100.06 of the Revenue and Taxation Code.

(b) Notwithstanding any other law, a local agency may purchase, with its revenue, Proposition 1A receivables sold pursuant to Section 53999.

(c) A purchaser of Proposition 1A receivables pursuant to this section shall not offer them for sale pursuant to Section 6588.

Government Code Section 53620-53622

53620

Notwithstanding Section 53601 or 53635, the governing body of a local agency may invest funds designated for the payment of employee retiree health benefits in any form or type of investment deemed prudent by the governing body pursuant to Section 53622.

53621

The authority of the governing body to invest or to reinvest funds intended for the payment of employee retiree health benefits, or to sell or exchange securities purchased for that purpose, may be delegated by the governing body to designated officers.

53622

(a) Funds intended for the payment of employee retiree health benefits shall only be held for the purpose of providing benefits to participants in the retiree health benefit plan and defraying reasonable expenses of administering that plan.

(b) The governing body or designated officer, when making investments of the funds, shall discharge its duties with respect to the investment of the funds.

(1) Solely in the interest of, and for the exclusive purposes of providing benefits to, participants in the retiree health benefit plan, minimizing employer contributions thereto, and defraying reasonable expenses of administering the plan.

(2) With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.

(3) Shall diversify the investments of the funds so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.

Government Code Section 53630-53686

53630

As used in this article:

(a) “Local agency” means county, city, city and county, including a chartered city or county, a community college district, or other public agency or corporation in this state.

- (b) "Treasurer" means treasurer of the local agency.
- (c) "Depository" means a state or national bank, savings association or federal association, a state or federal credit union, or a federally insured industrial loan company, in this state in which the moneys of a local agency are deposited.
- (d) "Agent of depository" means a trust company or trust department of a state or national bank located in this state, including the trust department of a depository where authorized, and the Federal Home Loan Bank of San Francisco, which is authorized to act as an agent of depository for the purposes of this article pursuant to Section 53657.
- (e) "Security" means any of the eligible securities or obligations listed in Section 53651.
- (f) "Pooled securities" means eligible securities held by an agent of depository for a depository and securing deposits of one or more local agencies.
- (g) "Administrator" means the Administrator of Local Agency Security of the State of California.
- (h) "Savings association or federal association" means a savings association, savings and loan association, or savings bank as defined by Section 5102 of the Financial Code.
- (i) "Federally insured industrial loan company" means an industrial loan company licensed under Division 7 (commencing with Section 18000) of the Financial Code, the investment certificates of which are insured by the Federal Deposit Insurance Corporation.
- (j) "Corporation" includes a limited liability company.

53630.1

The Legislature hereby finds that the solvency and creditworthiness of each individual local agency can impact the solvency and creditworthiness of the state and other local agencies within the state. Therefore, to protect the solvency and creditworthiness of the state and all of its political subdivisions, the Legislature hereby declares that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern.

53630.5

- (a) The definitions in Section 1750 of, and Chapter 1 (commencing with Section 99) of Division 1 of, the Financial Code apply to this section.
- (b) In this article, for purposes of being a depository of moneys belonging to or being in the custody of a local agency, the phrases "state or national bank located in this state," "state or national bank," "state or national bank in this state," and "state or national banks in the state" include, without limitation, any of the following:
 - (1) Any California branch office of a foreign (other state) state bank that the bank is authorized to maintain under the law of its domicile and federal law.

(2) Any California branch office of a foreign (other state) national bank that the bank is authorized to maintain under federal law.

(3) Any California branch office of a foreign (other nation) bank that the bank is licensed to maintain under Article 3 (commencing with Section 1800) of Chapter 20 of Division 1.1 of the Financial Code.

(4) Any California federal branch of a foreign (other nation) bank that the bank is authorized to maintain under federal law.

53631

Under those conditions as the treasurer of a local agency fixes with the approval of the legislative body, he or she may establish accounts at banks within or without the state and deposit money in those accounts to the extent necessary to pay the principal and interest of bonds to pay any warrant that has been presented for payment, or to fund any electronic disbursement of funds from the treasury of the local agency. This article does not apply to deposits for those purposes.

53632

There are three classes of deposits:

- (a) Inactive deposits.
- (b) Active deposits.
- (c) Interest-bearing active deposits.

53632.5

There are three classes of security for deposits:

- (a) Securities described in subdivision (m) of Section 53651.
- (b) Securities described in subdivision (p) of Section 53651.
- (c) Securities enumerated in Section 53651, except for those described in subdivisions (m) and (p) of that section.

53633

The treasurer shall determine the amounts of money to be deposited as inactive, active, and interest-bearing active deposits, except as otherwise provided in Section 53679.

53634

The treasurer may call in money from inactive deposits and place it in active deposits as current demands require. When there is money in his possession for which there is no demand as inactive deposits, he may place it as active deposits.

(a) This section shall apply to a local agency that is a county, a city and a county, or other local agency that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body. However, Section 53601 shall apply to all local agencies that pool money in deposits or investments exclusively with local agencies that have the same governing body.

This section shall be interpreted in a manner that recognizes the distinct characteristics of investment pools and the distinct administrative burdens on managing and investing funds on a pooled basis pursuant to Article 6 (commencing with Section 27130) of Chapter 5 of Division 2 of Title 3.

A local agency that is a county, a city and county, or other local agency that pools money in deposits or investments with other agencies may invest in commercial paper pursuant to subdivision (h) of Section 53601, except that the local agency shall be subject to the following concentration limits:

- (1) No more than 40 percent of the local agency's money may be invested in eligible commercial paper.
 - (2) No more than 10 percent of the total assets of the investments held by a local agency may be invested in any one issuer's commercial paper.
- (b) Notwithstanding Section 53601, the City of Los Angeles shall be subject to the concentration limits of this section for counties and for cities and counties with regard to the investment of money in eligible commercial paper.
- (c) A local agency subject to this section may invest in commercial paper, debt securities, or other obligations of a public bank, as defined in Section 57600.

53635.2

As far as possible, all money belonging to, or in the custody of, a local agency, including money paid to the treasurer or other official to pay the principal, interest, or penalties of bonds, shall be deposited for safekeeping in state or national banks, public banks, savings associations, federal associations, credit unions, or federally insured industrial loan companies in this state selected by the treasurer or other official having legal custody of the money; or may be invested in the investments set forth in Section 53601. To be eligible to receive local agency money, a bank, savings association, federal association, or federally insured industrial loan company shall have received an overall rating of not less than "satisfactory" in its most recent evaluation by the appropriate federal financial supervisory agency of its record of meeting the credit needs of California's communities, including low- and moderate-income neighborhoods, pursuant to Section 2906 of Title 12 of the United States Code. Sections 53601.5 and 53601.6 shall apply to all investments that are acquired pursuant to this section.

53635.7

In making any decision that involves borrowing in the amount of one hundred thousand dollars (\$100,000) or more, the legislative body of the local agency shall discuss, consider, and deliberate each decision as a separate item of business on the agenda of its meeting as prescribed in Chapter 9 (commencing with Section 54950). As used in this section, “borrowing” does not include bank overdrafts or security lending.

53635.8

Notwithstanding any other provision of this code, a local agency that has the authority under law to invest funds, at its discretion, may invest a portion of its surplus funds in deposits at a commercial bank, savings bank, savings and loan association, or credit union that uses a private sector entity that assists in the placement of deposits. The following conditions shall apply:

- (a) The local agency shall choose a nationally or state-chartered commercial bank, savings bank, savings and loan association, or credit union in this state to invest the funds, which shall be known as the “selected” depository institution.
- (b) The selected depository institution may use a private sector entity to help place local agency deposits with one or more commercial banks, savings banks, savings and loan associations, or credit unions that are located in the United States and are within the network used by the private sector entity for this purpose.
- (c) The selected depository institution shall request that the local agency inform it of depository institutions at which the local agency has other deposits, and the selected depository institution shall provide that information to the private sector entity.
- (d) Any private sector entity used by a selected depository institution to help place its local agency deposits shall maintain policies and procedures requiring all of the following:
 - (1) The full amount of each deposit placed pursuant to subdivision (b) and the interest that may accrue on each such deposit shall at all times be insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration.
 - (2) Every depository institution where funds are placed shall be capitalized at a level that is sufficient, and be otherwise eligible, to receive such deposits pursuant to regulations of the Federal Deposit Insurance Corporation or the National Credit Union Administration, as applicable.
 - (3) At the time of the local agency’s investment with a selected depository institution and no less than monthly thereafter, the private sector entity shall ensure that the local agency is provided with an inventory of all depository institutions in which deposits have been placed on the local agency’s behalf, that are within the private sector entity’s network.
 - (4) Within its network, the private sector entity shall ensure that it does not place additional deposits from a particular local agency with any depository

institution identified pursuant to subdivision (c) as holding that local agency's deposits if those additional deposits would result in that local agency's total amount on deposit at that depository institution exceeding the Federal Deposit Insurance Corporation or the National Credit Union Administration insurance limit.

(e) If a selected depository uses two or more private sector entities to assist in the placement of a local agency's deposits, the selected depository shall ensure that it does not place additional deposits from a particular local agency with a depository institution if those additional deposits would result in that local agency's total amount on deposit at that depository institution exceeding the Federal Deposit Insurance Corporation or the National Credit Union Administration insurance limit.

(f) The selected depository institution shall serve as a custodian for each such deposit.

(g) On the same date that the local agency's funds are placed pursuant to subdivision (b) by the private sector entity, the selected depository institution shall receive an amount of insured deposits from other financial institutions that, in total, are equal to, or greater than, the full amount of the principal that the local agency initially deposited through the selected depository institution for investment pursuant to subdivision (b).

(h) Notwithstanding subdivisions (a) to (g), inclusive, a credit union shall not act as a selected depository institution under this section unless both of the following conditions are satisfied:

(1) The credit union offers federal depository insurance through the National Credit Union Administration.

(2) The credit union is in possession of written guidance or other written communication from the National Credit Union Administration authorizing participation of federally insured credit unions in one or more deposit placement services and affirming that the moneys held by those credit unions while participating in a deposit placement service will at all times be insured by the federal government.

(i) It is the intent of the Legislature that this section shall not restrict competition among private sector entities that provide placement services pursuant to this section.

(j) The deposits placed pursuant to this section shall be subject to Section 53638 and shall not, in total, exceed 30 percent of the agency's funds that may be invested for this purpose.

53636

Money so deposited is deemed to be in the treasury of the local agency.

53637

The money shall be deposited in any bank, savings association or federal association, state or federal credit union, or federally insured industrial loan company with the objective of realizing maximum return, consistent with prudent financial management, except that money shall not be deposited in any state or federal credit union if a member of the legislative body of a local agency, or any person with investment decision making authority of the administrative office, manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency, also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or supervisory committee, of the state or federal credit union.

53638

(a) The deposit shall not exceed the shareholder's equity of any depository bank. For the purposes of this subdivision, shareholder's equity shall be determined in accordance with Section 463 of the Financial Code, but shall be deemed to include capital notes and debentures.

(b) The deposit shall not exceed the total of the net worth of any depository savings association or federal association, except that deposits not exceeding a total of five hundred thousand dollars (\$500,000) may be made to a savings association or federal association without regard to the net worth of that depository, if such deposits are insured or secured as required by law.

(c) The deposit to the share accounts of any regularly chartered credit union shall not exceed the total of the unimpaired capital and surplus of the credit union, as defined by rule of the Commissioner of Financial Protection and Innovation, except that the deposit to any credit union share account in an amount not exceeding five hundred thousand dollars (\$500,000) may be made if the share accounts of that credit union are insured or guaranteed pursuant to Section 14858 of the Financial Code or are secured as required by law.

(d) The deposit in investment certificates of a federally insured industrial loan company shall not exceed the total of the unimpaired capital and surplus of the insured industrial loan company.

53639

Except as otherwise provided in Section 53682, the depository shall bear the expenses of transportation of money to and from the depository.

53640

Except as otherwise provided in Section 53682, the depository shall handle, collect, and pay all checks, drafts, and other exchange without cost to the local agency.

53641

When money is deposited in a depository, the treasurer or other authorized official shall take and preserve a receipt, certificate of deposit, or other evidence of the deposit as he or she requires.

53642

The money deposited may be drawn out by check or order of the treasurer or other official authorized to make such deposit.

53643

The treasurer may deposit any part of the money as agreed upon between the treasurer and the depository.

53644

If an agreement is not made:

(a) Active deposits and interest thereon are subject to withdrawal upon the demand of the treasurer or other authorized official, subject to any penalties which may be prescribed by federal law or regulation.

(b) Inactive deposits are subject to notice of at least thirty days before withdrawal.

53645

Interest shall be computed and paid by the depository, as follows:

(a) For active deposits upon which interest is payable, interest shall be computed on the average daily balance for the calendar quarter, and shall be paid quarterly.

(b) For inactive deposits, interest shall be computed on a 360-day basis, and shall be paid quarterly.

53646

(a)(1) In the case of county government, the treasurer may annually render to the board of supervisors and any oversight committee a statement of investment policy, which the board shall review and approve at a public meeting. Any change in the policy shall also be reviewed and approved by the board at a public meeting.

(2) In the case of any other local agency, the treasurer or chief fiscal officer of the local agency may annually render to the legislative body of that local agency and any oversight committee of that local agency a statement of investment policy, which the legislative body of the local agency shall consider at a public meeting. Any change in the policy shall also be considered by the legislative body of the local agency at a public meeting.

(b)(1) The treasurer or chief fiscal officer may render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency. The quarterly report shall be so submitted within 45 days following the end of the quarter covered by the report. Except as provided in subdivisions (e) and (f), this report shall include the type of investment, issuer, date of maturity par and dollar amount invested on all securities, investments and moneys held by the local agency, and shall additionally include a description of any of the local agency's funds, investments, or programs, that are under the management of contracted parties, including lending programs. With respect to all securities held by the local agency, and under management of any outside party that is not also a local agency or the State of California Local Agency Investment Fund, the report shall also include a current market value as of the date of the report, and shall include the source of this same valuation.

(2) The quarterly report shall state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance.

(3) The quarterly report shall include a statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

(4) In the quarterly report, a subsidiary ledger of investments may be used in accordance with accepted accounting practices.

(c) Pursuant to subdivision (b), the treasurer or chief fiscal officer shall report whatever additional information or data may be required by the legislative body of the local agency.

(d) The legislative body of a local agency may elect to require the report specified in subdivision (b) to be made on a monthly basis instead of quarterly.

(e) For local agency investments that have been placed in the Local Agency Investment Fund, created by Section 16429.1, in National Credit Union Share Insurance Fund-insured accounts in a credit union, in accounts insured or guaranteed pursuant to Section 14858 of the Financial Code, or in Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association, in a county investment pool, or any combination of these, the treasurer or chief fiscal officer may supply to the governing body, chief executive officer, and the auditor of the local agency the most recent statement or statements received by the local agency from these institutions in lieu of the information required by paragraph (1) of subdivision (b) regarding investments in these institutions.

(f) The treasurer or chief fiscal officer shall not be required to render a quarterly report, as required by subdivision (b), to a legislative body or any oversight committee of a school district or county office of education for securities, investments, or moneys held by the school district or county office of education in individual accounts that are less than twenty-five thousand dollars (\$25,000).

(g) In recognition of the state and local interests served by the actions made optional in subdivisions (a) and (b), the Legislature encourages the local agency officials to continue taking the actions formerly mandated by this section. However, nothing in this subdivision may be construed to impose any liability on a local agency that does not continue to take the formerly mandated action.

53647

(a) Interest on all money deposited belongs to, and shall be paid quarterly into the general fund of, the local agency represented by the officer making the deposit, unless otherwise directed by law.

(b) Notwithstanding the provisions of subdivision (a), and except as otherwise directed by law, if the governing body of the local agency represented by the officer making the deposit so directs, such interest shall be paid to the fund which contains the principal on which the interest accrued.

53647.5

Notwithstanding any other provision of law, interest earned on any bail money deposited by a court in a bank account pursuant to Section 1463.1 of the Penal Code and Section 53679 of this code shall, be allocated for the support of that court.

53648

Notwithstanding this article, the treasurer may deposit moneys in, and enter into contracts with, a state or national bank, savings association or federal association, federal or state credit union, or federally insured industrial loan company, pursuant to a federal law or a rule of a federal department or agency adopted pursuant to the law if the law or rule conflicts with this article in regulating the payment of interest on deposits of public moneys by any of the following:

(a) Banks which are Federal Reserve System members or whose deposits are insured by the Federal Deposit Insurance Corporation.

(b) Savings associations or federal associations which are federal home loan bank members or whose deposits are insured by the Federal Savings and Loan Insurance Corporation.

(c) State or federal credit unions whose accounts are insured by the National Credit Union Share Insurance Fund or guaranteed by the California Credit Union Share Guaranty Corporation or insured or guaranteed pursuant to Section 14858 of the Financial Code, unless a member of the legislative body of a local agency, or any person with investment decision making authority of the administrative office, manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency, also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or supervisory committee, of the state or federal credit union.

(d) A federally insured industrial loan company.

53648.5

Upon the removal by federal law of the conflicting federal law or rule the agreement between the treasurer or other authorized official and a depository may be terminated by either party.

The treasurer is responsible for the safekeeping of money in his or her custody and shall enter into any contract with a depository relating to any deposit which in his or her judgment is to the public advantage. The depository, and the agent of depository to the extent the agent of depository has been notified of deposits and the amount thereof, are responsible for securing moneys deposited pursuant to such a contract in accordance with Section 53652. One copy of each contract shall be filed with the auditor, controller, secretary, or corresponding officer of the local agency. The contract shall:

- (a) Fix the duration of deposits, if appropriate.
- (b) Fix the interest rate, if any.
- (c) Provide conditions for withdrawal and repayment.
- (d) Provide for placement of pooled securities in a named agent of depository in accordance with Section 53656.
- (e) Grant authority for agent of depository to place securities for safekeeping in accordance with Section 53659.
- (f) Set forth in accordance with Section 53665 the conditions upon which the administrator shall order pooled securities converted into money for the benefit of the local agency, and the procedure therefor.
- (g) Provide for compliance in all respects with the provisions of this article and other applicable provisions of law.
- (h) Provide, upon notice to the treasurer from the administrator, that a treasurer may withdraw deposits in the event a depository fails to pay the assessments, fines, or penalties assessed by the administrator or may withdraw authorization for the placement of pooled securities in an agent of depository in the event that the agent of depository fails to pay the fines or penalties assessed by the administrator.

Eligible securities are any of the following:

- (a) United States Treasury notes, bonds, bills or certificates of indebtedness, or obligations for which the faith and credit of the United States are pledged for the payment of principal and interest, including the guaranteed portions of small business administration loans, so long as the loans are obligations for which the faith and credit of the United States are pledged for the payment of principal and interest.
- (b) Notes or bonds or any obligations of a local public agency (as defined in the United States Housing Act of 1949) or any obligations of a public housing agency (as defined in the United States Housing Act of 1937) for which the faith and credit of the United States are pledged for the payment of principal and interest.

(c) Bonds of this state or of any local agency or district of the State of California having the power, without limit as to rate or amount, to levy taxes or assessments to pay the principal and interest of the bonds upon all property within its boundaries subject to taxation or assessment by the local agency or district, and in addition, limited obligation bonds pursuant to Article 4 (commencing with Section 50665) of Chapter 3 of Division 1, senior obligation bonds pursuant to Article 5 (commencing with Section 53387) of Chapter 2.7, and revenue bonds and other obligations payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the state, local agency or district or by a department, board, agency or authority thereof.

(d) Bonds of any public housing agency (as defined in the United States Housing Act of 1937, as amended) as are secured by a pledge of annual contributions under an annual contribution contract between the public housing agency and the Public Housing Administration if such contract shall contain the covenant by the Public Housing Administration which is authorized by subsection (b) of Section 22 of the United States Housing Act of 1937, as amended, and if the maximum sum and the maximum period specified in the contract pursuant to that subsection 22(b) shall not be less than the annual amount and the period for payment which are requisite to provide for the payment when due of all installments of principal and interest on the obligations.

(e) Registered warrants of this state.

(f) Bonds, consolidated bonds, collateral trust debentures, consolidated debentures, or other obligations issued by the United States Postal Service, federal land banks or federal intermediate credit banks established under the Federal Farm Loan Act, as amended, debentures and consolidated debentures issued by the Central Bank for Cooperatives and banks for cooperatives established under the Farm Credit Act of 1933, as amended, consolidated obligations of the federal home loan banks established under the Federal Home Loan Bank Act, bonds, debentures and other obligations of the Federal National Mortgage Association or of the Government National Mortgage Association established under the National Housing Act, as amended, bonds of any federal home loan bank established under that act, bonds, debentures and other obligations of the Federal Home Loan Mortgage Corporation established under the Emergency Home Finance Act of 1970, and obligations of the Tennessee Valley Authority.

(g) Notes, tax anticipation warrants or other evidence of indebtedness issued pursuant to Article 7 (commencing with Section 53820), Article 7.5 (commencing with Section 53840) or Article 7.6 (commencing with Section 53850) of this Chapter 4.

(h) State of California notes.

(i) Bonds, notes, certificates of indebtedness, warrants or other obligations issued by: (1) any state of the United States (except this state), or the Commonwealth of Puerto Rico, or any local agency thereof having the power to levy taxes, without limit as to rate or amount, to pay the principal and interest of such obligations, or (2) any state of the United States (except this state), or the Commonwealth of Puerto Rico, or a department, board, agency or authority

thereof except bonds which provide for or are issued pursuant to a law which may contemplate a subsequent legislative appropriation as an assurance of the continued operation and solvency of the department, board, agency or authority but which does not constitute a valid and binding obligation for which the full faith and credit of such state or the Commonwealth of Puerto Rico are pledged, which are payable solely out of the revenues from a revenue-producing source owned, controlled or operated thereby; provided the obligations issued by an entity described in (1), above, are rated in one of the three highest grades, and such obligations issued by an entity described in (2), above, are rated in one of the two highest grades by a nationally recognized investment service organization that has been engaged regularly in rating state and municipal issues for a period of not less than five years.

(j) Obligations issued, assumed or guaranteed by the International Bank for Reconstruction and Development, Inter-American Development Bank, the Government Development Bank of Puerto Rico, the Asian Development Bank, the International Finance Corporation, or the African Development Bank.

(k) Participation certificates of the Export-Import Bank of the United States.

(l) Bonds and notes of the California Housing Finance Agency issued pursuant to Chapter 7 (commencing with Section 51350) of Part 3 of Division 31 of the Health and Safety Code.

(m) Promissory notes secured by first mortgages and first trust deeds which comply with Section 53651.2.

(n) Any bonds, notes, warrants, or other evidences of indebtedness of a nonprofit corporation issued to finance the construction of a school building or school buildings pursuant to a lease or agreement with a school district entered into in compliance with the provisions of Section 39315 or 81345 of the Education Code, and also any bonds, notes, warrants or other evidences of indebtedness issued to refinance those bonds, notes, warrants, or other evidences of indebtedness as specified in Section 39317 of the Education Code.

(o) Any municipal securities, as defined by Section 3(a)(29) of the Securities Exchange Act of June 6, 1934, (15 u.s.c. Sec. 78, as amended), which are issued by this state or any local agency thereof.

(p) With the consent of the treasurer, letters of credit issued by the Federal Home Loan Bank of San Francisco which comply with Section 53651.6.

53651.2

(a) To be an eligible security under subdivision (m) of Section 53651, a promissory note placed in a securities pool on or after January 1, 1987, shall comply with all of the following provisions:

(1) Each promissory note shall be secured by a first mortgage or first trust deed on improved 1 to 4 unit residential real property located in California, shall be fully amortized over the term of the note, and shall have a term of no more than 30 years. Any first mortgage or first trust deed which secures a promissory note

providing for negative amortization shall be removed from the securities pool and replaced with an eligible security under subdivision (m) of Section 53651 if the loan to value ratio exceeds 85 percent of the original appraised value of the security property as a consequence of negative amortization.

(2) Each promissory note shall be eligible for sale to the Federal National Mortgage Association, the Government National Mortgage Association, or the Federal Home Loan Mortgage Corporation; provided, however, that up to 25 percent of the total dollar amount of any promissory note securities pool established pursuant to Section 53658 may consist of promissory notes with loan amounts which exceed the maximum amounts eligible for purchase by the Federal National Mortgage Association, the Government National Mortgage Association, or the Federal Home Loan Mortgage Corporation, but which do not exceed: (i) five hundred thousand dollars (\$500,000) in the case of a single family dwelling; (ii) one million dollars (\$1,000,000) in the case of a 2, 3, or 4 unit dwelling.

(b) The following shall not constitute eligible securities under subdivision (m) of Section 53651:

(1) Any promissory note on which any payment is more than 60 days past due.

(2) Any promissory note secured by a mortgage or deed of trust as to which there is a lien prior to the mortgage or deed of trust. For the purposes of this paragraph, no lien specified in Section 766 of the Financial Code shall be considered a prior encumbrance unless any installment or payment thereunder (other than a rental or royalty under a lease) is due and delinquent.

(3) Any promissory note secured by a mortgage or deed of trust as to which a notice of default has been recorded pursuant to Section 2924 of the Civil Code or an action has been commenced pursuant to Section 725a of the Code of Civil Procedure.

(c) The depository may exercise, enforce, or waive any right granted to it by the promissory note, mortgage, or deed of trust.

(d) For purposes of this article, the market value of a promissory note which is an eligible security under subdivision (m) of Section 53651, shall be determined in accordance with the regulations adopted by the Treasurer under paragraph (2) of subdivision (m) of Section 53651, as the regulations and statute were in effect on December 31, 1986. However, if and when regulations on the subject are adopted by the administrator, the market value shall be determined in accordance with those regulations of the administrator.

53651.4

(a) A depository that uses eligible securities of the class described in subdivision (m) of Section 53651 shall, within 90 days after the close of each calendar year or within a longer period as the administrator may specify, file with the administrator a report of an independent certified public accountant regarding compliance with this article and with regulations and orders issued by the administrator under this article with respect to eligible securities of that class. The report shall be based upon the audit, shall contain the information, and shall be in the form the

administrator may prescribe. The depository shall provide a copy of the report to the treasurer on request.

(b) If a depository that is a state bank files with the administrator, not less than 90 days before the beginning of the calendar year, a notice that it elects to be examined by the administrator instead of filing a report of an independent certified public accountant under subdivision (a) for that calendar year, the depository shall be exempt from subdivision (a) for that calendar year and shall for that calendar year be subject to examination by the administrator regarding compliance with this article and with regulations and orders under this article with respect to eligible securities of the class described in subdivision (m) of Section 53651. The administrator shall provide a report to a treasurer with deposits in the examined state bank upon request of the treasurer.

(c) A national bank may apply to the administrator to be examined, and the administrator, in his or her discretion, may examine a national bank for the purposes of satisfying the requirements of subdivision (a). The administrator shall provide a report to a treasurer with deposits in the examined national bank upon request of the treasurer.

(d) Whenever the administrator examines a depository pursuant to subdivision (b) or (c), the depository shall pay, within 30 days after receipt of a statement from the administrator, a fee of seventy-five dollars (\$75) per hour for each examiner engaged in the examination.

53651.6

(a) To be an eligible security under subdivision (p) of Section 53651, a letter of credit shall be in such form and shall contain such provisions as the administrator may prescribe, and shall include all of the following terms:

(1) The administrator shall be the beneficiary of the letter of credit.

(2) The letter of credit shall be clean and irrevocable and shall provide that the administrator may draw upon it up to the total amount in the event of the failure of the depository savings association or federal association or if the depository savings association or federal association refuses to permit the withdrawal of funds by a treasurer.

53652

To secure active or inactive deposits a depository shall at all times maintain with the agent of depository eligible securities in securities pools, pursuant to Sections 53656 and 53658, in the amounts specified in this section. Uncollected funds shall be excluded from the amount deposited in the depository when determining the security requirements for the deposits.

(a) Eligible securities, except eligible securities of the classes described in subdivisions (m) and (p) of Section 53651, shall have a market value of at least 10 percent in excess of the total amount of all deposits of a depository secured by the eligible securities.

(b) Eligible securities of the class described in subdivision (m) of Section 53651 shall have a market value at least 50 percent in excess of the total amount of all deposits of a depository secured by those eligible securities.

(c) Eligible securities of the class described in subdivision (p) of Section 53651 shall have a market value of at least 5 percent in excess of the total amount of all deposits of a depository secured by those eligible securities. For purposes of this article, the market value of a letter of credit which is an eligible security under subdivision (p) of Section 53651 shall be the amount of credit stated in the letter of credit.

53653

When in his or her discretion local conditions so warrant, the treasurer may waive security for the portion of any deposits as is insured pursuant to federal law, notwithstanding this article. For deposits equivalent to and not less than the maximum amount insured pursuant to federal law for which a treasurer has waived security under this section, a treasurer at his or her discretion may also waive security for the interest accrued on the deposits which, when added to the deposits, would cause the sum of the interest and deposits to exceed the maximum amount insured pursuant to federal law, provided that the interest is computed by the depository on the average daily balance of the deposits, paid monthly and computed on a 360-day basis.

53654

(a) The depository may add securities to the pool or substitute securities of equal value for those in the pool at any time, but shall not interchange classes of security, as defined in Section 53632.5, without prior approval of the treasurer.

(b) Withdrawal of securities from the pool without replacement at equal value may be ordered only by two duly authorized officers or employees of the depository who satisfy the requirements as may be set by the administrator.

(c) The agent of depository is responsible for the safekeeping and disbursement of securities placed in its custody by a depository. It shall release securities only upon presentation by the depository of the most reasonably current statement of the total deposits subject to this article held by the depository, such statement to be verified and countersigned by two duly authorized officers, other than those who ordered the withdrawal of securities. A copy of this statement shall be forwarded to the administrator concurrently by the agent of depository.

53655

A placement of securities by a depository with an agent of depository pursuant to this article shall have the effect of perfecting a security interest in those securities in the local agencies having deposits in that depository notwithstanding provisions of the Uniform Commercial Code to the contrary and notwithstanding that the agent of depository may be the trust department of the depository.

53656

(a) At the time the treasurer enters into a contract with the depository pursuant to Section 53649, he or she shall authorize the agent of depository designated by the depository, but including the trust department of the depository only when acceptable to both the treasurer and the depository, to hold securities of the depository in accordance with this article to secure the deposit of the local agency.

(b) Only those trust companies and trust departments, or the Federal Home Loan Bank of San Francisco, which have been authorized by the administrator pursuant to Section 53657 shall be authorized by treasurers to act as agents of depository.

(c) The securities are subject to order of the depository in accordance with Section 53654 except when the provisions of subdivision (i) of Section 53661 and Section 53665 are in effect.

(d) An agent of depository shall not release any security held to secure a local agency deposit in a depository unless the administrator issues an order authorizing the release where either of the following occurs:

(1) A state or federal regulatory agency has taken possession of the depository.

(2) A conservator, receiver, or other legal custodian has been appointed for the depository.

53657

(a) No person shall act as an agent of depository unless that person is a trust company located in this state, the trust department of a bank located in this state, or the Federal Home Loan Bank of San Francisco, and is authorized by the administrator to act as an agent of depository.

(b)(1) An application for authorization shall be in such form, shall contain such information, shall be signed in such manner, and shall (if the administrator so requires) be verified in such manner, as the administrator may prescribe.

(2) The fee for filing an application for authorization with the administrator shall be five hundred dollars (\$500).

(3) If the administrator finds, with respect to an application for authorization, that the applicant is competent to act as an agent of depository and that it is reasonable to believe the applicant will comply with all applicable provisions of this article and of any regulation or order issued under this article, the administrator shall approve the application. If the administrator finds otherwise, the administrator shall deny the application.

(4) When an application for authorization has been approved, the applicant shall file with the administrator an agreement to comply with all applicable provisions of this article and of any regulation or order issued under this article. The agreement shall be in such form, shall contain such provisions, and shall be signed in such manner as the administrator may prescribe.

(5) When an application for authorization has been approved, the applicant has complied with paragraph (4), and all conditions precedent to authorizing the applicant to act as agent of depository have been fulfilled, the administrator shall authorize the applicant to act as agent of depository.

53658

An agent of a depository may hold and pool securities to secure deposits for one or more depositories pursuant to Section 53656, but shall maintain a separate pool for each said depository. Each local agency shall have an undivided security interest in the pooled securities in the proportion that the amount of its deposits bears to the total amount of deposits secured by the pooled securities.

53659

Whenever an agent of depository accepts securities pursuant to Section 53656 it may, with the authorization of the depository, place such securities for safekeeping with a Federal Reserve Bank or branch thereof or with any bank located in a city designated as a reserve city by the Board of Governors of the Federal Reserve System or with the Federal Home Loan Bank of San Francisco or with a trust company located in this state. Authority for such placement together with the names of the banks or, including the Federal Home Loan Bank of San Francisco, trust companies to be so used, shall be contained in the contract between the treasurer and the depository required in Section 53649.

53660

When deposits of a local agency are secured by pooled securities pursuant to Section 53656, the agent of depository shall make available to the treasurer for review at a mutually agreed upon time and location all of the following information which may be in the form of a copy of the report required in subdivision (e) of Section 53661:

- (a) A certification that there are securities in the pool in the amounts required by Section 53652 to secure deposits.
- (b) A certified report of the individual securities then on deposit in the pool with the location and total market value thereof.
- (c) The total amount of deposits then reported by the depository to be secured by the pool.

53661

(a) The Commissioner of Financial Protection and Innovation shall act as Administrator of Local Agency Security and shall be responsible for the administration of Sections 53638, 53651, 53651.2, 53651.4, 53651.6, 53652, 53654, 53655, 53656, 53657, 53658, 53659, 53660, 53661, 53663, 53664, 53665, 53666, and 53667.

(b) The administrator shall have the powers necessary or convenient to administer and enforce the sections specified in subdivision (a).

(c)(1) The administrator shall issue regulations consistent with law as the administrator may deem necessary or advisable in executing the powers, duties, and responsibilities assigned by this article. The regulations may include regulations prescribing standards for the valuation, marketability, and liquidity of the eligible securities of the class described in subdivision (m) of Section 53651, regulations prescribing procedures and documentation for adding, withdrawing, substituting, and holding pooled securities, and regulations prescribing the form, content, and execution of any application, report, or other document called for in any of the sections specified in subdivision (a) or in any regulation or order issued under any of those sections.

(2) The administrator, for good cause, may waive any provision of any regulation adopted pursuant to paragraph (1) or any order issued under this article, where the provision is not necessary in the public interest.

(d) The administrator may enter into any contracts or agreements as may be necessary, including joint underwriting agreements, to sell or liquidate eligible securities securing local agency deposits in the event of the failure of the depository or if the depository fails to pay all or part of the deposits of a local agency.

(e) The administrator shall require from every depository a report certified by the agent of depository listing all securities, and the market value thereof, which are securing local agency deposits together with the total deposits then secured by the pool, to determine whether there is compliance with Section 53652. These reports may be required whenever deemed necessary by the administrator, but shall be required at least four times each year at the times designated by the Comptroller of the Currency for reports from national banking associations. These reports shall be filed in the office of the administrator by the depository within 20 business days of the date the administrator calls for the report.

(f) The administrator may have access to reports of examination made by the Comptroller of the Currency insofar as the reports relate to national banking association trust department activities which are subject to this article.

(g)(1) The administrator shall require the immediate substitution of an eligible security, where the substitution is necessary for compliance with Section 53652, if (i) the administrator determines that a security listed in Section 53651 is not qualified to secure public deposits, or (ii) a treasurer, who has deposits secured by the securities pool, provides written notice to the administrator and the administrator confirms that a security in the pool is not qualified to secure public deposits.

(2) The failure of a depository to substitute securities, where the administrator has required the substitution, shall be reported by the administrator promptly to those treasurers having money on deposit in that depository and, in addition, shall be reported as follows:

(A) When that depository is a national bank, to the Comptroller of the Currency of the United States.

(B) When that depository is a state bank, to The Commissioner of Financial Protection and Innovation.

(C) When that depository is a federal association, to the Office of the Comptroller of the Currency.

(D) When that depository is a savings association, to The Commissioner of Financial Protection and Innovation.

(E) When that depository is a federal credit union, to the National Credit Union Administration.

(F) When that depository is a state credit union or a federally insured industrial loan company, to The Commissioner of Financial Protection and Innovation.

(h) The administrator may require from each treasurer a registration report and at appropriate times a report stating the amount and location of each deposit together with other information deemed necessary by the administrator for effective operation of this article. The facts recited in any report from a treasurer to the administrator are conclusively presumed to be true for the single purpose of the administrator fulfilling responsibilities assigned to him or her by this article and for no other purpose.

(i)(1) If, after notice and opportunity for hearing, the administrator finds that any depository or agent of depository has violated or is violating, or that there is reasonable cause to believe that any depository or agent of depository is about to violate, any of the sections specified in subdivision (a) or any regulation or order issued under any of those sections, the administrator may order the depository or agent of depository to cease and desist from the violation or may by order suspend or revoke the authorization of the agent of depository. The order may require the depository or agent of depository to take affirmative action to correct any condition resulting from the violation.

(2)(A) If the administrator makes any of the findings set forth in paragraph (1) with respect to any depository or agent of depository and, in addition, finds that the violation or the continuation of the violation is likely to seriously prejudice the interests of treasurers, the administrator may order the depository or agent of depository to cease and desist from the violation or may suspend or revoke the authorization of the agent of depository. The order may require the depository or agent of depository to take affirmative action to correct any condition resulting from the violation.

(B) Within five business days after an order is issued under subparagraph (a), the depository or agent of depository may file with the administrator an application for a hearing on the order. The administrator shall schedule a hearing at least 30 days, but not more than 40 days, after receipt of an application for a hearing or within a shorter or longer period of time agreed to by a depository or an agent of depository. If the administrator fails to schedule the hearing within the specified or agreed to time period, the order shall be deemed rescinded. Within 30 days after the hearing, the administrator shall affirm, modify, or rescind the order; otherwise, the order shall be deemed rescinded. The right of a depository or agent of depository to which an order is issued under subparagraph (a) to petition for judicial review of the order shall not be affected by the failure of the depository or agent of depository to apply to the administrator for a hearing on the order pursuant to this subparagraph.

(3) Whenever the administrator issues a cease and desist order under paragraph (1) or (2), the administrator may in the order restrict the right of the depository to withdraw securities from a security pool; and, in that event, both the depository to which the order is directed and the agent of depository which holds the security pool shall comply with the restriction.

(4) In case the administrator issues an order under paragraph (1) or (2) suspending or revoking the authorization of an agent of depository, the administrator may order the agent of depository at its own expense to transfer all pooled securities held by it to such agent of depository as the administrator may designate in the order. The agent of depository designated in the order shall accept and hold the pooled securities in accordance with this article and regulations and orders issued under this article.

(j) In the discretion of the administrator, whenever it appears to the administrator that any person has violated or is violating, or that there is reasonable cause to believe that any person is about to violate, any of the sections specified in subdivision (a) or any regulation or order issued thereunder, the administrator may bring an action in the name of the people of the State of California in the superior court to enjoin the violation or to enforce compliance with those sections or any regulation or order issued thereunder. Upon a proper showing a permanent or preliminary injunction, restraining order, or writ of mandate shall be granted, and the court may not require the administrator to post a bond.

(k) In addition to other remedies, the administrator shall have the power and authority to impose the following sanctions for noncompliance with the sections specified in subdivision (a) after a hearing if requested by the party deemed in noncompliance. Any fine assessed pursuant to this subdivision shall be paid within 30 days after receipt of the assessment.

(1) Assess against and collect from a depository a fine not to exceed two hundred fifty dollars (\$250) for each day the depository fails to maintain with the agent of depository securities as required by Section 53652.

(2) Assess against and collect from a depository a fine not to exceed one hundred dollars (\$100) for each day beyond the time period specified in subdivision (b) of Section 53663 the depository negligently or willfully fails to file in the office of the administrator a written report required by that section.

(3) Assess against and collect from a depository a fine not to exceed one hundred dollars (\$100) for each day beyond the time period specified in subdivision (e) that a depository negligently or willfully fails to file in the office of the administrator a written report required by that subdivision.

(4) Assess and collect from an agent of depository a fine not to exceed one hundred dollars (\$100) for each day the agent of depository fails to comply with any of the applicable sections specified in subdivision (a) or any applicable regulation or order issued thereunder.

(l)(1) In the event that a depository or agent of depository fails to pay a fine assessed by the administrator pursuant to subdivision (k) within 30 days of receipt of the assessment, the administrator may assess and collect an addi-

tional penalty of 5 percent of the fine for each month or part thereof that the payment is delinquent.

(2) If a depository fails to pay the fines or penalties assessed by the administrator, the administrator may notify local agency treasurers with deposits in the depository.

(3) If an agent of depository fails to pay the fines or penalties assessed by the administrator, the administrator may notify local agency treasurers who have authorized the agent of depository as provided in Sections 53649 and 53656, and may by order revoke the authorization of the agent of depository as provided in subdivision (i).

(m) The amendments to this section enacted by the Legislature during the 1999–2000 Regular Session shall become operative on January 1, 2001.

53663

(a) Each agent of depository shall report in writing to the administrator within two business days after any withdrawal, substitution or addition of pooled securities and shall state the name and market value of the securities withdrawn, substituted or added together with the total deposits then secured by the pool. This information shall be available from the administrator to the treasurer upon request.

(b) Each depository shall report in writing to the administrator weekly, giving the total amount of all deposits held by the depository pursuant to this article. The report shall be as of close of business on Wednesday of each week and shall be delivered to the office of the administrator, deposited in the United States mail, postage prepaid, or delivered electronically via email, or other electronic means approved by the administrator, addressed to the office of the administrator, within five business days. Where there has occurred no change in the deposits required to be held by the depository pursuant to this article, the report required by this subdivision need only state that fact.

53664

The individual reports specified in Sections 53654, 53660, 53661, and 53663 are not public documents and are not open to inspection by the public.

53665

If a depository fails to pay all or part of the deposits of a local agency secured by pooled securities in accordance with the contract provided for in Section 53649, and on demand of its treasurer or other authorized official and the treasurer files a report with the administrator, or if the depository fails:

(a) In case the pooled securities consist of securities other than securities of the class described in subdivision (p) of Section 53651, the administrator shall order the agent of depository holding the pooled securities to convert into money that portion of the pooled securities necessary to produce an amount equal to the sum of (i) the deposits of the local agency, (ii) any accrued interest

due on the deposits, and (iii) the reasonable expenses of the agent of depository in complying with the order of the administrator and to pay the sum of items (i) and (ii) to the treasurer in satisfaction of the deposits. The agent of depository shall be reimbursed out of the proceeds of the conversion for its reasonable expenses in complying with the order of the administrator, as approved by the administrator. Any excess moneys resulting from the conversion shall be retained by the agent of depository as part of the securities pool until the depository substitutes for the excess moneys securities having a market value sufficient to bring the total of pooled securities up to the amount required by Section 53652.

(b) In case the pooled securities consist of a security of the class described in subdivision (p) of Section 53651, the administrator shall draw on the letter of credit an amount equal to the sum of (i) the deposits of the local agency, (ii) any accrued interest on the deposits, and (iii) the reasonable expenses of the administrator in paying the deposits and pay the sum of items (i) and (ii) to the treasurer in satisfaction of the deposits.

53666

The only liability that shall attach to the administrator as the result of the operation of this article is that which would attach as a result of other laws of this state.

53667

(a) Expenses incurred by the administrator in carrying out the duties and responsibilities assigned to the administrator by the sections specified in subdivision (a) of Section 53661, shall be borne by the Local Agency Deposit Security Fund, which is hereby created and continuously appropriated to the administrator for the administration of the sections specified in subdivision (a) of Section 53661. This fund shall consist of fines levied pursuant to Section 53661, fees collected pursuant to the sections specified in subdivision (a) of Section 53661, and assessments levied pursuant to this section.

(b) Each fiscal year the administrator shall levy an assessment on a pro rata basis on those depositories which at any time during the preceding fiscal year held local agency deposits. The total assessment levied on all of those depositories shall be in an amount which, when added to the amount of fines and fees that the administrator estimates will be collected during the fiscal year when the assessment is levied, is sufficient in the judgment of the administrator to meet the expenses of the administrator in administering the sections specified in subdivision (a) of Section 53661 and to provide a reasonable reserve for contingencies. The basis of the apportionment of the assessment among the depositories assessed shall be the proportion that the average amount of local agency deposits held by each of those depositories bears to the average total amount of local agency deposits held by all of those depositories as shown by the reports of depositories to the administrator for the preceding fiscal year, as required in subdivision (e) of Section 53661; provided, however, that the amount of the assessment levied on each of those depositories shall be not less than twenty-five dollars (\$25).

(c) The administrator shall notify each depository by mail of the amount levied against it. The depository shall pay the amount levied within 20 days after such notice into the Local Agency Deposit Security Fund for the administration of the sections specified in subdivision (a) of Section 53661. If payment is not made to the administrator within such time, the administrator shall assess and collect, in addition to the annual assessment, a penalty of 5 percent of the assessment for each month or part thereof that the payment is delinquent. If a depository fails to pay the assessment or penalties assessed by the administrator, the administrator may notify local agency treasurers with deposits in the depository.

53669

The treasurer or other authorized official is not responsible for money while it is deposited pursuant to this article.

53676

The treasurer is not responsible for securities delivered to and receipted for by any bank, savings and loan association, credit union, federally insured industrial loan company, or trust company.

53678

The charges for the handling and safekeeping of any such securities are not a charge against the treasurer but shall be paid by the depository owning the securities.

53679

So far as possible, all money belonging to a local agency under the control of any of its officers or employees other than the treasurer shall, and money deposited as bail coming into the possession of a judge or officer of a superior court may, be deposited as active deposits in the state or national bank, inactive deposits in the state or national bank or state or federal association, federal or state credit union, or federally insured industrial loan company in this state selected by the officer, employee, or judge of the court. For purposes of this section, an officer or employee of a local agency and a judge or officer of a superior court are prohibited from depositing local agency funds or money coming into their possession into a state or federal credit union if an officer or employee of the local agency, or a judge or officer of a superior court, also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or supervisory committee, of the particular state or federal credit union. That money is subject to this article except:

(a) Deposits in an amount less than that insured pursuant to federal law are not subject to this article.

For deposits in excess of the amount insured under any federal law a contract in accordance with Section 53649 is required and the provisions of this article shall apply.

- (b) Interest is not required on money deposited in an active deposit by a judge or officer of a superior court.
- (c) Interest is not required on money deposited in an active deposit by an officer having control of a revolving fund created pursuant to Chapter 2 (commencing with Section 29300) of Division 3 of Title 3.
- (d) Interest is not required on money deposited in an active deposit by an officer having control of a special fund established pursuant to Article 5 (commencing with Section 29400) or Article 6 (commencing with Section 29430) of Chapter 2 of Division 3 of Title 3.

53679.1

Notwithstanding any other provision of law, the accounting practices of each county utilized prior to the effective date of this section relating to interest on trust funds shall be deemed appropriate and to have been made under the direction of the board of supervisors of that county. This section is declaratory of the law in existence prior to the enactment of this section.

53680

A tax collector of a local agency shall immediately deposit with the treasurer all money under his control, unless he deposits the money in a depository pursuant to this article under permission and instructions of the treasurer having authority to make such deposit.

53681

An officer or employee of a local agency who deposits money belonging to, or in the custody of, the local agency in any other manner than that prescribed in this article is subject to forfeiture of his office or employment.

53682

Notwithstanding any other provision in this article except Section 53652, the treasurer may deposit moneys in and enter into contracts with any depository, as defined in subdivision (c) of Section 53630, for services to be rendered by that depository that in the treasurer's judgment are to the public advantage. One copy of each contract entered into under this section shall be filed with the auditor or corresponding officer of the local agency. The contract shall:

- (a) Fix the duration of compensating deposits, if any.
- (b) Fix the interest rate of that compensating deposit, if any.
- (c) Specify the services to be rendered by the depository.
- (d) Indicate whether the depository shall bear the expenses of transportation of the money to and from the depository.
- (e) Fix the consideration payable by the agency for such services.

(f) Specify who may deposit moneys into the treasurer's active account and how those persons are to make those deposits.

53683

Notwithstanding any other provision in this article, the consideration payable by the agency as specified in subdivision (e) of Section 53682 shall be paid by the treasurer by applying such consideration as costs applied on a pro rata basis against the interest earned by all the agencies for which the treasurer invests.

53684

(a) Unless otherwise provided by law, if the treasurer of any local agency, or other official responsible for the funds of the local agency, determines that the local agency has excess funds which are not required for immediate use, the treasurer or other official may, upon the adoption of a resolution by the legislative or governing body of the local agency authorizing the investment of funds pursuant to this section and with the consent of the county treasurer, deposit the excess funds in the county treasury for the purpose of investment by the county treasurer pursuant to Section 53601 or 53635, or Section 20822 of the Revenue and Taxation Code.

(b) The county treasurer shall, at least quarterly, apportion any interest or other increment derived from the investment of funds pursuant to this section in an amount proportionate to the average daily balance of the amounts deposited by the local agency and to the total average daily balance of deposits in the investment pool. In apportioning and distributing that interest or increment, the county treasurer may use the cash method, the accrual method, or any other method in accordance with generally accepted accounting principles. Prior to distributing that interest or increment, the county treasurer may deduct the actual costs incurred by the county in administering this section in proportion to the average daily balance of the amounts deposited by the local agency and to the total average daily balance of deposits in the investment pool.

(c) The county treasurer shall disclose to each local agency that invests funds pursuant to this section the method of accounting used, whether cash, accrual, or other, and shall notify each local agency of any proposed changes in the accounting method at least 30 days prior to the date on which the proposed changes take effect.

(d) The treasurer or other official responsible for the funds of the local agency may withdraw the funds of the local agency pursuant to the procedure specified in Section 27136.

(e) Any moneys deposited in the county treasury for investment pursuant to this section are not subject to impoundment or seizure by any county official or agency while the funds are so deposited.

(f) This section is not operative in any county until the board of supervisors of the county, by majority vote, adopts a resolution making this section operative in the county.

(g) It is the intent of the Legislature in enacting this section to provide an alternative procedure to Section 51301 for local agencies to deposit money in the county treasury for investment purposes. Nothing in this section shall, therefore, be construed as a limitation on the authority of a county and a city to contract for the county treasurer to perform treasury functions for a city pursuant to Section 51301.

53686

(a) Any audit conducted relating to the investment of local agency funds and other funds by the county treasurer in the county fund maintained pursuant to Section 53684 shall be rendered to the depository, the auditor, the controller, the secretary, or the corresponding officer of the local agency, the treasurer or other official responsible for the funds of any local agency that has funds on deposit in the county treasury, and the presiding judge of any superior court that has ordered, pursuant to Section 3412, Section 3413, or Section 3611 of the Probate Code, that assets of an estate be deposited with the county treasurer for deposit or investment.

(b) Any report rendered pursuant to Section 53646 shall be provided to the treasurer or other official responsible for the funds of any local agency that has funds on deposit in the county treasury.

Government Code Section 53820 – 53821.5

53820

As used in this article, “local agency” means county, city, regional park district, school district, community college district, or any other municipal or public corporation or district.

53821.

Subsequent to approval of the final budget and levy of taxes, if funds are needed for the immediate requirements of a local agency in any fiscal year to pay obligations lawfully incurred in the fiscal year and before the receipt of income for the fiscal year sufficient to meet the payments, money may be borrowed by:

(a) The legislative body of a county on the recommendation of the auditor and treasurer.

(b) The legislative body of the county having the largest area within the regional park district on the recommendation of the auditor and treasurer.

(c) A school district, county board of education, or community college district on the request of two-thirds of the members of its governing board, approved by the county auditor and treasurer.

(d) A regional park district on the request of four-fifths of the members of its legislative body, approved by the auditor and treasurer of the county having the largest area within the district.

(e) The legislative body of a city on the recommendation of the city treasurer and chief accounting officer.

(f) The legislative body of any other municipal or public corporation or district on the recommendation of the officers performing the functions of auditor and treasurer.

53821.5

Proceeds of sales or funds set aside for the repayment of any notes issued pursuant to this article shall not be invested for a term that exceeds the term of the notes.

Government Code Section 53840-53841.5

53840

It is hereby declared the intention of the Legislature by the enactment of this article to provide an alternative procedure under which short term loans may be procured by those counties in which the board of supervisors has declared it to be county policy to make advances of current operating requirements to subsidiary political subdivisions required by law to deposit their funds in the county treasury as such advances are authorized by the provisions of Section 25 of Article XIII of the State Constitution. In any such county the board of supervisors, upon recommendation of the county treasurer with the approval of the county auditor, may borrow on July 1st or thereafter such amounts as may be required to meet current obligations payable by the county treasury, pending collection of the revenue provided for the year in progress. Amounts so borrowed shall be evidenced by notes signed by the chairman of the board of supervisors, the county auditor and the county treasurer, and the liability created thereby shall be secured by a lien on all revenue to accrue to the county treasury from any source during the year then in progress.

53841

Any amounts borrowed by a county as provided in the preceding section shall not exceed 85 percent of the total of taxes levied for all purposes on said county's tax roll for the next preceding fiscal year, and at no time during the year for which borrowed shall the unpaid total of the amounts so borrowed as shown by the auditor's accounts at the close of any month be allowed to remain at more than 85 percent of the uncollected balance of taxes for the current year as shown by said accounts.

53841.5

Proceeds of sales or funds set aside for the repayment of any notes issued pursuant to this article shall not be invested for a term that exceeds the term of the notes.

Government Code Section 53850-53851.5

53850

(a) As used in this article, “local agency” means a county, city and county, city, school district of any type, community college district, county board of education, or any other municipal or public corporation or district.

(b) For purposes of this article only, “local agency” also includes a charter school. This subdivision does not make a charter school a local agency for any purpose other than for this article.

53851

The powers conferred by this article are in addition to and an alternative to any power conferred by any other law for borrowing by a local agency and any amount borrowed hereunder shall not be considered in any limitation on the amount which may be borrowed by any such local agency under any other law.

53852

On or after the first day of any fiscal year a local agency may borrow money pursuant to this article, the indebtedness to be represented by a note or notes issued to the lender pursuant to this article. The money borrowed may be used and expended by the local agency for any purpose for which the local agency is authorized to use and expend moneys, including but not limited to current expenses, capital expenditures, investment and reinvestment, and the discharge of any obligation or indebtedness of the local agency.

53852.5

Proceeds of sales or funds set aside for the repayment of any notes issued pursuant to this article shall not be invested for a term that exceeds the term of the notes.

Government Code Section 53859-53859.02

53859

As used in this article: (a) “local agency” means county, city and county, city, school district, community college district, or any other municipal or public corporation or district.

(b) “Grant anticipation note” means a note issued upon the security of specified accounts receivable from state or federal governments, including, without limitation, grants, loans, or a combination of both, for which funds have been appropriated and committed to a local agency.

(c) “Loan” includes, but is not limited to, a borrowing by a local agency represented or to be represented by bonds of a local agency.

53859.01

The powers conferred by this article are in addition to an alternative to any powers conferred by any other law for borrowing by a local agency and any amount borrowed hereunder shall not be considered in any limitation on the amount which may be borrowed by any such local agency under any other law.

53859.02

(a) A local agency may borrow money pursuant to this article, the indebtedness to be represented by a grant anticipation note or notes issued to the lender pursuant to this article. The money borrowed may be used and expended by the local agency solely for the purpose for which the grant or loan is to be received.

(b) Proceeds of sales or funds set aside for the repayment of any notes issued pursuant to this article shall not be invested for a term that exceeds the term of the notes.

Government Code Section 57600-57607

57600

For purposes of this division:

(a) “Local financial institution” means a certified community development financial institution, a credit union, as defined in Section 165 of the Financial Code, or a small bank or an intermediate small bank, as defined in Section 25.12 of Title 12 of the Code of Federal Regulations.

(b) (1) “Public bank” means a corporation, organized under the Nonprofit Mutual Benefit Corporation Law (Part 3 (commencing with Section 7110) of Division 2 of Title 1 of the Corporations Code) or the Nonprofit Public Benefit Corporation Law (Part 2 (commencing with Section 5110) of Division 2 of Title 1 of the Corporations Code) for the purpose of engaging in the commercial banking business or industrial banking business, that is wholly owned by a local agency, local agencies, or a joint powers authority formed pursuant to the Joint Exercise of Powers Act (Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1) that is composed only of local agencies.

(2) A local agency located within a county with a population of less than 250,000 may organize a public bank only if it does so as part of a joint powers authority formed for those purposes.

(3) For purposes of paragraph (2), population shall be based on the most recent estimate of population data determined by the Demographic Research Unit of the Department of Finance.

(c) “Public bank license” means a certificate of authorization to transact business as a bank as described in Section 1042 of the Financial Code.

57601

(a) If a public bank is organized as a nonprofit mutual benefit corporation, the articles of incorporation shall include the following purpose statement: “This corporation is a nonprofit mutual benefit corporation organized under the Nonprofit Mutual Benefit Corporation Law as a public bank. The purpose of the corporation is to engage in the commercial banking business or industrial banking business and any other lawful activities which are not prohibited to a public bank by applicable laws or regulations.”

(b) If a public bank is organized as a nonprofit public benefit corporation, the articles of incorporation shall include the following purpose statement: “This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for the public purpose of engaging in the commercial banking business or industrial banking business as a public bank.”

(c) Notwithstanding Sections 5410 and 7411 of the Corporations Code, a public bank may make distributions to its members.

(d) All provisions of law applicable to nonprofit corporations generally, including, but not limited to, the Nonprofit Corporation Law (Division 2 (commencing with Section 5000) of Title 1 of the Corporations Code) shall apply to public banks. Whenever a provision of this division applicable to public banks is inconsistent with a provision of law applicable to nonprofit mutual benefit corporations or nonprofit public benefit corporations generally, the provision of this division shall apply, and the inconsistent provision of law applicable to nonprofit mutual benefit corporations or nonprofit public benefit corporations generally shall not apply to a public bank.

57602

(a) A public bank shall obtain and maintain deposit insurance provided by the Federal Deposit Insurance Corporation under the Federal Deposit Insurance Act (12 U.S.C. Sec. 1811 et seq.).

(b) In seeking and retaining insurance, a public bank may do all things and assume and discharge all obligations required of it that are not in conflict with state law.

57603

(a) Before engaging in business, a public bank shall obtain a certificate of authorization to transact business as a bank pursuant to Division 1.1 of the Financial Code (commencing with Section 1000).

(b) A local agency shall comply with the requirements of Section 53638 with respect to its deposits in a public bank unless, with the prior approval of The Commissioner of Financial Protection and Innovation, the public bank and the local agency depositor agree otherwise.

(c) Notwithstanding Section 23010, a county may lend any of its available funds to any public bank.

(d) Notwithstanding Section 53601, any local agency that does not pool money in deposits or investments with other local agencies that have separate governing bodies may invest in debt securities or other obligations of a public bank.

(e) Notwithstanding Section 53635, any local agency that pools money in deposits or investments with other local agencies, including local agencies that have the same governing body, may invest in debt securities or other obligations of a public bank.

(f) Notwithstanding Section 53635.2, a public bank shall be eligible to receive local agency money.

57604

(a) As used in this section:

(1) “Conducted in partnership with” means pursuant to a written agreement with a local financial institution to provide financial products and services to the public located within the jurisdiction of the public bank.

(2) “Infrastructure lending” means granting a loan or extending credit to a local agency for the purpose of building or improving public infrastructure, including housing projects, as defined in Section 34212 of the Health and Safety Code, and affordable housing, as defined in subdivision (a) of Section 62250.

(3) “Local agency banking” means providing any of the following services to a local agency:

(A) Accepting a deposit of any kind.

(B) Granting a loan or extension of credit of any kind.

(4) “Participation lending” means purchasing or selling an interest in a loan or loans originated by or sold to a local financial institution, or originating, leading, or directing a loan transaction involving a local financial institution pursuant to a written agreement with the local financial institution.

(5) “Person” means a person as defined in Section 127 of the Financial Code, except that a person does not mean a local agency as defined in Section 50001 of the Government Code, but includes any individual employed by a local agency.

(6) “Retail activities” means providing any kind of financial product or service to a person that is typically offered or provided by a local financial institution, including, but not limited to, all of the following:

(A) Accepting a deposit of any kind from a person, including the issuance of shares by a credit union.

(B) Granting a loan or extension of credit, of any kind, to a person.

(7) “Wholesale lending” means granting a loan or extension of credit to a local financial institution.

(b) Except as provided in paragraph (2) of subdivision (c), a public bank shall conduct retail activities in partnership with local financial institutions and shall not compete with local financial institutions.

(c) A public bank may do both of the following:

(1) Engage in all of the following banking activities:

(A) Local agency banking.

(B) Infrastructure lending.

(C) Wholesale lending.

(D) Participation lending.

(2) Engage in retail activities without partnering with a local financial institution, if those retail activities are not offered or provided by local financial institutions in the jurisdiction of the local agency or agencies that own the public bank.

57605

For the purposes of Section 1280 of the Financial Code, any person or entity, including a local agency, that owns, controls, or holds an ownership interest in a public bank is not a bank holding company by reason of that ownership interest.

57606

(a) Before submitting an application to organize and establish a public bank pursuant to Section 1020 of the Financial Code, a local agency shall conduct a study to assess the viability of the proposed public bank. The study shall include, but is not limited to, all of the following elements:

(1) A discussion of the purposes of the bank including, but not limited to, achieving cost savings, strengthening local economies, supporting community economic development, and addressing infrastructure and housing needs for localities.

(2) A fiscal analysis of costs associated with starting the proposed public bank.

(3) An estimate of the initial amount of capital to be provided by the local agency to the proposed public bank.

(4) Financial projections, including a pro forma balance sheet and income statement, of the proposed public bank for at least the first five years of operation. The financial projections shall include an estimate of the time period for when expected revenues meet or exceed expected costs and an estimate of the total operating subsidy that the local agency may be required to provide until the proposed public bank generates sufficient revenue to cover its costs. In addition to projections that assume favorable economic conditions, the analysis shall also include a downside scenario that considers the effect of an economic recession on the financial results of the proposed public bank. The projections may include the downside scenario of continuing to do business with the local government's current banker or bankers.

(5) A legal analysis of whether the proposed structure and operations of the public bank would likely comply with Section 6 of Article XVI of the California Constitution, but nothing herein shall compel the waiver of any attorney-client privilege attaching to that legal analysis.

(6) An analysis of how the proposed governance structure of the public bank would protect the bank from unlawful insider transactions and apparent conflicts of interest.

(b) The study may include any of the following elements:

(1) A fiscal analysis of benefits associated with starting the proposed public bank, including, but not limited to, cost savings, jobs created, jobs retained, economic activity generated, and private capital leveraged.

(2) A qualitative assessment of social or environmental benefits of the proposed public bank.

(3) An estimate of the fees paid to the local agency's current banker or bankers.

(4) A fiscal analysis of the costs, including social and environmental, of continuing to do business with the local agency's current banker or bankers.

(c) (1) The study required by subdivision (a) shall be presented to and approved by the governing body of the local agency, and a motion to move forward with an application for a public banking charter shall be approved by a majority vote of the governing body at a public meeting prior to the local agency submitting an application pursuant to Section 1020 of the Financial Code. In addition, the local agency shall include a copy of the study required by subdivision (a) in the application submitted to The Commissioner of Financial Protection and Innovation.

(2) Before the local agency submits an application pursuant to Section 1020 of the Financial Code, the motion to move forward with an application for a public banking charter shall be subject to voter approval at the next regularly scheduled election held at least 180 days following the vote of the governing body.

(3) The voter approval requirement described in paragraph (2) shall apply to a local agency entering into a joint powers authority formed pursuant to the Joint Exercise of Powers Act (Article 1 (commencing with Section 6500) of Chapter 5 of Division 7 of Title 1) after the study required in subdivision (a) has been completed and before submitting an application to organize and establish a public bank pursuant to Section 1020 of the Financial Code.

(4) As used in paragraphs (2) and (3), "local agency" does not include a charter city.

(d) The local agency shall make available to the public the financial models and key assumptions used to estimate the elements described in paragraphs (2) through (4) of subdivision (a) before presenting the study to the governing body of the local agency as required by subdivision (c).

- (a) The Commissioner of Financial Protection and Innovation shall not issue more than two public bank licenses in a calendar year.
- (b) The Commissioner of Financial Protection and Innovation shall not issue a public bank license if issuing that public bank license would cause there to be more than 10 public banks authorized to transact business pursuant to Division 1.1 (commencing with Section 1000) of the Financial Code.
- (c) The Commissioner of Financial Protection and Innovation shall conduct a study of public banking in California within two years after the date upon which the commissioner issues the 10th public bank license.
- (d) The Commissioner of Financial Protection and Innovation shall not issue a public bank license after the expiration of a period of seven years from the date upon which the commissioner first promulgates regulations for the purpose of carrying out the commissioner's duties under this division.

Government Code Section 87500

87500

- (a) (1) A statement of economic interests filed by a public official, for whom the Commission is the filing officer, shall be filed with the Commission using the Commission's electronic filing system.
- (2) The Commission shall be the filing officer for statements of economic interests filed by all of the following:
 - (A) A statewide elected officer or candidate for statewide elective office.
 - (B) A member of, or candidate for, the Legislature or State Board of Equalization.
 - (C) A member of the Public Utilities Commission, State Energy Resources Conservation and Development Commission, or California Coastal Commission.
 - (D) A member of a state licensing or regulatory board, bureau, or commission.
 - (E) A person appointed to a state board, commission, or similar multimember body of the state if the Commission has been designated as the filing officer in the conflict of interest code of the respective board, commission, or body.
 - (F) A person holding, or candidate for, the office of district attorney, county counsel, county treasurer, or county board of supervisors.
 - (G) A city manager or, if there is no city manager, the chief administrative officer.
 - (H) A person holding, or candidate for, the office of city council member, city treasurer, city attorney, or mayor.
 - (I) A county planning commissioner or city planning commissioner.
 - (J) A county chief administrative officer.

(K) A judge, court commissioner, or candidate for judge.

(L) A head of a local government agency or member of a local government board or commission, for which the Commission is the code reviewing body, if the Commission has been designated as the filing officer in the conflict of interest code of the respective agency, board, or commission.

(M) A designated employee of the Legislature directed to file directly with the Commission by the house of the Legislature by which the designated employee is employed.

(N) A designated employee of more than one joint powers insurance agency who elects to file a multiagency statement pursuant to Section 87350.

(O) A public official who manages public investments.

(b) A statement of economic interests filed by a public official, for whom the Commission is not the filing officer, shall be filed as follows:

(1) Members of the Commission shall file electronically using the Commission's electronic filing system and the Commission shall send a copy of the filing to the office of the Attorney General, which shall be the filing officer.

(2) Except as provided in subparagraph (L) of paragraph (2) of subdivision (a) and this paragraph, a head of a local government agency, member of a local government agency board or commission, or member of a board or commission not under the jurisdiction of a local legislative body shall file one original with the agency, board, or commission, which shall make and retain a copy and forward the original to the code reviewing body, which shall be the filing officer. The code reviewing body may require that the original be filed directly with the code reviewing body and that no copy be retained by the agency, board, or commission.

(3) Except as provided in subparagraph (M) of paragraph (2) of subdivision (a), a designated employee of the Legislature shall file one original with the house of the Legislature by which the designated employee is employed.

(c) A person not otherwise designated in this section shall file one original with the agency or with the code reviewing body, as provided by the code reviewing body in the agency's conflict of interest code.

Glossary

A

ACTIVE MANAGEMENT STRATEGY

Investment strategy based on a manager or a team of managers actively managing a fund's portfolio with the goal of outperforming benchmarks through analytical research, forecasts, and their own judgment and experience.

ACCRETION

The accumulation of value that occurs during the duration or time between a bond's issuance and maturity.

ACCRUED INTEREST

Coupon interest accumulated on a bond or note since the last interest payment or, for a new issue, from the dated date to the date of delivery.

AMORTIZATION OF COSTS

Reconciliation of the purchase price of a security and par value resulting in net interest.

ARBITRAGE

Transactions by which securities are bought and sold in different markets at the same time for the sake of the profit arising from a yield difference in the two markets. The 1986 Tax Reform Act made this practice by municipalities illegal solely as a borrowing tactic, except under certain safe-harbor conditions.

ASSET ALLOCATION

The division of an investment portfolio among different asset categories, such as stocks, bonds, and cash.

ASSET-BACKED SECURITIES

Securities that are supported by pools of assets, such as installment loans or leases, or by pools of revolving lines of credits. Asset-backed securities are structured as trusts in order to perfect a security interest in the underlying assets.

AVERAGE

An arithmetic mean of selected stocks intended to represent the behavior of the market or some component of it.

B

BANK DEPOSITS

Deposits in banks or other depository institutions that may be in the form of demand accounts (checking) or investments in accounts that have a fixed term and negotiated rate of interest.

BANK NOTES

A senior, unsecured, direct obligation of a bank or U. S. branch of a foreign bank.

BANKERS' ACCEPTANCE

A draft or bill or exchange accepted by a bank or trust company. The accepting institution, as well as the issuer, guarantees payment of the bill.

BASIS POINTS

Refers to the yield on bonds. Each percentage point of yield in bonds equals 100 basis points (1/100% or 0.01%). If a bond yield changes from 7.25% to 7.39%, that is a rate of 14 basis points.

BENCHMARK

A passive index used to compare the performance, relative to risk and return, of an investor's portfolio.

BOND PROCEEDS

The money paid to the issuer by the purchaser or underwriter of a new issue of municipal securities. These moneys are used to finance the project or purpose for which the securities were issued and to pay certain costs of issuance as may be provided in the bond contract.

BONDS

A debt obligation of a firm or public entity. A bond represents the agreement to repay the debt in principal and, typically, in interest on the principal.

BOOK RETURN

Book return includes interest, amortization/accretion of premiums/discounts, realized gains and losses, over a given period of time.

BOOK VALUE

The value at which an asset is carried on a balance sheet.

BROKER

A person or firm that acts as an intermediary by purchasing and selling securities for others rather than for its own account.

BUY AND HOLD STRATEGY

A strategy based on holding all securities until maturity, regardless of fluctuations in the market.

C

CALL OPTION

The terms of the bond contract giving the issuer the right to redeem or call an outstanding issue of bonds prior to its stated date of maturity.

CALL RISK

The risk to a bondholder that the bond issuer will exercise a callable bond feature and redeem the issue prior to maturity.

CALLABLE SECURITIES

An investment security that contains an option allowing the issuer to retire the security prior to its final maturity date.

CASH FLOW

A comparison of cash receipts (revenues) to required payments (debt service, operating expenses, etc.).

CERTIFICATE OF DEPOSIT

A short-term, secured deposit in a financial institution that usually returns principal and interest to the lender at the end of the loan period. Certificates of Deposit (CDs) differ in terms of collateralization and marketability. Those appropriate to public agency investing include:

Negotiable Certificates of Deposit

Generally, short-term debt instrument that usually pays interest and is issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of a foreign bank. The majority of negotiable CDs mature within six months while the average maturity is two weeks. Negotiable CDs are traded in a secondary market and are payable upon order to the bearer or initial depositor (investor). Negotiable CDs are insured by FDIC up to \$250,000, but they are not collateralized beyond that amount.

Non-Negotiable Certificates of Deposit

CDs that carry a penalty if redeemed prior to maturity. A secondary market does exist for non-negotiable CDs, but redemption includes a transaction cost that reduces returns to the investor. Non-negotiable CDs issued by banks and savings and loans are insured by the Federal Deposit Insurance Corporation up to the amount of \$250,000, including principal and interest. Amounts deposited above this amount may be secured with other forms of collateral through an agreement between the investor and the issuer. Collateral may include other securities including Treasuries or agency securities such as those issued by the Federal National Mortgage Association.

CDARS (CERTIFICATE OF DEPOSIT ACCOUNT REGISTRY SYSTEM)

A private CD placement service that allows local agencies to purchase more than \$250,000 in CDs from a single financial institution (must be a participating institution of CDARS) while still maintaining FDIC insur-

ance coverage. CDARS is currently the only entity providing this service. CDARS facilitates the trading of deposits between the California institution and other participating institutions in amounts that are less than \$250,000 each, so that FDIC coverage is maintained.

CD PLACEMENT SERVICE

A service that allows local agencies to purchase more than \$250,000 in CDs from a single financial institution while still maintaining FDIC insurance coverage. See “CDARS”.

COLLATERALIZATION OF DEPOSITS

Process by which a bank or financial institution pledges securities, or other deposits for the purpose of securing the repayment of deposited funds.

COMMERCIAL PAPER

An unsecured short-term promissory note issued by corporations or municipalities, with maturities ranging from 2 to 270 days.

CONVEXITY

A measure of the price sensitivity of a fixed income security to changes in interest rates. Convexity is influenced by such factors as the coupon rate, maturity, and any call options that may or may not exist. Prices rise at increasing rates as yields fall and prices decline at decreasing rates as yields rise.

CORPORATE NOTES AND BONDS

Debt instruments, typically unsecured, issued by corporations, with original maturities in most cases greater than one year and less than ten years.

COUNTY POOLED INVESTMENT FUNDS

The aggregate of all funds from public agencies placed in the custody of the county treasurer or chief finance officer for investment and reinvestment.

COUPON

The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value; a certificate attached to a bond evidencing interest due on a payment date.

CREDIT RATING

Various alphabetical and numerical designations used by credit rating or nationally recognized statistical rating organizations (NRSROs), institutional investors, Wall Street underwriters, and commercial rating companies to give relative indications of bond and note creditworthiness.

Long-term Ratings

The three most commonly used NRSROs are Standard & Poor's, Fitch Ratings, and Moody's. Standard & Poor's and Fitch Ratings use the same system, starting with their highest rating, of AAA, AA, A, BBB, BB, B, CCC, CC, C, and D for default. Moody's Investors Service uses Aaa, Aa, A, Baa, Ba, B, Caa, and Ca. Each of the services use pluses (+), minuses (-), or numerical modifiers to indicate steps within each category. The S&P ratings from AA to CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories. Moody's appends numerical modifiers 1, 2, and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic rating

category; the modifier 2 indicates a mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic rating category. The top four letter categories are considered investment grade ratings.

Short-term Ratings

Standard & Poor's short-term ratings system is A-1+, A-3, B, C, and / for default. Fitch Ratings use F1+, F3, B, C, and / for default. Finally, Moody's uses P1 and P3, anything below P3 is considered not prime.

CREDIT RISK

The chance that an issuer will be unable to make scheduled payments of interest and principal on an outstanding obligation. Another concern for investors is that the market's perception of an issuer/borrower's credit will cause the market value of a security to fall, even if default is not expected.

CUSIP NUMBER

The Committee on Uniform Security Information Procedures (CUSIP) Number refers to a security's identification number assigned to each publicly traded security by the CUSIP Service Bureau operated by Standard & Poor's for the American Bankers Association. The CUSIP Number is a nine-character identifier unique to the issuer, the specific issue and the maturity, if applicable (the first six characters identifying the issuer, the next two identifying the security and the last digit providing a check digit to validate the accuracy of the preceding CUSIP number).

CUSTODIAN

A bank or other financial institution that keeps custody of stock certificates and other assets.

D

DEALER

Someone who acts as a principal in all transactions, including underwriting, buying, and selling securities, including from their own account.

DEFAULT RISK

The risk that issuers/borrowers will be unable to make the required payments on their debt obligations.

DEFEASED BOND ISSUES

Issues that have sufficient money to retire outstanding debt when due so that the agency is released from the contracts and covenants in the bond document.

DELIVERY VS. PAYMENT (DVP)

The payment of cash for securities as they are delivered and accepted for settlement.

DERIVATIVE

Securities that are based on, or derived from, some underlying asset, reference date, or index.

DISCOUNT

Discount means the difference between the par value of a security and the cost of the security, when the cost is below par. Investors purchase securities at a discount when return to the investor (yield) is higher than the stated coupon (interest rate) on the investment.

DISCOUNT RATE

The interest rate used in discounted cash flow (DCF) analysis to determine the present value of future cash flows. The discount rate in DCF analysis takes into account not just the time

value of money, but also the risk or uncertainty of future cash flows; the greater the uncertainty of future cash flows, the higher the discount rate.

DIVERSIFICATION

The allocation of different types of assets in a portfolio to mitigate risks and improve overall portfolio performance.

DURATION

A measure of the timing of the cash flows to be received from a security that provides the foundation for a measure of the interest rate sensitivity of a bond. Duration is a volatility measure and represents the approximate percentage change in price divided by the percentage change in interest rates. A high duration measure indicates that for a given level of movement in interest rates, prices of securities will vary considerably.

E

EFFECTIVE DURATION

Duration measures the weighted average of the present value of the cash flows of a fixed-income investment. Effective duration measures the price sensitivity of fixed-income investments, especially for those with embedded option features such as call options. As yields rise, the effective duration of a callable investment rises to reflect the fact that it has become less likely to be called. The more rates rise, the longer the effective duration will become, approaching the duration to maturity. The converse is true in a declining interest rate environment (that is, the more rates fall, the shorter the effective duration will become, approaching the duration to call). For securities without an embedded option, the duration to call, maturity, and effective duration

are all the same. The calculation for effective duration is complicated and involves averaging the duration under a simulation of many possible interest rate scenarios in the future.

EVENT RISK

The risk associated with a changing portfolio value due to a market event causing swings in market prices and/or spreads.

EXTENDABLE NOTES

Securities with maturity dates that can be extended by mutual agreement between the issuer and investor. When investing in these types of securities, the maturity date plus the stated extendable option must not exceed the time frames that are allowed in California Government Code or the investment policy for the investment type.

F

FIDUCIARY

An individual who holds something in trust for another and bears liability for its safekeeping.

FIRST TIER SECURITIES

Securities that have received short-term debt ratings in the highest category from the requisite nationally recognized statistical-rating organizations (NRSROs), or are comparable unrated securities, or are issued by money market funds, or government securities. [See SEC Rules: Paragraph (A)(12) of rule 2A-7.]

FLOATING RATE SECURITY

A security that has a variable or “floating” interest rate.

FUTURES

Futures are exchange-traded contracts either to buy (long) or sell (short) a financial instrument, such as a five-year U.S. Treasury note at a specific price and on a specific future date. Although investing in futures is permitted under California Government Code Section 53601.1, few local agencies do, except for specific, limited purposes, usually related to their own debt issuance.

G

GOVERNMENT ACCOUNTING STANDARDS BOARD (GASB)

A standard-setting body, associated with the Financial Accounting Foundation, which prescribes standard accounting practices for governmental units.

GOVERNMENT SPONSORED ENTERPRISES (GSE)

Privately held corporations with public purposes created by the U.S. Congress to reduce the cost of capital for certain borrowing sectors of the economy. Securities issued by GSEs carry the implicit backing of the U.S. Government, but they are not direct obligations of the U.S. Government. For this reason, these securities will offer a yield premium over Treasuries.

GUARANTEED INVESTMENT CONTRACT (GIC)

An agreement acknowledging receipt of funds for deposit, specifying terms for withdrawal, and guaranteeing a rate of interest to be paid.

IRMA

An independent registered municipal advisor (IRMA) is registered as a municipal advisor with the SEC and MSRB and has a fiduciary duty to the issuer(s) that he/she advises on the issuance of municipal securities and investment of the proceeds of issued debt.

IRMA EXEMPTION

Pursuant to the Municipal Advisor Rule (MA Rule), underwriters may provide advice to municipal issuers only where certain exceptions or exemptions apply. The Independent Registered Municipal Advisor Exemption (IRMA Exemption) applies where: (1) the issuer has retained an IRMA that is not recently associated (within the last two years of seeking to use the exemption) with the underwriter, (2) the underwriter receives a written notice from the issuer that they are represented by the IRMA and will rely on their advice, and the underwriter can reasonably rely on that notice, and (3) the underwriter provides a written notice to the issuer and IRMA stating that the underwriter is not a municipal advisor and has no fiduciary duty to the issuer, and the issuer must have adequate time to review that notice.

INDEX

An index is an indicator that is published on a periodic basis that shows the estimated price and/or yield levels for various groups of securities.

INTEREST

The amount a borrower pays to a lender for the use of his or her money.

INTEREST RATE RISK

Interest rate risk is the risk that an investment's value will change due to a change in the absolute level of interest rates, spread between two rates, shape of the yield curve, or any other interest rate relationship.

INVESTMENT AGREEMENTS

Investment agreements are contracts with respect to funds deposited by an investor. Investment agreements are often separated into those offered by banks and those offered by insurance companies. In the former case, they are sometimes referred to as "bank investment contracts."

INVESTMENT OVERSIGHT COMMITTEE

A committee of three to eleven members formed under Section 27131 to monitor and review a county's investment policy by causing an annual audit and discussing its finding at an open meeting. Although cities and other local agencies are not required to compose an investment oversight committee, the State Legislature has declared that all local agencies "should participate in reviewing the policies that guide the investment of those funds."

INSTITUTIONAL ACCOUNT

As defined by the Financial Industry Regulatory Authority (FINRA), an institutional account includes one of the following: (1) a bank, savings and loan association, insurance company or registered investment company; (2) an investment adviser registered either with the SEC under Section 203 of the Investment Advisers Act or with a state securities commission (or any agency or office performing like functions); or (3) any other person (whether a natural

person, corporation, partnership, trust or otherwise) with total assets of at least \$50 million.

L

LIBOR

Acronym for “London Interbank Offered Rate,” which represented the average rate at which a leading bank can obtain unsecured funding in the London interbank market. LIBOR served as a benchmark for various interest rates. Obligations of parties to such transactions are typically expressed as a spread to LIBOR. In response to concerns that the benchmark was being manipulated, the publication for one-week and two-month LIBOR ceased at the end of 2021 and the remaining tenors of LIBOR ceased after June 30, 2023.

LIQUIDITY

The measure of the ability to convert an instrument to cash on a given date at full face or par value.

LIQUIDITY RISK

The risk that a security, sold prior to maturity, will be sold at a loss of value. For a local agency, the liquidity risk of an individual investment may not be as critical as how the overall liquidity of the portfolio allows the agency to meet its cash needs.

LOCAL AGENCY INVESTMENT FUND

A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer’s Office.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP)

Investment pools that range from the State Treasurer’s Office Local Agency Investment Fund (LAIF) to county pools, to Joint Powers Authorities (JPAs). These funds are not subject to the same SEC rules applicable to money market mutual funds.

M

MARKET RISK

The chance that the value of a security will decline as interest rates rise. In general, as interest rates fall, prices of fixed income securities rise. Similarly, as interest rates rise, prices fall. Market risk also is referred to as systematic risk or risk that affects all securities within an asset class similarly.

MARKET VALUE

The price at which a security is trading and presumably could be purchased or sold at a particular point in time.

MATURITY

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

MEDIUM-TERM NOTE

Corporate or depository institution debt securities meeting certain minimum quality standards (as specified in the California Government Code) with a remaining maturity of five years or less.

MONEY MARKET MUTUAL FUNDS

MMF’s are mutual funds that invest exclusively in short-term money market instruments. MMF’s seek the preservation of capital as a primary

goal while maintaining a high degree of liquidity and providing income representative of the market for short-term investments.

MORTGAGE BACKED SECURITIES

Mortgage-backed securities (MBS) are created when a mortgagee or a purchaser of residential real estate mortgages creates a pool of mortgages and markets undivided interests or participations in the pool. MBS owners receive a prorata share of the interest and principal cash flows (net of fees) that are “passed through” from the pool of mortgages. MBS are complex securities whose cash flow is determined by the characteristics of the mortgages that are pooled together. Investors in MBS face prepayment risk associated with the option of the underlying mortgagors to pre-pay or payoff their mortgage. Most MBS are issued and/or guaranteed by federal agencies and instrumentalities (e.g., Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), and Federal Home Loan Mortgage Corporation (FHLMC)).

MORTGAGE PASS-THROUGH OBLIGATIONS

Securities that are created when residential mortgages (or other mortgages) are pooled together and undivided interests or participations in the stream of revenues associated with the mortgages are sold.

MUNICIPAL ADVISOR RULE (MA RULE)

A regulation of non-dealer “municipal advisors” such as financial advisors, swap advisors, GIC brokers, etc. In addition, the rule pertains to banks and broker dealers acting as municipal advisors. Municipal advisors have a

fiduciary responsibility to the government agency receiving their services and they must register with the Securities Exchange Commission (SEC).

Municipal finance professionals that do not have a fiduciary duty to issuers cannot provide advice to governments unless certain exemptions are met. The SEC has published a list of frequently asked questions: www.sec.gov/info/municipal/mun-advisors-faqs.pdf.

MUNICIPAL NOTES, BONDS, AND OTHER OBLIGATIONS

Obligations issued by state and local governments to finance capital and operating expenses.

MUTUAL FUNDS

An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments.

N

NET ASSET VALUE

Net asset value (NAV) is a term used in the mutual fund industry to determine the average price per share of a pool or mutual fund. How this measure varies over time provides information on whether the pool is stable or variable. NAV is the market value of all securities in a mutual fund, less the value of the fund’s liabilities, divided by the number of shares in the fund outstanding. Shares of mutual funds are purchased at the fund’s offered NAV.

NET PRESENT VALUE

An amount that equates future cash flows with their value in present terms.

NEW ISSUE

Securities sold during the initial distribution of an issue in a primary offer-

ing by the underwriter or underwriting syndicate.

NOTE

A written promise to pay a specified amount to a certain entity on demand or on a specified date. Usually bearing a short-term maturity of a year or less (though longer maturities are issued—see “Medium-Term Note”).

O

OPTIONS

An option is a contract that gives the buyer the right to buy or sell an obligation at a specified price for a specified time. Exchange Traded Options are standardized option contracts that are actively traded on the Chicago Board of Exchange on a daily basis whereas Over-the-Counter Options are traded directly between the buyer and seller at agreed upon prices and conditions (the former type of option is therefore more liquid than the latter).

P

PAR AMOUNT OR PAR VALUE

The principal amount of a note or bond which must be paid at maturity. Par, also referred to as the “face amount” of a security, is the principal value stated on the face of the security. A par bond is one sold at a price of 100% of its principal amount.

PLACEMENT SERVICE CERTIFICATES OF DEPOSIT

Certificates of deposit placed with a private sector entity that assists in the placement of certificates of deposit with eligible financial institutions located in the United States.

PLACEMENT SERVICE DEPOSIT

Deposits at depository institutions placed by a private sector placement service entity.

PORTFOLIO

Combined holding of more than one stock, bond, commodity, real estate investment, cash equivalent, or other asset. The purpose of a portfolio is to reduce risk by diversification.

PREMIUM

Premium means the difference between the par value of a security and the cost of the security, when the cost is above par. Investors pay a premium to purchase a security when the return to the investor (yield) is lower than the stated coupon (interest rate) on the investment.

PRICE

Price is the amount of monetary consideration required by a willing seller and a willing buyer to sell an investment on a particular date.

PRINCIPAL

The face value or par value of a debt instrument, or the amount of capital invested in a given security.

PROSPECTUS

A disclosure document that must be provided to any prospective purchaser of a new securities offering registered with the SEC that typically includes information on the issuer, the issuer’s business, the proposed use of proceeds, the experience of the issuer’s management, and certain certified financial statements (also known as an “official statement”).

PRUDENT INVESTOR STANDARD

A standard of conduct where a person acts with care, skill, prudence, and diligence when investing, re-investing, purchasing, acquiring, exchanging, selling, and managing funds. The test of whether the standard is being met is if a prudent person acting in such a situation would engage in similar conduct to ensure that investments safeguard principal and maintain liquidity.

PUBLIC BANK

A corporation, organized as either a nonprofit mutual benefit corporation or a nonprofit public benefit corporation for the purpose of engaging in the commercial banking business or industrial banking business, that is wholly owned by a local agency, as specified, local agencies, or a joint powers authority.

Q

QUALIFIED INSTITUTIONAL BUYER

Federal regulations define qualified institutional buyer (QIB) as any of the following entities, acting for its own account or the accounts of other QIBs, that in the aggregate owns and invests on a discretionary basis at least \$100 million in securities of issuers that are not affiliated with the entity: insurance company, investment company, small business investment company, a Rural Business Investment Company, a plan (established and maintained by a public agency) for the benefit of its employees, employee benefit plan, trust fund (bank or trust company), business development company, 501(c)(3), investment adviser, and dealer, an institution that qualifies as an accredited investor. 17 CFR § 230.144A and 230.145

R

REINVESTMENT RISK

The risk that interest rates may be lower than the yield on a fixed income security when the investor seeks to reinvest interest income or repaid principal from the security.

REPURCHASE AGREEMENTS

An agreement of one party (for example, a financial institution) to sell securities to a second party (such as a local agency) and simultaneous agreement by the first party to repurchase the securities at a specified price from the second party on demand or at a specified date.

REVERSE REPURCHASE AGREEMENTS

An agreement of one party (for example, a financial institution) to purchase securities at a specified price from a second party (such as a public agency) and a simultaneous agreement by the first party to resell the securities at a specified price to the second party on demand or at a specified date.

RISK

The uncertainty of maintaining the principal or interest associated with an investment due to a variety of factors.

RULE G-37 OF THE MUNICIPAL SECURITIES RULEMAKING BOARD

Federal regulations to sever any connection between the making of political contributions and the awarding of municipal securities business.

S

SAFEKEEPING SERVICE

Offers storage and protection of assets provided by an institution serving as an agent.

SAFETY

In the context of investing public funds, safety relates to preserving the principal of an investment in an investment portfolio; local agencies address the concerns of safety by controlling exposure to risks.

SOFR

Acronym for “Secured Overnight Financing Rate,” which represents a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities.

SECURITIES AND EXCHANGE COMMISSION (SEC)

The federal agency responsible for supervising and regulating the securities industry.

SECURITIES LENDING AGREEMENT

An agreement of one party (for example, a local agency) to borrow securities at a specified price from a second party (for example, another local agency) with a simultaneous agreement by the first party to return the security at a specified price to the second party on demand or at a specified date. These agreements generally are collateralized and involve a third party custodian to hold the securities and collateral. Economically similar to reverse repurchase agreement.

SETTLEMENT DATE

The date when a trade is final. The ownership of the security is trans-

ferred to the buyer and the payment of funds is transferred to the seller. The date establishes a legal transfer of ownership.

SUPRANATIONAL INSTITUTIONS

International institutions formed by two or more governments that transcend boundaries to pursue mutually beneficial economic or social goals. There are three supranational institutions that issue obligations that are eligible investments for California local agencies: the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), and Inter-American Development Bank (IADB).

T

TAX AND REVENUE ANTICIPATION NOTES (TRANS)

Notes issued in anticipation of receiving tax proceeds or other revenues at a future date.

TOTAL RETURN

Total return includes interest, realized gains and losses, and unrealized gains and losses over a given period of time.

TRUSTEE, TRUST COMPANY OR TRUST DEPARTMENT OF A BANK

A financial institution with powers to act in a fiduciary capacity for the benefit of the bondholders in enforcing the terms of the bond contract.

U

UNDERWRITER

A dealer that purchases a new issue of municipal securities for resale.

U.S. TREASURY OBLIGATIONS

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

W

WEIGHTED AVERAGE MATURITY (WAM)

The average maturity of all the securities that comprise a portfolio, typically expressed in days or years.

Y

YIELD

The current rate of return on an investment security generally expressed as a percentage of the securities current price.

YIELD CURVE

A graphic representation that shows the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity.

YIELD-TO-CALL

The rate of return to the investor earned from payments of principal and interest, with interest compounded semi-annually at the stated yield when the security is redeemed on a specified call date. In addition, if the security is redeemed at a premium call price, the amount of the premium is also reflected in the yield.

YIELD-TO-MATURITY

The rate of return to the investor earned from payments of principal and interest, with interest compounded semi-annually at the stated yield as long as the security remains outstanding until the maturity date.

YIELD-TO-WORST

For a given dollar price on a municipal security, the lowest of the yield calculated to the pricing call, par option or maturity.

Z

ZERO-COUPON BOND

A bond on which interest is not payable until maturity (or earlier redemption), but compounds periodically to accumulate to a stated maturity amount. Zero-interest bonds are typically issued at a discount and repaid at par upon maturity.

Index of Statutory Changes Effective 1996 to Present

1995

SB 564 **AUTHOR: JOHNSTON** **SECTION(S): 53646**

Summary of Changes: Requires treasurers to produce an annual investment policy and provide detailed quarterly investment reports.

SB 866 **AUTHOR: CRAVEN** **SECTION(S): 53601, 53635
AND 53859.02**

Summary of Changes: Authorizes the County Board of Supervisors to delegate investment authority to the County Treasurer and requires board to establish a treasury oversight committee (with specific membership requirements). Requires delivery of securities by book entry, physical delivery or third-party custodial agreement. Specifies funds invested for repayment of notes cannot exceed the term of the notes. Lastly, sets requirements for those elected or appointed to county auditor, director of finance and county treasurer.

1996

SB 864 **AUTHOR: CRAVEN
AND KILLEA** **SECTION(S): 27000.7,
27131, 27132.1, 27132.2,
27132.3, 27136, 53601,
53601.6, 53635 AND 53646**

Summary of Changes: Restricts campaign contributions by members of county oversight committees, relaxes restrictions on repurchase agreements, increases the amount of portfolio concentration for investment in mutual funds, and allows for greater use of account statements in quarterly investment reports.

1997

No changes

1998

SB 1793 **AUTHOR: GREENE** **SECTION(S): 53601
AND 53635**

Summary of Changes: Authorizes that where there is a percentage limitation for a particular investment, that percentage is applicable only at the date of purchase. In addition, investments in repurchase agreements are considered to be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day.

1999

AB 323 **AUTHOR: BALDWIN** **SECTION(S): 27132.3**

Summary of Changes: Prohibits a member of an oversight committee from securing employment with a financial service company that does business with the committee's county treasurer for one year after leaving the committee.

AB 343 **AUTHOR: CAMPBELL** **SECTION(S): 53635.7,
53601.2 AND 53635.2**

Summary of Changes: Authorizes counties to increase the amount of commercial paper (CP) held in their portfolios from 15% to 40%, removes the 31-day dollar-weighted maturity requirement for purchases above the original 15%, limits CP investments with any single issuing corporation to 10% of the county's surplus money, and clarifies that "borrowing" does not include bank overdrafts.

AB 530 **AUTHOR: PAPAN** **SECTION(S): 53601
AND 53635**

Summary of Changes: Authorizes local governments to enter into securities lending agreements provided they meet the same statutory requirements as reverse-repurchase agreements. No more than 20% of the investment portfolio may be comprised of securities lending agreements.

AB 1679 **AUTHOR: ASSEMBLY LOCAL
GOVERNMENT COMMITTEE** **SECTION(S): 53601
AND 53635**

Summary of Changes: Amends the definition of medium-term notes, specifying that these instruments shall have a remaining maximum maturity of 5 years or less. It also emphasizes that purchases of medium-term notes shall not include other investment instruments allowable under current state law.

2000

AB 2220 **AUTHOR: BATTIN** **SECTION(S): 53601,
53601.2, 53635 AND
53635.2**

Summary of Changes: Revises the maximum maturity for bankers acceptances from 270 to 180 days, and prime quality commercial paper from 180 to 270 days.

AB 2539 **AUTHOR: ASSEMBLY
JUDICIARY COMMITTEE** **SECTION(S): 53601 AND
53635**

Summary of Changes: Non-substantive, technical changes including punctuation.

2001

AB 609 **AUTHOR: KELLEY** **SECTION(S): 53601,
53601.5, 53601.6 AND
53635**

Summary of Changes: Authorizes local agencies to invest non surplus money in a sinking fund provided that the money is not required for immediate needs. The bill also revises the definition of commercial paper and prohibits the legislative body of a local agency and the treasurer or other official having custody of the county's money from investing in negotiable certificates of deposit of a state or federal credit union if a member of the legislative body or any other specified city officer or employee also serves on the board of directors or certain committees of that credit union.

2002

AB 2182 **AUTHOR: CAMPBELL** **SECTION(S): 53601.7**

Summary of Changes: Authorizes a county or city and county to invest in high quality money market funds (direct obligations of the United States Treasury or any other obligation guaranteed as to principal and interest by the United States government, bonds, notes, debentures, or other obligations of, or securities issued by, any federal government agency, instrumentality, or government-sponsored enterprise, and state treasury notes, bonds, or registered state warrants).

AB 3034 **AUTHOR: ASSEMBLY
JUDICIARY COMMITTEE** **SECTION(S): 53601**

Summary of Changes: Non-substantive, technical changes consisting of grammatical and other errors without substantively changing the law.

SB 1326 **AUTHOR: SENATE LOCAL** **SECTION(S): 53601, 53635**
GOVERNMENT COMMITTEE **AND 53646**

Summary of Changes: Renames the California Debt and Investment Advisory Commission (CDIAC), deletes a requirement to select a vice-chair and secretary, and requires, by May 1, 2006, a specified report to the Legislature. The bill makes related changes in provisions relating to municipal investments.

2003

SB 787 **AUTHOR: BATTIN** **SECTION(S): 53601 AND**
53635

Summary of Changes: Authorizes local agencies to purchase asset-backed commercial paper of prime quality to be of the highest ranking as provided by a nationally recognized statistical-rating organization and that the entity issuing the commercial paper must meet certain conditions as stated in 53601 (g).

2004

AB 969 **AUTHOR: CORREA** **SECTION(S): 53601**

Summary of Changes: Authorizes a local agency that has surplus money or a sinking fund in its treasury to invest that money in shares of beneficial interest issued by a JPA. In addition, the bill requires a JPA issuing the shares to retain an investment advisor that meets specified criteria.

2005

No changes

2006

AB 1794 **AUTHOR: DEVORE** **SECTION(S): 53635 AND**
53601.7

Summary of Changes: Extends the sunset date to January 1, 2011 for local agencies to invest in short-term unsecured promissory notes issued by corporations for maturities of 270 days or less, and amends statute to state that no more than 10% of the total assets of the investments that a local entity makes may be invested in any one issuer's commercial paper.

AB 2011 **AUTHOR: VARGAS** **SECTION(S): 53601.8 AND 53635.8**

Summary of Changes: The bill authorizes the investment of up to 30% of surplus funds in certificates of deposit at a commercial bank, savings bank, savings and loan association, or credit union that uses a private sector entity that assists in the placement of certificates of deposit under specified conditions, until January 1, 2012.

2007

AB 1745 **AUTHOR: ASSEMBLY REVENUE AND TAXATION COMMITTEE** **SECTION(S): 53601**

Summary of Changes: This bill authorizes local agencies to invest in registered treasury notes and bonds issued by any of the 50 states.

2008

SB 1124 **AUTHOR: SENATE LOCAL GOVERNMENT COMMITTEE** **SECTION(S): 53601, 53635 AND 53635.**

Summary of Changes: Repeals the requirement for local governments to provide annual statements of investment policies, and quarterly investment reports to the CDIAC. In addition, the bill corrects various incorrect statutory cross-references regarding local agency investments.

SB 1498 **AUTHOR: SENATE JUDICIARY COMMITTEE** **SECTION(S): 53601**

Summary of Changes: Non-substantive, technical changes consisting mostly of punctuation, correcting spelling errors, updating words, i.e., may to shall, any to a, money to moneys, and use of acronym for Nationally Recognized Statistical Rating Organization.

SB 344 **AUTHOR: MACHADO** **SECTION(S): 5925**

Summary of Changes: Authorizes state and local governments to repurchase or acquire instruments and outstanding bonds issued by or on their behalf.

2009

SB 113 **AUTHOR: SENATE LOCAL GOVERNMENT COMMITTEE** **SECTION(S): 53601.6, 53601.8 AND 53646**

Summary of Changes: Corrects an incorrect cross reference for local agency investments in certificates of deposits and repeals requirement to submit a statement of investment policy to the CDIAC.

2010

SB 1330 **AUTHOR: SENATE JUDICIARY** **SECTION(S): 53601**
COMMITTEE

Summary of Changes: Non-substantive, technical changes consisting of changes to references within 53601 due to re-numeration of subsections of 53601 and changing the word subdivision to subdivisions.

SB 1344 **AUTHOR: KEHOE** **SECTION(S): 53601.8**
AND 53635.8

Summary of Changes: Deletes the sunset date associated with the authorization for local agencies to investment up to 30% of their surplus funds in certificates of deposit at a commercial bank, savings bank, savings and loan association, or credit union that uses a private sector entity that assists in the placement of certificates of deposit.

2011

SB 194 **AUTHOR: SENATE** **SECTION(S): 53601**
GOVERNANCE AND
FINANCE COMMITTEE

Summary of Changes: Authorizes local agencies to invest in negotiable certificates of deposit issued by a federally licensed branch of a foreign bank.

2012

SB 1033 **AUTHOR: SENATE BUDGET** **SECTION(S): 16340**
AND FISCAL REVIEW
COMMITTEE

Summary of Changes: Establishes the Voluntary Investment Program Fund within the State Treasury for the receipt of voluntary deposits from local entities.

2013

AB 279 **AUTHOR: DICKINSON** **SECTION(S): 53601.8**
AND 53635.8

Summary of Changes: Authorizes local agencies to invest up to 30% of their surplus funds in deposits at a commercial or savings bank, savings and loan, or credit union using a private sector deposit placement service until January 1, 2017.

2014

AB 1933 **AUTHOR: LEVINE** **SECTION(S): 53601**

Summary of Changes: Authorizes local agencies to invest in United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by certain banks (supranationals), and would require these investments to be rated “AA” or better and to not exceed 30% of the agency’s moneys that may be invested.

AB 2298 **AUTHOR: RODRIGUEZ** **SECTION(S): 53663**

Summary of Changes: Authorizes state chartered financial institutions that maintain local agency deposits to submit their weekly reports to the Administrator of Local Agency Security of the State of California electronically via email or other electronic means approved by the administrator.

2015

AB 283 **AUTHOR: DABABNEH** **SECTION(S): 53601.8 AND 53635.8**

Summary of Changes: Extends the authority to use a private sector entity to assist placing deposits to January 1, 2021; allows local agencies to invest up to 30% of its surplus funds in placement service certificates of deposit (CDs) and 30% in negotiable certificates of deposit; and enables a local agency to invest up to 30% with the same deposit placement service provider. Upon the sunset date of January 1, 2021, a public agency may no longer use a placement service provider to place deposits; however, the private entity would be able to assist a local agency with the placement of CDs.

2016

SB 974 **AUTHOR: SENATE LOCAL GOVERNMENT COMMITTEE** **SECTION(S): 53601**

Summary of Changes: Clarifies and amends the statutory rating requirements contained in Government Code 53601. Specifically rating requirements now refer to a rating category which is inclusive of any rating modifiers such as “+”/”-“ or numbers and to include equivalent ratings from Nationally Recognized Statistical Rating Organizations (NRSRO). The specific sections of code that are amended are Government Code Sections 53601(h)(1)(C) Commercial Paper, 53601(k) Medium Term Notes, 53601(o) Mortgage Passthrough Securities, and 53601(q) Supranationals.

2017

No changes

2018

AB 1770 **AUTHOR: STEINORTH** **SECTION(S): 53601(O)**

Summary of Changes: Clarifies the statutory maximum remaining maturity requirement of five years applies to all asset-backed securities enumerated in this subdivision and eliminates the issuer rating requirement.

2019

AB 857 **AUTHOR: CHIU** **SECTION(S): 53601(R),
53635(C) AND 53635.2**

Summary of Changes: Adds to Government Code 53601: “(r) Commercial paper, debt securities, or other obligations of a public bank, as defined in Section 57600.” In addition, Government Code 53635 is amended by the addition of “(c) A local agency subject to this section may invest in commercial paper, debt securities, or other obligations of a public bank, as defined in Section 57600.” Lastly, Government Code 53635.2 is amended to add public banks to the list of depository institutions.

AB 945 **AUTHOR: MCCARTY** **SECTION(S): 53601.8
AND 53635.8**

Summary of Changes: Amends a local agency’s authorization to invest and deposit surplus funds in deposits, certificates of deposit or another form, at specified types of financial institutions. Beginning January 1, 2020, until January 1, 2026, the percentage of surplus funds that can be invested by a city, district, or other local agency that does not pool money in deposits or investments with other local agencies with a different governing body increases to 50%. On and after January 1, 2026, the portfolio limitation of cities, districts, and agencies returns to 30% of the agency’s surplus funds.

2020

SB 998 **AUTHOR: MOORLACH** **SECTION(S): 53601(H),
53601(K) AND 53601.6**

Summary of Changes: Amends the authorization of local agencies, other than counties or a city and county pursuant to subdivision (a) of Section 53635, to invest no more than 10% of its total investment assets in commercial paper and the medium-term notes of any single issuer. Authorizes federally recognized Indian tribes in California to invest in JPA investment pools. Beginning January 1, 2021, until January 1, 2026, local agencies that have \$100 million or more of investment assets, are authorized to invest up to 40% of their moneys in eligible commercial paper. Also, beginning January 1, 2021, until January 1, 2026, local agencies are authorized to invest in securities issued by, or backed by, the United States government that could result in zero- or negative-interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates. Local agencies are authorized to hold these instruments until their

maturity dates. On and after January 1, 2026, the portfolio limitation of local agencies authorized under 53601(h) returns to 25% of eligible commercial paper and local agencies are no longer permitted to invest any funds in securities that could result in zero interest accrual if held to maturity.

2021

No changes

2022

<u>SB 1489</u>	AUTHOR: SENATE GOVERNANCE AND FINANCE COMMITTEE	SECTION(S): 53601 AND 53646
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Summary of Changes: Amends an investment’s term or remaining maturity to be measured from the settlement forward date to final maturity. A security purchased pursuant to 53601 is prohibited from having a settlement date exceeding 45 days from the time of investment. In addition, Government Code 53646 is amended to extend the time that the treasurer or chief fiscal officer has to render a quarterly report to the chief executive officer, the internal auditor, and the legislative body of the local agency by 15 days, from 30 to 45, following the end of the quarter.

2023

<u>SB 882</u>	AUTHOR: SENATE GOVERNANCE AND FINANCE COMMITTEE	SECTION(S): 53601(O) AND 27000.7
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Summary of Changes: Clarifies that privately backed securities, which include mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond, are permissible investments by local agencies. The security must be rated in a rating category of “AA” or its equivalent or better by an NRSRO and have a maximum remaining maturity of five years or less. In addition, purchased securities shall not exceed 20% of the agency’s surplus moneys that may be invested pursuant to this section. Furthermore, Government Code 27000.7 is amended to eliminate the requirement for the offices of county treasurer, county tax collector, or county treasurer-tax collector to have a valid certificate issued by the Treasury Management Association.

2024

AB 2618 **AUTHOR: CHEN**

SECTION(S): 53601.8

Summary of Changes: This bill extends the authority for a local agency to invest up to 50% (rather than 30%) of its surplus funds in deposits at a commercial bank, savings bank, savings and loan association, or credit union under specified conditions, until January 1, 2031. This bill would also require the California Debt and Investment Advisory Commission to submit a prescribed report to the appropriate policy committees of the Legislature on the deposit of surplus funds pursuant to existing law by local agencies on or before January 1, 2030.

2025

SB 595 **AUTHOR: CHOI**

**SECTION(S): 53601,
53601.6 AND 53895**

Summary of Changes: This bill applies to the investment of operation surplus funds and funds that are used to pay debt service. This bill revises the maximum maturity periods for the investment in prime quality commercial paper from 270 days to 397 days. This bill also extends the authority for local agencies that have \$100,000,000 or more of investment assets under management to invest no more than 40% of their moneys in eligible commercial paper until January 1, 2031. Furthermore, this bill extends the authority for local agencies to invest in securities issued by, or backed by, the United States government that could result in zero-interest accrual if held to maturity until January 1, 2031. In addition, this bill revises the financial reporting requirements for officer or local agency by imposing penalties if the officer or local agency fails or refuses to file their financial report within 10 months after the end of local agency's fiscal year, or within the time prescribed by the Controller, whichever is later.

SB 858 **AUTHOR: COMMITTEE ON LOCAL GOVERNMENT**

SECTION(S): 53601

Summary of Changes: Provision of SB 858, the Local Government Omnibus Act, includes the same revision as SB 595, revising the maximum maturity period for the investments in prime quality commercial paper from 270 to 397 days. This statute becomes operative on January 1, 2031.

SB 827 **AUTHOR: GONZALEZ**

**SECTION(S): 53234,
53235.1, 53235.2, 53238,
53238.1, 53238.2,
53238.3, 53238.4**

Summary of Changes: This bill expands training requirements for local agency officials in California by updating ethics training mandates and introducing a new fiscal and financial training component. This bill also requires officials who commence service on or after January 1, 2026, to receive their initial training within six months of commencing service rather than within one year in the existing law.

This bill establishes a fiscal and financial training requirement for officials of cities, counties and special districts including members of the legislative body, elected officers, appointed officials with financial responsibilities and other agency executives to receive at least two hours of fiscal and financial training every two years. This training must cover, but not limited to, budgeting, financial reporting, debt management, cash management and investment, procurement, and ethical stewardship of public resources. Agencies may partner with recognized experts to deliver the training in person or online and must offer it annually. Public agencies must maintain and publicly disclose training records for at least five years, with instructions on how to request training records posted on their website beginning July 1, 2026.

<u>SB 852</u>	AUTHOR: COMMITTEE ON ELECTIONS AND CONSTITUTIONAL AMENDMENTS	SECTION(S): 8252.5, 81012, 84309, 87500
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Summary of Changes: This bill amends Gov. Code 87500(a)(2) adding public officials who manage public investments to the list of individuals that are required to file statements of economic interest (Form 700) using the Fair Political Practice Commission’s electronic filing system.

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August 12, 2026

TO: Capitol Area Development Authority (CADA) Board of Directors

SUBJECT: **August 21, 2026 Board Meeting**
AGENDA ITEM 7
CADA FLEX PLAN AND CALPERS HEALTH EMPLOYER CONTRIBUTIONS

CONTACT PERSON: Jill Azevedo, Operations Director

RECOMMENDATION:

Staff recommends the Board adopt resolutions (Attachment 1 and 2) that:

1. Set the CADA Flex Plan Employer Contribution for the 2027 calendar year; and
2. Set the CADA CalPERS Medical Contribution for the 2027 calendar year.

BACKGROUND

Since 2001, CADA has provided a Flexible Benefits Program, which provides CADA greater control over its benefits costs and provides employees optional supplemental health coverage and tax benefit options, allowing them to tailor their benefits to their specific needs. As part of this program, the Board allocates fixed dollar amounts that employees can use towards the purchase of their benefits. These amounts are allocated at the "opt-out", "employee-only," "employee + 1," and "employee + family" levels, according to each employee's requested coverage amount.

The first resolution, Attachment 1, proposed for adoption establishes the Flexible Benefits Plan rates for current employees in the 2027 calendar year. The resolution keeps all of the contributions at their current levels, which are: "opt out" contribution rate at \$275 per month, "employee-only" rate at \$1,075, "employee + 1" rate at \$1,659, "employee + family" at \$2,040.

In addition to setting its flexible benefit rates, CADA must also notify CalPERS of the portion of these fixed dollar amounts that are allocated to medical benefits. This is accomplished through the Board's adoption of the second resolution, Attachment 2. For the 2027 calendar year, these amounts will be maintained at their current levels, which are up to a maximum of \$485 per month for those at the "employee-only" level and up to a maximum of \$889 for those at the "employee +1" and the "employee + family" levels (these amounts do not include CalPERS administrative fees). This resolution also establishes the medical rate contribution that is applied to CADA retirees under Government Code 22892.

POLICY

CalPERS requires annual governing board approval from employers providing medical care coverage. Action on the resolutions proposed for adoption at this meeting is required in order for employees to know the rates and benefits that will be in effect when they make their decisions during the upcoming CalPERS open enrollment period (September 14, 2026 – October 9, 2026).

CADA's commitment to providing affordable health care is an integral element in attracting and retaining its professional and high-performing staff, which is key to CADA's success.

The 2027 health premiums range from a 1.6% increase up to an 11.24% increase for the plans in which CADA staff are currently enrolled. As shown in Table 1 below, Kaiser, which the majority of CADA staff are currently enrolled in, will only see a 1.6% premium increase in 2027. United Healthcare will not be offered by CalPERS in 2027, but will be replaced with Sutter Health, which will have premiums that are 5% lower than Kaiser's in 2027. While Western Health will see a 6.31% increase, it is still the most cost-effective plan offered by CalPERS. Because staff who stay with Kaiser will see a minimal increase, and because there are at least two other lower-cost plans being offered in 2027, staff is recommending that CADA keeps its cafeteria allowances at their current levels in 2027.

Plan	# of Employees	2026 Increases
Anthem Blue Cross Select	1	11.24%
Kaiser	19	1.6%
Western Health	8	6.31%
United Healthcare Alliance	6	Discontinued

FINANCIAL IMPACT

In the FY 2026-27 General Operating Budget, \$598,500 is allocated for payment of flexible plan benefits for current employees and retirees, which included a 3% increase to these contributions. Because staff is recommending keeping contributions at their current levels, this recommendation is within budget.

ENVIRONMENTAL ISSUES

Not applicable. This is an administrative action and is not a project subject to the guidelines of the California Environmental Quality Act (CEQA).

CADA STRATEGIC PLAN

The proposed action addresses the following 2024-2029 CADA Strategic Plan goals:

- Maintaining organizational excellence and
- Being an Employer of Choice

By ensuring that its benefit program allows CADA to attract and retain a professional and high-performing staff.

Attachment:

1. Resolution 26-39
2. Resolution 26-40

RESOLUTION NO. 26 – 39

Adopted by the Capitol Area Development Authority

August 21, 2026

**RESOLUTION SETTING THE EMPLOYER CONTRIBUTION FOR
THE CADA FLEXIBLE BENEFITS PLAN EFFECTIVE JANUARY 1, 2025**

WHEREAS, the Authority implemented the CADA Flexible Benefits Plan (IRS Sec. 125 Cafeteria Plan) effective July 1, 2001; and

WHEREAS, the staff has presented a staff report on this item dated August 21, 2026, that makes recommendations as to employer flexible benefits contribution rates to be in effect for employees for the period of January 1, 2027 through December 31, 2027.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors does hereby set the CADA Flexible Benefits Plan Employer Contribution at \$275 per month for those who “opt-out” of medical benefits, \$1,075 for those at the “employee only” level, \$1,659 for those at the “employee + 1” level, and \$2,040 for those at the “employee + family” level. These rates are effective from January 1, 2027 through December 31, 2027.

Ann Bailey, Chair

ATTEST:

Tara Gandara
Secretary to the Board of Directors

RESOLUTION NO. 26 – 40

Adopted by the Capitol Area Development Authority

August 21, 2026

**RESOLUTION FIXING THE EMPLOYER’S CONTRIBUTION UNDER
THE PUBLIC EMPLOYEES’ MEDICAL AND HOSPITAL CARE ACT**

- WHEREAS, (1)** Government Code Section 22892(a) provides that a local agency contracting under Public Employees’ Medical and Hospital Care Act shall fix the amount of the employer’s contribution at an amount not less than the amount required under Section 22892(b)(1) of the Act; and
- WHEREAS, (2)** Capitol Area Development Agency is a local agency contracting under the Act; and

NOW, THEREFORE, BE IT:

- RESOLVED, (a) That the employer’s contribution for each employee or annuitant shall be the amount necessary to pay the full cost of his/her enrollment, including the enrollment of family members, in a health benefits plan or plans up to a maximum of Four Hundred Eighty Five Dollars (\$485) per month with respect to employee or annuitants enrolled for self alone, Eight Hundred Eighty Nine Dollars (\$889) per month for an employee or annuitant enrolled for self and one family member, and Eight Hundred Eighty Nine Dollars (\$889) per month for an employee or annuitant enrolled for self and two or more family members, plus administrative fees and Contingency Reserve Fund assessments.
- RESOLVED, (b) That Capitol Area Development Authority has fully complied with any and all applicable provisions of Government Code Section 7507 in electing the benefits set forth above.

Adopted at a regular meeting of the Board of Directors of the Capitol Area Development Authority, 1522 14th Street, Sacramento.

ATTEST:

Ann Bailey, Chair

Tara Gandara
Secretary to the Board of Directors

CalPERS Revision July 2009



August 6, 2026

TO: Capitol Area Development Authority (CADA) Board of Directors

SUBJECT: **August 21, 2026 Board Meeting**
AGENDA ITEM 8
AUTHORIZING THE EXECUTION OF A MEMORANDUM OF
UNDERSTANDING FOR PARTICIPATION IN THE SDRMA HEALTH
BENEFITS PROGRAM - DENTAL

CONTACT PERSON: Jill Azevedo, Operations Director

RECOMMENDATION:

Staff recommends that the Board adopt a Special District Risk Management Authority form resolution of the Board of Directors of the Capitol Area Development Authority that approves the form of and authorizes the execution of a memorandum of understanding and authorizing participation in the Special District Risk Management Authority's health benefits program.

BACKGROUND

In June of 2008, the Board authorized CADA to enter into a Memorandum of Understanding with the Special District Risk Management Authority (SDRMA), the third-party assigned by the California State Association of Counties Excess Insurance Authority (CSAC-EIA - now Public Risk Innovation, Solutions and Management - PRISM) to administer dental benefits provided through CSAC-EIA's Health Benefits Program. Through the same Resolution, the Board also authorized CADA's participation in CSAC-EIA's (now PRISM) Health Benefits program. CADA elected to enter into the MOU with SDRMA to provide our relatively small agency the ability to leverage better dental premiums by being pooled with the numerous other agencies that are part of the PRISM Health Benefits Program.

At the September 2019 board meeting, the CADA board adopted an updated MOU approved and provided by the SDRMA Board.

At its June 24, 2026 SDRMA board meeting, the SDRMA Board approved amendments to the SDRMA MOU between CADA and SDRMA. The amendments were made to better align the MOU with SDRMA's pool, PRISM's, MOU and industry norms. This has resulted in the need to execute an updated MOU with SDRMA in order to remain in the PRISM Health Benefits Program.

Since 2008, CADA's dental premiums have stayed relatively flat, and have even experienced decreases over the last 5 years. As such, the agency would like to remain as part of the PRISM Health Benefits Program.

A copy of the updated memorandum of understanding, and a redline version are included as **Attachment 2**.

FINANCIAL IMPACT

None.

ENVIRONMENTAL ISSUES

Not applicable. This is an administrative action and is not a project subject to the guidelines of the California Environmental Quality Act (CEQA).

CADA STRATEGIC PLAN

The proposed action addresses the following 2024-2029 CADA Strategic Plan goals: Be an Employer of Choice.

This action contributes to the achievement of CADA's goal of being an employer of choice by ensuring that its benefit program allows CADA to attract and retain a professional and high-performing staff.

Attachment:

1. Resolution 26-41
2. Revised MOU for Health Benefits – Redlined
3. Revised MOU for Health Benefits

RESOLUTION NO. 26 – 41

Adopted by the Capitol Area Development Authority

August 21, 2026

RESOLUTION OF THE CAPITOL AREA DEVELOPMENT AUTHORITY BOARD OF DIRECTORS APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION OF A MEMORANDUM OF UNDERSTANDING AND AUTHORIZING PARTICIPATION IN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY'S HEALTH BENEFITS PROGRAM

WHEREAS, the Capitol Area Development Authority, a public agency duly organized and existing under and by virtue of the laws of the State of California (the "ENTITY"), has determined that it is in the best interest and to the advantage of the ENTITY to participate in the Health Benefits Program offered by Special District Risk Management Authority (the "Authority");

WHEREAS, the Authority was formed in 1986 in accordance with the provisions of California Government Code 6500 *et seq.*, for the purpose of providing risk financing, risk management programs and other coverage protection programs;

WHEREAS, participation in Authority programs requires the ENTITY to execute and enter into a Memorandum of Understanding which states the purpose and participation requirements for the Health Benefits Program; and

WHEREAS, all acts, conditions and things required by the laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the transactions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the ENTITY is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such transactions for the purpose, in the manner and upon the terms herein provided.

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BODY OF THE ENTITY AS FOLLOWS:

Section 1. Findings. The ENTITY's Governing Body hereby specifically finds and determines that the actions authorized hereby relate to the public affairs of the ENTITY.

Section 2. Memorandum of Understanding. The Memorandum of Understanding, to be executed and entered into by and between the ENTITY and the Authority, in the form presented at this meeting and on file with the ENTITY's Secretary, is hereby approved. The ENTITY's Governing Body and/or Authorized Officers ("The Authorized Officers") are hereby authorized and directed, for and in the name and on behalf of the ENTITY, to execute and deliver to the Authority the Memorandum of Understanding.

Section 3. Program Participation. The ENTITY's Governing Body approves participating in the Special District Risk Management Authority's Health Benefits Program.

Section 4. Severability. If any provision of this resolution or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the resolution which can be given effect without the invalid provision or application, and to this end the provisions of this resolution are severable.

Section 5. Other Actions. The Authorized Officers of the ENTITY are each hereby authorized and directed to execute and deliver any and all documents which are necessary in order to consummate the transactions authorized hereby and all such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 6. Effective Date. This resolution shall take effect immediately upon its passage.

PASSED AND ADOPTED this 21st day of August 2026 by the following vote:

AYES: _____

NOES: _____

ABSENT: _____

Ann Bailey, Chair

ATTEST:

Tara Gandara
Secretary to the Board of Directors



MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (HEREAFTER “MEMORANDUM”) IS ENTERED INTO BY AND BETWEEN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (HEREAFTER “SDRMA”) AND THE PARTICIPATING PUBLIC ENTITY (HEREAFTER “ENTITY”) WHO IS SIGNATORY TO THIS MEMORANDUM.

WHEREAS, on August 1, 2006, SDRMA in its capacity as a member of Public Risk Innovation, Solutions and Management (PRISM) and having executed the Joint Powers Agreement (JPA) governing PRISM, was appointed administrator for the purpose of enrolling small public entities into the ~~Public Risk Innovation, Solutions and Management~~ (PRISM) Health and/or Employee Benefits Small Group Program (hereinafter "~~PROGRAM~~program"); and

WHEREAS, the terms and conditions of the PROGRAM as well as benefit coverage, rates, assessments, and premiums are governed by the PRISM Health Committee and/or PRISM Employee Benefits Committee for the ~~PROGRAM~~program (the "~~COMMITTEE~~committee") and not SDRMA; and

WHEREAS, ENTITY desires to enroll and participate in the ~~PROGRAM~~program, acknowledging that SDRMA acts solely in an administrative capacity and does not establish Program terms.

NOW THEREFORE, SDRMA and ENTITY agree as follows:

1. DEFINITIONS. For purposes of this MEMORANDUM, unless the context otherwise requires, the following terms when capitalized have the respective meanings set out below and are applicable to the singular as well as to the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms.

a. “Committee” means the PRISM Health Committee and/or PRISM Employee Benefits Committee for the Program.

b. “Coverage Documents” means, except as otherwise provided herein, coverage documents from each carrier outlining the coverage provided, including terms and conditions of coverage, are controlling with respect to the coverage of the Program and will be provided by SDRMA to each ENTITY. Documents will be made available through the online SDRMA Portal and be accessible to approved users of the ENTITY.

c. “Program Participation Agreement” means the agreement issued by PRISM/AUS Underwriting to the Entity that details the final terms of acceptance and any special exceptions or terms that have been made a part of the underwriting approval and is required to be

completed and executed in order to constitute full acceptance as a member of the PRISM Small Group Program.

d. "Program" or "PRISM" means the Public Risk Innovation, Solutions and Management (PRISM) Health and/or Employee Benefits Small Group Program.

e. "Program Documents" means the following: SDRMA Program Administrative Guidelines, SDRMA Resolution, Program Underwriting application and any required underwriting documents, Program approval, Program Underwriting & Eligibility Rules and Program Participation Agreement.

12. PURPOSE. ENTITY is signatory to this MEMORANDUM for the ~~express-sole~~ purpose of enrolling in the ~~P~~rogram~~ROGRAM~~.

23. ENTRY INTO PROGRAM. ENTITY shall ~~enroll~~ apply for participation in the ~~P~~rogram~~ROGRAM~~ by ~~making application through executing and all forms prescribed by SDRMA.~~ SDRMA shall submit the completed forms to which shall be subject to approval by the ~~P~~rogram~~ROGRAM's~~ Underwriter who has the authority to accept or reject Entity's application in its sole discretion based on the Program's and governing documents and in accordance with the Program's ~~applicable~~ eligibility guidelines.

34. MAINTENANCE OF EFFORT. ~~P~~rogram ~~ROGRAM is designed to provide an alternative provides~~ health benefits ~~solution~~ to all ~~participants~~ active employees, retired employees, dependents of an active or retired employee and public officials of the ENTITY who satisfy requirements for participation. ~~of the ENTITY including active employees, retired employees (optional), dependents (optional) and public officials (optional).~~ ENTITY public officials may participate in the ~~P~~rogram~~ROGRAM~~ only if they are currently being covered and their own ENTITY's enabling act, plans and policies allow it. ENTITY must contribute at least the minimum percentage required by the eligibility requirements

45. PREMIUMS. ENTITY ~~understands~~ agrees and acknowledges that premiums and rates for the ~~P~~rogram ~~ROGRAM~~ are set by the ~~COMMITTEE~~ Committee and that SDRMA's Administrative Fee is set by SDRMA For each billing cycle. ENTITY will remit the total monthly ~~premiums based upon rates established amount billed by SDRMA~~ for each category of participants and the census of covered employees, public officials, dependents and retirees. PREMIUMs are based on a full month, and there are no partial months or prorated PREMIUMs. Enrollment for mid-year qualifying events and termination of coverage will be made in accordance with the SDRMA Program Administrative Guidelines.

~~Rates for the ENTITY and each category of participant will be determined by the COMMITTEE designated for the PROGRAM based upon advice from its consultants and/or a consulting Benefits Actuary and insurance carriers. In addition, SDRMA adds an administrative fee to premiums and rates for costs associated with administering the PROGRAM. Rates may vary depending upon factors including, but not limited to, demographic characteristics, loss experience of all public entities participating in the PROGRAM and differences in benefits provided (plan design), if any.~~

~~SDRMA will administrate a billing to ENTITY each month, with payments due by the date specified by SDRMA. Payments received after the specified date will accrue penalties up to and including termination from the PROGRAM. Premiums are based on a full month, and there are no partial months or prorated premiums. Enrollment for mid-year qualifying events and termination of coverage will be made in accordance with the SDRMA Program Administrative Guidelines.~~

~~Late Payment Penalties. ENTITY shall pay all PREMIUM invoices as billed to SDRMA, regardless of any changes to eligibility or adjustments to PREMIUMS that may occur during the billing month and not reflected in the PREMIUM invoice. SDRMA shall issue PREMIUM invoices to ENTITY prior to the coverage month in which they are due. PREMIUM invoices are due by the due date stated on the invoice and considered delinquent thirty (30) calendar days from the due date. In addition to the outstanding balance due for any unpaid invoice, ENTITY shall be liable to SDRMA for a late payment penalty of 1% of the outstanding balance of any unpaid portion of such invoice effective (30) calendar days after the invoice due date. SDRMA reserves the right to terminate the MEMORANDUM and ENTITY'S Participation Agreement, including immediate cessation of all services under the Program, any time after it provides written notice to ENTITY of its failure to pay the amount due of any invoice.~~

- ~~56.~~ **BENEFITS.** Benefits provided to ENTITY participants shall be as set forth in ENTITY's Plan Summary for the Program ~~ROGRAM~~ and as agreed upon between the ENTITY and its recognized employee organizations as applicable. Not all plan offerings will be available to ENTITY, and plans requested by ENTITY must be submitted to P~~rogram~~ROGRAM underwriter for approval.
- ~~6.~~ **COVERAGE DOCUMENTS.** ~~Except as otherwise provided herein, coverage documents from each carrier outlining the coverage provided, including terms and conditions of coverage, are controlling with respect to the coverage of the PROGRAM and will be provided by SDRMA to each ENTITY. SDRMA will provide each ENTITY with additional documentation, defined as the SDRMA Program Administrative Guidelines which provide further details on administration of the PROGRAM.~~
- ~~7.~~ **PROGRAM FUNDING.** ~~It is the intent of this MEMORANDUM to provide for a fully funded PROGRAM by any or all of the following: pooling risk; purchasing individual stop loss~~

~~coverage to protect the pool from large claims; and purchasing aggregate stop loss coverage.~~

~~8. ASSESSMENTS. Should the PROGRAM not be adequately funded for any reason, pro-rata assessments to the ENTITY may be utilized to ensure the approved funding level for applicable policy periods. Any assessments which are deemed necessary to ensure approved funding levels shall be made upon the determination and approval of the COMMITTEE in accordance with the following:~~

~~a. Assessments/dividends will be used sparingly. Generally, any over/under funding will be factored into renewal rates.~~

~~b. If a dividend/assessment is declared, allocation will be based upon each ENTITY's proportional share of total premiums paid for the preceding 3 years. An ENTITY must be a current participant to receive a dividend, except upon termination of the PROGRAM and distribution of assets.~~

~~c. ENTITY will be liable for assessments for 12 months following withdrawal from the PROGRAM.~~

~~d. Fund equity will be evaluated on a total PROGRAM-wide basis as opposed to each year standing on its own.~~

7. ASSESSMENTS AND DIVIDENDS. The Program annual premium, as approved by the Committee will be established at a level which is anticipated to provide adequate overall funding. The Program will directly manage surpluses and deficits. Premiums are targeted to fund expected claims (including incurred-but-not-reported (IBNR) and run-out), reinsurance (if any), Program/administrative expenses, and any reserve or margin adopted by the Committee.

If Program funds are insufficient (including funding IBNR), the Committee may impose premium assessments on all applicable participating Entities, consistent with the JPA, including ENTITY signing this MEMORANDUM. Entities that have withdrawn from the Program are liable for assessments attributable to plan year(s) in which they participated.

After appropriate reserves and obligations are funded and any Committee-approved margin is achieved, the Committee may declare a dividend or premium credit, using a formula recommended by the Program Underwriters and actuary.

98. WITHDRAWAL. ENTITY may withdraw from this MEMORANDUM and terminate its Program Participation Agreement for a subsequent calendar year subject to the following condition: ENTITY shall notify SDRMA and the PROGRAM in writing of its

~~intent to withdraw at least 90 days prior to their requested withdrawal date. ENTITY shall notify SDRMA in writing of its intent to withdraw from this MEMORANDUM and terminate its Program Participation Agreement at least 120 days prior to January 1st of the subsequent calendar year in which it shall be effective . No withdrawal shall become effective until December 31 of the year that notice of termination is received. ENTITY may rescind its notice of intent to withdraw and terminate no later than October 1st.~~ Once ENTITY withdraws from the ~~Program~~PROGRAM, there is a 3-year waiting period to come back into the ~~Program~~PROGRAM, and the ENTITY will be subject to underwriting approval ~~again~~.

~~10. LIAISON WITH SDRMA. Each ENTITY shall maintain staff to act as liaison with SDRMA and between the ENTITY and SDRMA's designated PROGRAM representative.~~

~~9. ARBITRATION OF DISPUTES. To the extent permitted by law, all controversies between the ENTITY and SDRMA that may arise out of or relate to any of the services provided by SDRMA under the MEMORANDUM, or the construction, performance or breach of this or any other agreement between the ENTITY and SDRMA, whether entered into prior to, on or subsequent to the date hereof, shall be settled by binding arbitration in the City of Sacramento, California, under the Commercial Arbitration Rules of the American Arbitration Association. Judgment upon any award rendered by the arbitrator(s) shall be final, and may be entered into any court having jurisdiction.~~

~~11~~10. GOVERNING LAW. This MEMORANDUM shall be governed in accordance with the laws of the State of California.

~~12~~11. VENUE. Venue for any dispute or enforcement shall be in the City of Sacramento, California.

~~13~~12. ATTORNEY FEES. The prevailing party in any dispute shall be entitled to an award of reasonable attorney fees.

~~14~~13. COMPLETE AGREEMENT. This MEMORANDUM together with the related ~~P~~rogramPROGRAM ~~documents~~Documents constitutes the full and complete agreement of the ENTITY.

~~15~~14. SEVERABILITY. Should any provision of this MEMORANDUM be judicially determined to be void or unenforceable, such determination shall not affect any remaining provision.

~~16~~15. AMENDMENT OF MEMORANDUM; WAIVER. This MEMORANDUM may not be modified, nor shall any provision hereof be waived or amended, except in a writing duly signed by authorized representatives of SDRMA and ENTITY. The failure of either Party to enforce at any time any provision of the MEMORANDUM shall not be construed to be a waiver of such provision, nor in any way to affect the validity of the MEMORANDUM or the

~~right of either party thereafter to enforce each and every such provision may be amended by the SDRMA Board of Directors and such amendments are subject to approval of ENTITY's designated representative, or alternate, who shall have authority to execute this MEMORANDUM. Any If ENTITY who fails or refuses to execute an amendment to this MEMORANDUM by the deadline included in written notice of SDRMA'S execution of said amendment, SDRMA reserves the right to terminate shall be deemed to have withdrawn this MEMORANDUM and ENTITY'S Program Participation Agreement from the PROGRAM effective as of on the next annual renewal date.~~

~~1716.~~ EFFECTIVE DATE. This MEMORANDUM shall become effective on the later of the first date of coverage for the ENTITY or the last date of signing of this MEMORANDUM by the Chief Executive Officer or Board President of SDRMA and the authorized person for the ENTITY.

~~1817.~~ EXECUTION IN COUNTERPARTS. This MEMORANDUM may be executed in several counterparts, each of which shall be an original, all of which shall constitute but one and the same instrument.

In Witness Whereof, the undersigned have executed the MEMORANDUM as of the date set forth below.

Dated: _____

By: _____

Special District Risk
Management Authority

Dated: _____

By: _____

Agency ENTITY Name



MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (HEREAFTER "MEMORANDUM") IS ENTERED INTO BY AND BETWEEN THE SPECIAL DISTRICT RISK MANAGEMENT AUTHORITY (HEREAFTER "SDRMA") AND THE PARTICIPATING PUBLIC ENTITY (HEREAFTER "ENTITY") WHO IS SIGNATORY TO THIS MEMORANDUM.

WHEREAS, on August 1, 2006, SDRMA in its capacity as a member of Public Risk Innovation, Solutions and Management (PRISM) and having executed the Joint Powers Agreement (JPA) governing PRISM, was appointed administrator for the purpose of enrolling small public entities into the (PRISM) Health and/or Employee Benefits Small Group Program (hereinafter "Program"); and

WHEREAS, the terms and conditions of the PROGRAM as well as benefit coverage, rates, assessments, and premiums are governed by the PRISM Health Committee and/or PRISM Employee Benefits Committee for the Program (the "Committee") and not SDRMA; and

WHEREAS, ENTITY desires to enroll and participate in the Program, acknowledging that SDRMA acts solely in an administrative capacity and does not establish Program terms.

NOW THEREFORE, SDRMA and ENTITY agree as follows:

1. **DEFINITIONS.** For purposes of this MEMORANDUM, unless the context otherwise requires, the following terms when capitalized have the respective meanings set out below and are applicable to the singular as well as to the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms.
 - a. "Committee" means the PRISM Health Committee and/or PRISM Employee Benefits Committee for the Program.
 - b. "Coverage Documents" means, except as otherwise provided herein, coverage documents from each carrier outlining the coverage provided, including terms and conditions of coverage, are controlling with respect to the coverage of the Program and will be provided by SDRMA to each ENTITY. Documents will be made available through the online SDRMA Portal and be accessible to approved users of the ENTITY.
 - c. "Program Participation Agreement" means the agreement issued by PRISM/AUS Underwriting to the Entity that details the final terms of acceptance and any special exceptions or terms that have been made a part of the underwriting approval and is required to be completed and executed in order to constitute full acceptance as a member of the PRISM Small Group Program.

d. "Program" or "PRISM" means the Public Risk Innovation, Solutions and Management (PRISM) Health and/or Employee Benefits Small Group Program.

e. "Program Documents" means the following: SDRMA Program Administrative Guidelines, SDRMA Resolution, Program Underwriting application and any required underwriting documents, Program approval, Program Underwriting & Eligibility Rules and Program Participation Agreement.

2. PURPOSE. ENTITY is signatory to this MEMORANDUM for the sole purpose of enrolling in the Program.
3. ENTRY INTO PROGRAM. ENTITY shall apply for participation in the Program by executing and all forms prescribed by SDRMA. SDRMA shall submit the completed forms to the Program's Underwriter who has the authority to accept or reject Entity's application in its sole discretion based on the Program's governing documents and in accordance with the Program's eligibility guidelines.
4. MAINTENANCE OF EFFORT. Program provides health benefits to all active employees, retired employees, dependents of an active or retired employee and public officials of the ENTITY who satisfy requirements for participation. ENTITY public officials may participate in the Program only if they are currently being covered and their own ENTITY's enabling act, plans and policies allow it. ENTITY must contribute at least the minimum percentage required by the eligibility requirements
5. PREMIUMS. ENTITY agrees and acknowledges that premiums and rates for the Program are set by the Committee and that SDRMA's Administrative Fee is set by SDRMA For each billing cycle. ENTITY will remit the total monthly amount billed by SDRMA for each category of participants and the census of covered employees, public officials, dependents and retirees. PREMIUMs are based on a full month, and there are no partial months or prorated PREMIUMs. Enrollment for mid-year qualifying events and termination of coverage will be made in accordance with the SDRMA Program Administrative Guidelines.

Late Payment Penalties. ENTITY shall pay all PREMIUM invoices as billed to SDRMA, regardless of any changes to eligibility or adjustments to PREMIUMs that may occur during the billing month and not reflected in the PREMIUM invoice. SDRMA shall issue PREMIUM invoices to ENTITY prior to the coverage month in which they are due. PREMIUM invoices are due by the due date stated on the invoice and considered delinquent thirty (30) calendar days from the due date. In addition to the outstanding balance due for any unpaid invoice, ENTITY shall be liable to SDRMA for a late payment penalty of 1% of the outstanding balance of any unpaid portion of such invoice effective (30) calendar days after the invoice due date. SDRMA reserves the right to terminate the

MEMORANDUM and ENTITY'S Participation Agreement, including immediate cessation of all services under the Program, any time after it provides written notice to ENTITY of its failure to pay the amount due of any invoice.

6. **BENEFITS.** Benefits provided to ENTITY participants shall be as set forth in ENTITY's Plan Summary for the Program and as agreed upon between the ENTITY and its recognized employee organizations as applicable. Not all plan offerings will be available to ENTITY, and plans requested by ENTITY must be submitted to Program underwriter for approval.
7. **ASSESSMENTS AND DIVIDENDS.** The Program annual premium, as approved by the Committee will be established at a level which is anticipated to provide adequate overall funding. The Program will directly manage surpluses and deficits. Premiums are targeted to fund expected claims (including incurred-but-not-reported (IBNR) and run-out), reinsurance (if any), Program/administrative expenses, and any reserve or margin adopted by the Committee.

If Program funds are insufficient (including funding IBNR), the Committee may impose premium assessments on all applicable participating Entities, consistent with the JPA, including ENTITY signing this MEMORANDUM. Entities that have withdrawn from the Program are liable for assessments attributable to plan year(s) in which they participated.

After appropriate reserves and obligations are funded and any Committee-approved margin is achieved, the Committee may declare a dividend or premium credit, using a formula recommended by the Program Underwriters and actuary.

8. **WITHDRAWAL.** ENTITY may withdraw from this MEMORANDUM and terminate its Program Participation Agreement for a subsequent calendar year subject to the following condition: ENTITY shall notify SDRMA in writing of its intent to withdraw from this MEMORANDUM and terminate its Program Participation Agreement at least 120 days prior to January 1st of the subsequent calendar year in which it shall be effective. No withdrawal shall become effective until December 31 of the year that notice of termination is received. ENTITY may rescind its notice of intent to withdraw and terminate no later than October 1st. Once ENTITY withdraws from the Program, there is a 3-year waiting period to come back into the Program, and the ENTITY will be subject to underwriting approval.
9. **ARBITRATION OF DISPUTES.** To the extent permitted by law, all controversies between the ENTITY and SDRMA that may arise out of or relate to any of the services provided by SDRMA under the MEMORANDUM, or the construction, performance or breach of this or any other agreement between the ENTITY and SDRMA, whether entered into prior to, on or subsequent to the date hereof, shall be settled by binding arbitration in the City of

Sacramento, California, under the Commercial Arbitration Rules of the American Arbitration Association. Judgment upon any award rendered by the arbitrator(s) shall be final and may be entered into any court having jurisdiction.

10. GOVERNING LAW. This MEMORANDUM shall be governed in accordance with the laws of the State of California.
11. VENUE. Venue for any dispute or enforcement shall be in the City of Sacramento, California.
12. ATTORNEY FEES. The prevailing party in any dispute shall be entitled to an award of reasonable attorney fees.
13. COMPLETE AGREEMENT. This MEMORANDUM together with the related Program Documents constitutes the full and complete agreement of the ENTITY.
14. SEVERABILITY. Should any provision of this MEMORANDUM be judicially determined to be void or unenforceable, such determination shall not affect any remaining provision.
15. AMENDMENT OF MEMORANDUM; WAIVER. This MEMORANDUM may not be modified, nor shall any provision hereof be waived or amended, except in a writing duly signed by authorized representatives of SDRMA and ENTITY. The failure of either Party to enforce at any time any provision of the MEMORANDUM shall not be construed to be a waiver of such provision, nor in any way to affect the validity of the MEMORANDUM or the right of either party thereafter to enforce each and every such provision. If ENTITY fails or refuses to execute an amendment to this MEMORANDUM by the deadline included in written notice of SDRMA'S execution of said amendment, SDRMA reserves the right to terminate this MEMORANDUM and ENTITY'S Program Participation Agreement effective as of the next annual renewal date.
16. EFFECTIVE DATE. This MEMORANDUM shall become effective on the later of the first date of coverage for the ENTITY or the last date of signing of this MEMORANDUM by the Chief Executive Officer or Board President of SDRMA and the authorized person for the ENTITY.
17. EXECUTION IN COUNTERPARTS. This MEMORANDUM may be executed in several counterparts, each of which shall be an original, all of which shall constitute but one and the same instrument.

In Witness Whereof, the undersigned have executed the MEMORANDUM as of the date set forth below.

Dated: _____

By: _____

Special District Risk
Management Authority

Dated: _____

By: _____

ENTITY Name



August 7, 2026

TO:	Capitol Area Development Authority (CADA) Board of Directors
SUBJECT:	August 21, 2026, Board Meeting AGENDA ITEM 9 WINDOW REPLACEMENT PROJECTS – 1317 O ST, 1327 O ST, 1510 O ST
CONTACT:	Rachel Mercurio, Maintenance & Contracts Superintendent John Dodson, Maintenance Facilities Superintendent

RECOMMENDED ACTION:

Staff recommends that the Board adopt a resolution rejecting all bids received for the “Window Replacement Projects” at 1317 O Street (Valencia), 1327 O Street (Capri), and 1510 O Street (Don Carlos).

BACKGROUND

Following a formal bidding process, CADA staff solicited proposals for three window replacement projects at 1317 O Street, 1327 O Street, and 1510 O Street.

1317 O Street – Valencia

The Valencia, located at 1317 O Street, is a 16-unit apartment complex built in 1927 and rehabilitated in 1979. The Valencia is one of the properties in CADA’s current portfolio that was constructed at a time when single-pane windows were standard.

Due to the age and condition of the existing windows, and to reduce energy loss associated with the passage of heated and cooled air through single-pane windows, CADA is prioritizing replacement with high-efficiency dual-pane windows. The project supports CADA’s organizational goals related to sustainability and reducing energy costs for both tenants and CADA.

Staff solicited bids for the Window Replacement Project at 1317 O Street through CADA’s formal bidding process using CADA’s prequalified vendor list. The bid package was released on Monday, July 13, 2026. The scope of work calls for contractors to replace existing single-pane windows with new energy-efficient dual-pane windows while minimizing inconvenience to CADA tenants.

The mandatory Pre-Bid Job Walk was held on Wednesday, July 29, 2026, at 9:00 a.m. Four contractors and one subcontractor attended the job walk (see Attachment 1, Job Walk Sign-In Sheet). Two bids were received by the 10:00 a.m. deadline on Thursday, August 6, 2026 (see Attachment 2, Bid Tabulation Form).

ProBuilders submitted the lowest responsive, responsible bid in the amount of \$274,400.

1327 O Street - Capri

The Capri, located at 1327 O Street, is a 12-unit apartment complex built in 1954. The Capri is one of the properties in CADA's current portfolio that was constructed at a time when single-pane windows were standard.

Due to the age and condition of the existing windows, and to reduce energy loss associated with the passage of heated and cooled air through single-pane windows, CADA is prioritizing replacement with high-efficiency dual-pane windows. The project supports CADA's organizational goals related to sustainability and reducing energy costs for both tenants and CADA.

Staff solicited bids for the Window Replacement Project at 1327 O Street through CADA's formal bidding process using CADA's prequalified vendor list. The bid package was released on Monday, July 13, 2026. The scope of work calls for contractors to replace existing single-pane windows with new energy-efficient dual-pane windows while minimizing inconvenience to CADA tenants.

The mandatory Pre-Bid Job Walk was held on Wednesday, July 29, 2026, at 10:00 a.m. Five contractors and one subcontractor attended the job walk (see Attachment 3, Job Walk Sign-In Sheet). Two bids were received by the 10:00 a.m. deadline on Thursday, August 6, 2026 (see Attachment 4, Bid Tabulation Form).

TriCorp Group submitted the lowest responsive, responsible bid in the amount of \$227,877.54.

1510 O Street – Don Carlos

The Don Carlos Apartments, located at 1510 O Street, is a 10-unit apartment complex built in 1936. Don Carlos is one of the properties in CADA's current portfolio that was constructed at a time when single-pane windows were standard.

Due to the age and condition of the existing windows, and to reduce energy loss associated with the passage of heated and cooled air through single-pane windows, CADA is prioritizing replacement with high-efficiency dual-pane windows. The project supports CADA's organizational goals related to sustainability and reducing energy costs for both tenants and CADA.

Staff solicited bids for the Window Replacement Project at 1510 O Street through CADA's formal bidding process using CADA's prequalified vendor list. The bid package was released on Monday, July 13, 2026. The scope of work calls for contractors to replace existing single-pane windows with new energy-efficient dual-pane windows while minimizing inconvenience to CADA tenants.

The mandatory Pre-Bid Job Walk was held on Wednesday, July 29, 2026, at 11:00 a.m. Six contractors and one subcontractor attended the job walk (see Attachment 5, Job Walk Sign-In Sheet). Two bids were received by the 10:00 a.m. deadline on Thursday, August 6, 2026 (see Attachment 6, Bid Tabulation Form).

ProBuilders submitted the lowest responsive, responsible bid in the amount of \$164,200.

Recommendation to Reject All Bids

Staff reviewed all bids received for the three projects and recommends that the Board reject all bids for the following reasons:

- The lowest bids received for all three projects exceed CADA's budgeted allowance for the respective projects.
- One contractor mistakenly believed the bids were due on a different date and, as a result, did not submit a bid by the established deadline.

Rejecting all bids will allow staff to reassess the project scopes, budgets, and procurement strategy before determining whether and how the projects should be re-solicited.

POLICY ISSUES

The window replacement projects at 1317 O Street, 1327 O Street, and 1510 O Street were procured through CADA's formal bidding process. Board action is required to reject all bids and formally terminate the current procurement process.

The individual bid amounts for each project exceed the \$100,000 contract authority limit of the Executive Director. No contracts will be awarded as a result of this action.

STRATEGIC PLAN

This action contributes to the achievement of CADA's Strategic Plan goals to "Ensure Fiscal Strength and Provide Operational Excellence." Rejecting the bids will allow CADA to reassess project costs and procurement options to ensure that future expenditures are consistent with available project budgets.

FISCAL IMPACT

No contracts will be awarded as a result of this action; therefore, there is no immediate fiscal impact associated with contract execution.

The window replacement projects were included in CADA's FY 2024–2025 Capital Improvement Program (CIP) Budget, adopted in June 2024, and the FY 2025–2026 CIP Budget, adopted in June 2025. Staff will reassess available project funding and anticipated construction costs before determining whether to re-solicit the projects.

ENVIRONMENTAL REVIEW

Not applicable. This project falls under the categorical exemption for existing facilities in class 1, section 15301. Class 1 consists of the operation, repair, maintenance, permitting, leasing, licensing, or minor alteration of existing public or private structures, facilities, mechanical equipment, or topographical features, involving negligible or no expansion of existing or former use.

CONTRACT AWARD CONSIDERATIONS

Construction contracts that will be executed to carry out work under the Capital Investment Program are bid and awarded in accordance with CADA's Contract Policy and Outreach Procedures.

Because staff is recommending rejection of all bids, no construction contracts will be awarded at this time. If the projects are subsequently re-solicited and contracts are awarded, any applicable contract change orders or supplemental agreements will be administered in accordance with CADA's Contract Policy.

Attachments:

1. Job Walk Sign In Sheet – 1317 O Street
2. Bid Tabulation Form – 1317 O Street
3. Job Walk Sign In Sheet – 1327 O Street
4. Bid Tabulation Form – 1327 O Street
5. Job Walk Sign In Sheet – 1510 O Street
6. Bid Tabulation Form – 1510 O Street
7. Resolution 26-42 – Window Replacement Projects (Various Locations) – Reject All Bids

PLEASE COMPLETE THE INFORMATION REQUESTED BELOW.

The preferred method of contact is email, so be sure to include the email contact information and provide a business card.

CAPITOL AREA DEVELOPMENT AUTHORITY - JOB WALK SIGN IN SHEET

Window Replacement Project – 1317 O Street, Sac.

Job Walk Date: Wednesday, July 29, 2026 @ 9:00 a.m. @ 1317 O Street, Sac.

Bid Due Date: Thursday, August 6, 2026 @ 10:00 a.m. @ 1522 14th Street, Sac. – tgandara@cada.org



	Name and Address of Company	License Type and Number	Phone	Email	Signature/Date
1.	EVT Builders LLC 7555 Pleasant Grove RD Elverta, CA 95626	B, C-18 1136797	916 389 5566	evtbuild@gmail.com	 7/29/26
2.	Josh Byerley Southgate glass 6199 warehouse way	C17	916 963 6896	Josh@Southgateglass.com	 7/29/26
3.	JUSTIN KRIER TRICORP GROUP 2540 WARREN DR, STE A ROCKLIN CA 95677	B, 29, 10	916 - 532- 4731	JKRIER@ TRICORP-GROUP. com	 7/29/26
4.	Matt Warden Rocklin CA Tri Corp Group 2540 Warren DR. STE A.	B, 10, 29	916 238 0714	MWarden@ Tri Corp -Group .com	 7/29/26
5.	PRO BUILDERS 7030 Drywood Orangetown CA 95662	A, B,	(916) 225-0373	Sebastian@sac probuilders.com	 7/29/26
6.					
7.					



CAPITOL AREA DEVELOPMENT AUTHORITY — Bids Received

Project: Window Replacement Project – 1317 O Street, Sacramento**Job Walk: Wednesday, July 29, 2026 @ 9:00 a.m. @ 1317 O Street, Sacramento****Bid Opening: Thursday, August 6, 2026 @ 10:00 a.m. @ 1522 14th Street, Sacramento**

	Name of Company	Bid	Non-Responsive
1.	Pro Builders	\$ 274,400.00	
2.	TriCorp Group	\$ 214,570.00	Addendum
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

Verified: 8/6/26
Date

Signature

Signature



CADA

PLEASE COMPLETE THE INFORMATION REQUESTED BELOW.

The preferred method of contact is email, so be sure to include the email contact information and provide a business card.

CAPITOL AREA DEVELOPMENT AUTHORITY - JOB WALK SIGN IN SHEET

Window Replacement Project – 1327 O Street, Sac.

Job Walk Date: Wednesday, July 29, 2026 @ 10:00 a.m. @ 1327 O Street, Sac.

Bid Due Date: Thursday, August 6, 2026 @ 10:00 a.m. @ 1522 14th Street, Sac. – tgandara@cada.org

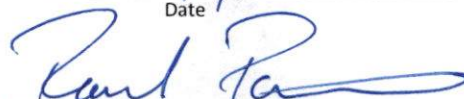
	Name and Address of Company	License Type and Number	Phone	Email	Signature/Date
1.	PRO BUILDERS 7030 Drywood way Orangeville 95662 CA	A, B	(916) 225-0373	Sebastian@ sacprobuiders .com	Jan - Jan 7/29/26
2.	Tri Corp Group 2500 Warren Ste A Rocklin CA 95767	B 2a, 10	916 938 0714	MWard@ Tri Corp - group .com	Matt Ward 7/29/26
3.	EVT Builders LLC 7555 Pleasant Grove RD Elvert CA 95624	B, C13 136797	916 389 5566	EVTbuild@gmail.com	 7/29/26
4.	Southgate glass 6199 warehouse way Sac	C17	916 224 916-963-6896	Josh@Southgate glass.com	 7/29/26
5.	JUSTIN KRIER TRICORP GROUP 2440 WARREN DR, STE A ROCKLIN CA 95767	B, 8, 10	916 - 532-4731	JKRIER@ TRICORP-GROUP. com	 7/29/26
6.	BELO CONSTRUCTORS 3050 CINCINNATI AVE ROCKLIN CA 95765	A B C12	916.253 9373	LIATHROP@ GOBELO.COM	 7/29/26
7.					



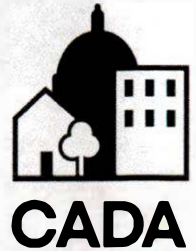
CAPITOL AREA DEVELOPMENT AUTHORITY — Bids Received

Project: Window Replacement Project – 1327 O Street, Sacramento**Job Walk: Wednesday, July 29, 2026 @ 10:00 a.m. @ 1327 O Street, Sacramento****Bid Opening: Thursday, August 6, 2026 @ 10:00 a.m. @ 1522 14th Street, Sacramento**

	Name of Company	Bid	Non-Responsive
1.	Pro Builders	\$ 288,800.00	
2.	Tri Corp Group	\$ 227,877.54	
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

Verified: 8/6/26
Date

 Signature


 Signature



PLEASE COMPLETE THE INFORMATION REQUESTED BELOW.

The preferred method of contact is email, so be sure to include the email contact information and provide a business card.

CAPITOL AREA DEVELOPMENT AUTHORITY - JOB WALK SIGN IN SHEET

Window Replacement Project – 1510 O Street, Sac.

Job Walk Date: Wednesday, July 29, 2026 @ 11:00 a.m. @ 1510 O Street, Sac.

Bid Due Date: Thursday, August 6, 2026 @ 10:00 a.m. @ 1522 14th Street, Sac. – tgandara@cada.org

	Name and Address of Company	License Type and Number	Phone	Email	Signature/Date
1.	EVT Builders LLC 7555 Pleasant Grove Rd	B, C-13 1136797	916 389 5566	evtbuilt@gmail.com	 7/29/26
2.	PRO BUILDERS 7030 Drywood Drive CA 95662	A, B	916 225 0373	Sebastian@ sacprobuilders.com	 7/29/26
3.	JUSTIN KRIER TRICORP GROUP 2540 WARREN DR, STE A ROCKLIN CA 95677	A, R	916 - 532 - 4731	JKRIER@ TRICORP-GROUP.com	 7/29/26
4.	Southgate glass 6199 Warehouse Way Sac	C17	916 963 6896	Josh@southgate glass.com	 7/29/26
5.	Tri Corp Group 2540 Warren Dr Ste A. Rocklin 95677	B, C2A, 110	916 938 0714	MWarden@ Tricorp-Group.com	 7/29/26
6.	BELCO CONSTRUCTORS 3050 CINCINNATI AVE ROCKLIN CA 95765	A B C12	916 253 9373	LIATHKOV@ GOSBLO.COM	 7/29/26
7.	Rob Aguilar	B	(916) 257 1078	RobA@ mycrteam.com	 7/29/26



CAPITOL AREA DEVELOPMENT AUTHORITY — Bids Received

Project: Window Replacement Project – 1510 O Street, Sacramento

Job Walk: Wednesday, July 29, 2026 @ 11:00 a.m. @ 1510 O Street, Sacramento

Bid Opening: Thursday, August 6, 2026 @ 10:00 a.m. @ 1522 14th Street, Sacramento

	Name of Company	Bid	Non-Responsive
1.	Pro Builders	\$ 164,200.00	
2.	Tri Corp Group	\$ 128, ⁶¹⁷ 500 .00	Addendum
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

Verified: 8/6/26
Date

Paul Paul
Signature

[Signature]
Signature

Attachment 7

RESOLUTION NO. 26 – 42

Adopted by the Capitol Area Development Authority

August 21, 2026

RESOLUTION AUTHORIZING THE REJECTION OF BIDS FOR THE WINDOW REPLACEMENT PROJECT AT 1317 O STREET, 1327 O STREET, AND 1510 O STREET

WHEREAS, the Capitol Area Development Authority (“CADA”) solicited bids through a formal competitive bidding process for the Window Replacement Project at 1317 O Street (Valencia), 1327 O Street (Capri), and 1510 O Street (Don Carlos);

WHEREAS, the project scope generally consists of replacing existing single-pane windows with new energy-efficient dual-pane windows at each property, with work to be performed in a manner that minimizes inconvenience to CADA tenants;

WHEREAS, CADA released the bid packages for the three projects on July 13, 2026, and conducted mandatory pre-bid job walks on July 29, 2026;

WHEREAS, for the 1317 O Street project, ProBuilders submitted the lowest responsive, responsible bid in the amount of \$274,400;

WHEREAS, for the 1327 O Street project, TriCorp Group submitted the lowest responsive, responsible bid in the amount of \$227,877.54;

WHEREAS, for the 1510 O Street project, ProBuilders submitted the lowest responsive, responsible bid in the amount of \$164,200;

WHEREAS, CADA staff reviewed the bids received and determined that the lowest bids for all three projects exceed CADA’s budgeted allowance for the respective projects;

WHEREAS, based on the foregoing circumstances, CADA staff recommends that the Board of Directors reject all bids received for the Window Replacement Project at 1317 O Street, 1327 O Street, and 1510 O Street;

WHEREAS, rejection of all bids will allow CADA staff to reassess the project scopes, available budgets, anticipated construction costs, and procurement strategy before determining whether and how the projects should be re-solicited; and

WHEREAS, no construction contracts will be awarded as a result of this action.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors that:

The Board of Directors hereby rejects all bids received for the Window Replacement Project at 1317 O Street (Valencia), 1327 O Street (Capri), and 1510 O Street (Don Carlos).

Ann Bailey, Chair

ATTEST:

Tara Gandara
Secretary to the Board of Directors

APARTMENT STATUS REPORT

APARTMENT STATUS REPORT Month Ending - June 26, 2026	Current Month-End	Previous Month-End	Last Year Month-End	2026	2025	2024
CURRENT MONTH STATUS - OCCUPIED UNITS	6/26/26	5/29/26	6/27/25	Monthly Average	Monthly Average	Monthly Average
Total Units	779	779	779	779	779	779
Occupied	695	695	690	687	705	695
Percentage Occupied	89%	89%	89%	88%	91%	89%
Percentage Leased*	98%	98%	97%	98%	97%	97%
* adjusted for unrentable units						
CURRENT MONTH STATUS - VACANT UNITS	6/26/26	5/29/26	6/27/25	Monthly Average	Monthly Average	Monthly Average
Vacant	84	84	89	92	74	84
Vacant: Rented Pending Move-In	8	8	9	10	11	11
Vacant: Unavailable Units	63	62	58	67	38	54
Vacant: Units Available to Rent	12	14	12	17	13	19
CURRENT MONTH ACTIVITY - TOTAL	6/26/26	5/29/26	6/27/25	YTD	YTD	YTD
# of Move-Outs	12	1	13	38	68	80
# of Move-Ins	4	14	11	55	86	53
# of New Rentals	7	16	7	104	83	81
# of 30-Day Notices Received	3	4	2	22	19	87
# of Units brought to market	10	11	2	77	58	46

APARTMENT STATUS REPORT

APARTMENT STATUS REPORT Month Ending - July 31, 2026	Current Month-End	Previous Month-End	Last Year Month-End	2026	2025	2024
CURRENT MONTH STATUS - OCCUPIED UNITS	7/31/26	6/26/26	7/25/25	Monthly Average	Monthly Average	Monthly Average
Total Units	779	779	779	779	779	779
Occupied	693	695	703	688	705	693
Percentage Occupied	89%	89%	89%	88%	91%	89%
Percentage Leased*	98%	98%	97%	98%	97%	97%
* adjusted for unrentable units						
CURRENT MONTH STATUS - VACANT UNITS	7/31/26	6/26/26	7/25/25	Monthly Average	Monthly Average	Monthly Average
Vacant	86	84	76	91	74	86
Vacant: Rented Pending Move-In	14	8	12	10	11	11
Vacant: Unavailable Units	61	63	52	66	43	54
Vacant: Units Available to Rent	11	12	12	16	13	21
CURRENT MONTH ACTIVITY - TOTAL	7/31/26	6/26/26	7/25/25	YTD	YTD	YTD
# of Move-Outs	13	12	7	63	75	91
# of Move-Ins	6	4	7	65	93	63
# of New Rentals	23	7	15	127	98	99
# of 30-Day Notices Received	8	3	11	30	30	95
# of Units brought to market	10	10	18	87	76	54

CADA AFFORDABLE HOUSING STATISTICS: June 26, 2026	CADA Rent- Assisted	Other / Additional Assisted Units	Total Assisted Units	Market- Rate Units	Total Units
Scattered Site Units:	41	41	82	501	583
Special Management Units:	375	0	375	40	415
17th Street Commons	12	2	14	15	29
Somerset Parkside	26	0	26	0	26
Biele Place	34	1	35	1	35
Fremont/Wilshire	12	0	12	20	32
1619 Q Rooming House	15	0	15	1	16
Sonrisa/1322 O St Investors LP	57	3	60	-2	58
The Terraces	60	0	60	0	60
ARY Place	159	0	159	0	159
TOTAL CADA-OWNED UNITS:	416	41	457	541	998
MANAGED AFFORDABLE/MARKET %:			46%		
CADA-DEVELOPED RENT ASSISTED UNITS	Tax Credit	Other	Total Affordable Units	Market Units	Total Units
Stanford Park Townhomes	0	0	0	50	50
1500 Q Street	0	2	2	4	6
17th & O Streets	0	0	0	3	3
17th and N Streets	0	0	0	18	18
Delta Victorians	0	0	0	8	8
Wiese Townhomes	0	0	0	3	3
Admail Express Building	0	0	0	7	7
Governor's Terrace	0	0	0	44	44
Somerset Parkside Condominiums	0	0	0	75	75
Saratoga Townhomes	0	0	0	36	36
Fremont Building	0	11	11	58	69
Capitol Park Homes	0	9	9	55	64
Fremont Mews	49	0	49	70	119
Legado de Ravel	0	0	0	84	84
Site 9B Duplex	0	0	0	2	2
Warehouse Artist Lofts (WAL)	0	86	86	30	116
16Powerhouse	0	0	0	50	50
The Eviva	0	0	0	118	118
Cypress	0	0	0	98	98
TOTAL CADA-DEVELOPED UNITS:	49	108	157	813	970
DEVELOPED AFFORDABLE/MARKET%			16%	84%	100%
TOTAL CADA-MANAGED & DEVELOPED AFFORDABLE HOUSING UNITS					
CADA-OWNED UNITS:	416	41	457	541	998
CADA-DEVELOPED UNITS:	49	108	157	813	970
TOTAL CADA UNITS:	465	149	614	1354	1968
TOTAL AFFORDABLE/MARKET%			31.20%	69%	100%

CADA AFFORDABLE HOUSING STATISTICS: July 31, 2026	CADA Rent- Assisted	Other / Additional Assisted Units	Total Assisted Units	Market- Rate Units	Total Units
Scattered Site Units:	37	41	78	505	583
Special Management Units:	375	0	375	40	415
17th Street Commons	12	2	14	15	29
Somerset Parkside	26	0	26	0	26
Biele Place	34	1	35	1	35
Fremont/Wilshire	12	0	12	20	32
1619 Q Rooming House	15	0	15	1	16
Sonrisa/1322 O St Investors LP	57	3	60	-2	58
The Terraces	60	0	60	0	60
ARY Place	159	0	159	0	159
TOTAL CADA-OWNED UNITS:	412	41	453	545	998
MANAGED AFFORDABLE/MARKET %:			45%		
CADA-DEVELOPED RENT ASSISTED UNITS	Tax Credit	Other	Total Affordable Units	Market Units	Total Units
Stanford Park Townhomes	0	0	0	50	50
1500 Q Street	0	2	2	4	6
17th & O Streets	0	0	0	3	3
17th and N Streets	0	0	0	18	18
Delta Victorians	0	0	0	8	8
Wiese Townhomes	0	0	0	3	3
Admail Express Building	0	0	0	7	7
Governor's Terrace	0	0	0	44	44
Somerset Parkside Condominiums	0	0	0	75	75
Saratoga Townhomes	0	0	0	36	36
Fremont Building	0	11	11	58	69
Capitol Park Homes	0	9	9	55	64
Fremont Mews	49	0	49	70	119
Legado de Ravel	0	0	0	84	84
Site 9B Duplex	0	0	0	2	2
Warehouse Artist Lofts (WAL)	0	86	86	30	116
16Powerhouse	0	0	0	50	50
The Eviva	0	0	0	118	118
Cypress	0	0	0	98	98
TOTAL CADA-DEVELOPED UNITS:	49	108	157	813	970
DEVELOPED AFFORDABLE/MARKET%			16%	84%	100%
TOTAL CADA-MANAGED & DEVELOPED AFFORDABLE HOUSING UNITS					
CADA-OWNED UNITS:	412	41	453	545	998
CADA-DEVELOPED UNITS:	49	108	157	813	970
TOTAL CADA UNITS:	461	149	610	1358	1968
TOTAL AFFORDABLE/MARKET%			31.00%	69%	100%

CADA MIDDLE INCOME HOUSING STATISTICS: June 26, 2026	CADA Rent- Assisted	AMI SERVED		
CADA-ASSITED MIDDLE INCOME UNITS	Total Units	60%	80%	120%
Kind Downtown	72		65	7
Studio30	30		15	15
Esperanza	132		67	65
The Grace	41		10	31
Gateway	150		78	72
The Hatchery (AMI Pending)	33			
Woodlands	803	80	643	80
TOTAL UNITS:	1261	80	878	270

HOUSING ACCELERATOR FUND PROJECTS	TOTAL Units	AMI SERVED	TYPE
5101 & 5261 Stockton Blvd	216	80%-100%	For Sale Condos
14/R	66	80%	Lease-to-Own
TOTAL UNITS:	282		

CADA MIDDLE INCOME HOUSING STATISTICS: July 31, 2026	CADA Rent- Assisted	AMI SERVED		
CADA-ASSITED MIDDLE INCOME UNITS	Total Units	60%	80%	120%
Kind Downtown	72		65	7
Studio30	30		15	15
Esperanza	132		67	65
The Grace	41		10	31
Gateway	150		78	72
The Hatchery (AMI Pending)	33			
Woodlands	803	80	643	80
TOTAL UNITS:	1261	80	878	270

HOUSING ACCELERATOR FUND PROJECTS	TOTAL Units	AMI SERVED	TYPE
5101 & 5261 Stockton Blvd	216	80%-100%	For Sale Condos
14/R	66	80%	Lease-to-Own
TOTAL UNITS:	282		

CAPITOL AREA DEVELOPMENT AUTHORITY

Commercial Listings (Current Vacancies)

July 2026

Address:	1501 14th Street
Former Tenant:	Table Vine
Current Tenant:	Empty

Staff has begun the process of executing a Lease agreement and planning improvements to the space. Staff is in discussions with Old Coyote, which currently operates out of a food truck. Staff is working with a designer and Tricorp Construction to refine the scope of tenant improvements to be made by CADA to fit within CADA's available budget.

**CADA Neighborhood Incident Report
June 2026:**

Residential break-ins, vandalism, theft, disturbances:

- **6/01/26:** 1500 N St: Courtesy patrol found two individuals tossing all the trash out of the dumpster. When patrol approached them, they took off.
- **6/02/26:** 1400 N St: Courtesy patrol received a call that a suspicious person was on the property. When patrol approached them, they took off.
- **6/05/26:** 17th St Commons: Graffiti found on one of the buildings. Reported to CADA to address.
- **6/06/26:** 1606 15th St: Courtesy patrol received a call regarding an individual sleeping in front of an apartment door. Patrol arrived and advised the individual they needed to leave the property, which he did without incident.
- **6/09/26:** 1522 N St: Courtesy patrol found an individual sleeping on the property. Patrol asked the individual to leave the property, which he did without incident.
- **6/10/26:** 1428 14th St: Courtesy patrol found two individuals loitering on the property. Patrol asked them to pack up their belongings and leave the property, which they did without incident.
- **6/12/26:** 1616 N St: Courtesy patrol found an individual sleeping on the property. Patrol asked the individual to leave the property, which he did without incident.
- **6/16/26:** 1424 P St: Courtesy patrol found screen on the ground outside the window. Not sure how or who removed it. RSR will check into it.
- **6/16/26:** 1619 Q St: Courtesy patrol received a call that the first floor smelled of heavy marijuana odor. Patrol arrived and checked the building, but did not smell anything.
- **6/17/26:** 1322 O St: Courtesy patrol was walking the building when a resident came to him and asked him to call 911 for him because his back and neck were hurt. Patrol phoned 911.
- **6/18/26:** 1500 15th St: Courtesy patrol heard someone yelling for help while patrolling the property. He found a resident needing assistance to get to her vehicle. Patrol assisted her and reported resident is frail. Family will be notified.
- **6/19/26:** 1500 15th St: Courtesy patrol found an individual sleeping on the property. Patrol asked the individual to leave the property, which he did without incident.
- **6/19/26:** 1220 P St: Courtesy patrol found an individual loitering on the property. Patrol asked the individual to leave the property, which he did without incident.
- **6/21/26:** 1326 St: Courtesy patrol found an individual sleeping on the property. Patrol asked the individual to leave the property, which he did without incident.
- **6/27/26:** 1506 13th St: Courtesy patrol found an individual sleeping on the property. Patrol asked the individual to leave the property, which he did without incident.
- **6/30/26:** 1325 15th St: Courtesy patrol found an individual loitering on the property. When the guard asked the man to leave the property, he stated his feet were in a lot of pain and he needed an ambulance. Patrol called 911 and he was taken to the hospital by ambulance.
- **6/30/26:** 1500 N St: Courtesy patrol found an individual loitering in the carport. Patrol asked the individual to leave the property, which she did without incident.

Commercial break-ins, vandalism, theft, disturbances:

- **6/12/26:** 1515 8th St: YMCA: Courtesy patrol found three individuals sleeping in front of the door and asked them to leave the area. They complied.
- **6/13/26:** 525 S St: CADA Warehouse: Courtesy patrol found a limb broken and was blocking walkway. Reported to maintenance.
- **6/18/26:** 1515 8th St: YMCA: Courtesy patrol found three individuals sleeping on the property. Patrol asked them to leave the property which they did without incident.
- **6/21/26:** 1515 8th St: YMCA: Courtesy patrol found two individuals sleeping on the property. Patrol asked them to leave the property. One individual left but the other one yelled and cursed and refused to leave until patrol phoned the police, then she left the property.
- **6/21/26:** 1522 14th St: CADA office: Courtesy patrol found an individual pacing and looking into the windows. The individual left the area when they noticed the guard approaching.
- **6/22/26:** 1515 8th St: YMCA: Courtesy patrol found an individual loitering in the front of the building and trying to get into the building. Patrol asked the individual to leave the property and he refused and became hostile and threatening. Patrol began to phone the police and then he left the area without further incident.

Recap of Phone Calls to Lyons Security Service during the month of June 2026

There were 49 calls during the month of June 2026.

10 calls were to report noise.

12 calls were to report a building door or gate left open.

10 calls were to someone sleeping on a property.

7 calls were to report someone loitering on a property.

1 call was to report a suspicious person on a property.

1 call was to report someone trying to get into a building.

3 calls were to call an ambulance for someone.

1 call was to report a squatter in an apartment.

1 call was to report a tenant dispute.

1 call was to report a broken window.

1 call was to report the smell of marijuana.

1 call was to report an apartment door left open.

**CADA Neighborhood Incident Report
July 2026:**

Residential break-ins, vandalism, theft, disturbances:

7/09/26: 17th St Commons: Courtesy patrol found the lattice surrounding the dumpster area had been damaged due to a vehicle hitting it.

7/10/26: 1510 O St: Courtesy patrol found the mailboxes were left open by the postman.

7/15/26: 1322 O St: Courtesy patrol found the front door lock dismantled and unlocked.

7/17/26: 1322 O St: Courtesy patrol found the electric room door unlocked.

7/16/26: 1521 12th St: Courtesy patrol found the back gate unlocked.

7/19/26: 1322 O St: Courtesy patrol found an individual loitering in the lobby and charging his phone. Patrol asked the individual to leave the property, which he did without incident.

7/21/26: 1420 O St: Courtesy patrol found the laundry room had been vandalized. Washing machine door was missing.

7/21/26: 1501 15th St: Courtesy patrol found a window on the 2nd floor was broken. It appeared someone may have thrown a bottle through it.

7/21/26: 1625 O St: Courtesy patrol found the mailboxes were left open by the postman.

7/21/26: 1326 P St: Courtesy patrol found two individuals loitering on the property. Patrol asked the individuals to leave the property which they did without incident.

7/21/26: 1500 15th St: Courtesy patrol found an individual sleeping on the property. Patrol asked the individual to leave the property, which he did without incident.

7/22/26: 1322 O St: Courtesy patrol found the front door lock dismantled again and the front door unlocked.

7/23/26: 1522 N St: Courtesy patrol found an individual sleeping in the stairwell. Patrol asked the individual to leave the property, which he did without incident.

7/23/26: 1322 O St: Courtesy patrol found three individuals loitering in the lobby of the building. Patrol asked the individuals to leave the property, which they did without incident.

7/28/26: 1500 15th St: Courtesy patrol received a call regarding someone sleeping on the property. Patrol arrived and did find an individual sleeping there. Patrol asked the individual to leave the property, which she did without incident.

7/30/26: 1321 Q St: Courtesy patrol received a call regarding a suspicious individual being close to a resident's vehicle. Patrol arrived as the individual was walking away from the area. Patrol stayed in the area for awhile to make sure the individual did not return.

7/31/26: 1420 O St: Courtesy patrol received a call regarding someone smoking marijuana in the alley next to the building. Patrol arrived and searched the area, but did not find anyone.

7/31/26: 1615-17 P St: Courtesy patrol found that the gate to the property will not lock while on patrol of the area.

Commercial break-ins, vandalism, theft, disturbances:

7/10/26: 1515 8th St: YMCA: Patrol found the pool gate unsecured.

7/11/26: 1515 8th St: YMCA: Patrol found an individual sleeping on the property. Patrol asked the individual to leave the property, which he did without incident.

7/16/26: 1614 N St: Vacant: Courtesy patrol was called out due to a smoke alarm going off. When patrol arrived, they found that it had come off of the ceiling. Patrol reconnected and put the alarm back in place.

7/25/26: 1515 8th St: YMCA: Courtesy patrol found a leak near the pool area. Patrol contacted the city and they sent a crew out to repair the leak.

Recap of Phone Calls to Lyons Security Service during the month of July 2026

There were 49 calls during the month of July 2026.

9 calls were to report noise.

14 calls were to report a building door or gate left open.

5 calls were to report someone sleeping on a property.

5 calls were to report someone loitering on a property.

2 calls were to report a suspicious person on a property.

1 call was to report power out in a building.

3 calls were to call an ambulance for someone.

1 call was to report a tenant dispute.

1 call was to report a broken window due to a bottle being thrown through it.

2 calls were to report smell of marijuana smoking in the alley.

1 call was to report vandalism in a laundry room.

4 calls were to report various leaks in buildings.

1 call was to report an alarm going off.

CAPITOL AREA DEVELOPMENT AUTHORITY
FY 2025 - 2026
Contract Log as of 8/13/2026

Item 13(G)



DATE	CONTRACT NUMBER	Type of Service	CONTRACTOR	PROJECT	LOCATION	AMOUNT	ACCOUNT	ESB
6/16/2026	C26-136	Maintenance	CoolVu Glass & Surface Solutions	Window Tinting	525 S Street	\$3,178.00	10-C25-5820-C555-01-002.8	Y
6/24/2026	C26-137	Maintenance	Garratt-Callahan Company	Boiler Cleaning	1400 N Street	\$654.35	10-C24-5820-C225-01-013.3	N
6/30/2026	C25-081.10	Maintenance	2-Go Building Maintenance	Building Cleaning (Supplementing RSR Staffing) (Change Order #10)	1428 14th Street, 1316 N Street, & 1316, 1317, 1327 O Street	\$6,991.78	10-002-4500	Y
6/30/2026	C26-087.2	Maintenance	2-Go Building Maintenance	Building Cleaning (Supplementing RSR Staffing) (Change Order #2)	1506-23 & 1524 17th Street, 1614 & 1616-1640 O Street, and 1615-17-23 & 1631 P Street	\$5,750.30	10-002-4500	Y
6/30/2026	C26-138	Consulting	Mission Forward Advisors	Team Communications & New Supervisor Trainings	1522 14th Street	\$500.00	10-001-4272	N
6/30/2026	C26-128.1	Maintenance	Waste Management, Inc (Sac Val Disposal, USA Waste of CA, Inc.)	Dumpster Service for Dean Boiler Replacement (Change Order #1)	1400 N Street	\$690.39	10-C24-5820-C225-01-013.3	N
6/30/2026	C26-139	Admin-Misc	Daniel Cardenas	Capitol Art Box Rendering	16th & S Streets	\$500.00	10-001-4255	N

CAPITOL AREA DEVELOPMENT AUTHORITY
FY 2026 - 2027
Contract Log as of 8/13/2026

Item 13(G)



DATE	CONTRACT NUMBER	Type of Service	CONTRACTOR	PROJECT	LOCATION	AMOUNT	ACCOUNT	ESB
7/1/2026	C23-020	Admin-Misc	Lyon's Security Service, Inc.	FY Security Patrol Service - Extn	Various Locations	\$200,316.00	10-002-4285	N
7/1/2026	C23-026	Admin-Misc	Republic Services of Sacramento (Allied Waste Services of N.A. LLC)	FY Waste Removal - Extn	Various Locations	\$182,327.00	10-002-5221	N
7/1/2026	C25-010	Maintenance	2-Go Building Maintenance	FY Janitorial & Emergency Water Extraction - Extn	Various Locations	\$237,038.00	10-003-5287; 10-001-4495; 10-001-4497	Y
7/1/2026	C26-002	Maintenance	Roseville Flooring, Inc. (California Renovation/RCO Flooring)	FY Cabinets - Extn	Various Locations	\$200,000.00	10-003-5293	N
7/1/2026	C26-011	Maintenance	Ecotech Pest Management	FY General Pest Control Services - Extn	Various Locations	\$20,000.00	10-003-5295	N
7/1/2026	C26-012	Maintenance	Goodwin-Cole Company, Inc. (ADP TotalSource FL XVI, Inc.)	FY Awning Replacement & Repair - Extn	Various Locations (No Sonrisa)	\$20,000.00	10-003-5240	N
7/1/2026	C26-013	Maintenance	Industrial Door Company (C.C.D.S. Inc.)	FY Commercial Storefront Doors - Extn	Various Locations	\$60,000.00	10-003-5240	Y
7/1/2026	C26-014	Maintenance	McKenry Drapery Service, Inc.	FY Window Covering Cleaning & Repair - Extn	Various Locations	\$60,000.00	10-003-5287	Y
7/1/2026	C26-015	Maintenance	Overhead Door Company	FY Garage Door Repair - Extn	Various Locations	\$20,000.00	10-003-5240	Y
7/1/2026	C26-016	Maintenance	Rod's Electric, Inc.	FY Electrical Services - Extn	Various Locations	\$50,000.00	10-003-5287	N
7/1/2026	C26-017	Maintenance	Roo Landscape & Garden Care	FY Low Water Use Plant Maintenance - Extn	Various Locations	\$66,400.00	10-003-5294	N
7/1/2026	C26-018	Maintenance	Glass West Inc.	FY Glass & Screen Repairs - Extn	Various Locations	\$30,000.00	10-003-5287	N
7/1/2026	C27-001	Maintenance	JM Environmental, Inc.	FY Abatement	Various Locations	\$326,523.00	10-C25-5820-C888-88-019.4	Y
7/1/2026	C27-002	Maintenance	Affordable Quality Painting, Inc.	FY Apartment Painting	Various Locations	\$250,000.00	10-003-5421	Y
7/1/2026	C27-003	Maintenance	PIK Construction, Inc.	FY Bathtub & Sink Refinishing	Various Locations - No Sonrisa	\$356,750.00	10-003-5240	Y
7/1/2026	C27-004	Maintenance	Roseville Flooring, Inc. (California Renovation/RCO Flooring)	FY Countertop Replacements	Various Locations	\$150,740.00	10-003-5293	N
7/1/2026	C27-005	Maintenance	Roseville Flooring, Inc. (California Renovation/RCO Flooring)	FY Floor Coverings	Various Locations	\$860,975.00	10-003-5291	N
7/1/2026	C27-006	Maintenance	Villara Building Systems (Villara Corp/Villara Mechanical)	FY HVAC Maintenance & Repair	Various Locations	\$100,000.00	10-003-5240	N
7/1/2026	C27-007	Maintenance	Roo Landscape & Garden Care	FY Landscape & Lawn Care	Various Locations	\$315,000.00	10-003-5294	N
7/1/2026	C27-008	Maintenance	Pridex Construction Group, Inc.	FY Vacancy Preparation	Various Locations	\$225,000.00	10-003-5287	Y

CAPITOL AREA DEVELOPMENT AUTHORITY
FY 2026 - 2027
Contract Log as of 8/13/2026



DATE	CONTRACT NUMBER	Type of Service	CONTRACTOR	PROJECT	LOCATION	AMOUNT	ACCOUNT	ESB
7/1/2026	C27-009	Maintenance	Elite Service Experts, Inc.	FY Back-Up Plumber	Various Locations	\$50,000.00	10-003-5292	Y
7/1/2026	C27-010	Maintenance	R.F. MacDonald Co.	FY Boilers Repair & Replace	Various Locations (No Sonrisa)	\$90,000.00	10-003-5240 (Repairs) 10-003-5287 (Maintenance)	N
7/1/2026	C27-011	Maintenance	Elevator Technology, Inc.	FY Elevator Maintenance	Various Locations (No Sonrisa)	\$32,603.00	10-003-5287	Y
7/1/2026	C27-012	Maintenance	James Brothers Cleaning	FY Gutter Cleaning	Various Locations	\$70,870.00	10-003-5287	N
7/1/2026	C27-014	Maintenance	King's Roofing (DK Enterprises, Inc.)	FY Roof Repairs	Various Locations	\$50,000.00	10-003-5240	N
7/1/2026	C27-015	Maintenance	Atlas Disposal Industries LLC	FY Waste Removal - Warehouse	701 & 525 S Street	\$45,000.00	10-001-4496	N
7/1/2026	C27-016	Maintenance	Universal Window Cleaning, Inc. (U.W.C. Inc.)	FY Window/Awning Cleaning & Pressure Washing	Various Locations	\$75,000.00	10-001-4495 & 10-003-5287	Y
7/1/2026	C27-018	Maintenance	Plumbing Service Company (R Valenzano)	FY Backflow Testing and Repairs	Various Locations	\$14,500.00	10-003-5292	Y
7/1/2026	C27-019	Maintenance	James Brothers Cleaning	FY Commercial Dryer Vent Cleaning	Various Locations	\$6,450.00	10-003-5287	N
7/1/2026	C27-020	Maintenance	Silicon Valley Fire, Inc.	FY Fire Extinguisher Service	Various Locations	\$12,000.00	10-003-5287	N
7/1/2026	C27-021	Maintenance	Splash Pool Care	FY Pool Service	1615-17 P Street	\$5,000.00	10-003-5287-R533-42	N
7/1/2026	C27-022	Consulting	Kuchman Architects	FY Architectural Consulting	Various Locations	\$10,000.00	10-003-4505	N
7/1/2026	C27-023	Consulting	NORCAL Environmental Management, Inc.	FY Asbestos and Lead Testing	Various Locations	\$20,000.00	10-C25-5820-C888-88-019.4 & 10-C26-5820-C888-88-019.4	N
7/1/2026	C27-024	Consulting	CohnReznick LLP	FY Audit Services	1522 14th Street	\$73,275.00	10-001-4254; 36-002-4254; 37-002-4254; 38-002-4254; 40-002-4254	N
7/1/2026	C27-025	Consulting	BLX Group LLC (Bond Logistix)	FY Bond Consulting	1522 14th Street	\$8,000.00	10-001-4031	N
7/1/2026	C27-026	Consulting	Fraser & Associates (Donald Fraser)	FY Fiscal Consulting Services	1522 14th Street	\$10,000.00	10-001-4301	N
7/1/2026	C27-027	Consulting	Network Design Associates, Inc. (NDA)	FY IT Support	1522 14th Street & 701 S Street	\$98,000.00	10-001-4260	N
7/1/2026	C27-028	Consulting	Mehigan Law, A Professional Corporation (Richard H. Mehigan)	FY Legal Consulting for Property Management	1522 14th Street	\$22,000.00	10-002-4251	N
7/1/2026	C27-029	Consulting	FM360, LLC (John Rimer)	FY Maintenance Connection Software Support	525 S Street	\$10,000.00	10-003-4267	N
7/1/2026	C27-030	Consulting	Vrilakas Groen Architects	FY Architectural Consulting	Various Locations	\$10,000.00	10-003-4505	N

CAPITOL AREA DEVELOPMENT AUTHORITY
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DATE	CONTRACT NUMBER	Type of Service	CONTRACTOR	PROJECT	LOCATION	AMOUNT	ACCOUNT	ESB
7/1/2026	C27-031	Consulting	Roach and Campbell Landscape Architecture	FY On-Call Landscape Design Services	Various Locations	\$60,000.00	10-003-5294 & 10-D09-4758-D801-00	Y
7/1/2026	C27-032	Consulting	KMP Strategies (Noah Painter)	FY Predevelopment Fiscal Consulting	Various Locations	\$15,000.00	10-004-4758-D000-00	Y
7/1/2026	C27-033	Consulting	Position Interactive, Inc.	FY Website Monthly Maintenance	1522 14th Street	\$5,988.00	10-001-4204	N
7/1/2026	C27-034	Consulting	KMTG	FY Legal Consulting	1522 14th Street	\$400,000.00	10-var-4751	N
7/1/2026	C27-035	Admin-Misc	Appletree	FY Answering Service	701 S Street	\$15,000.00	10-001-4202	N
7/1/2026	C27-036	Admin-Misc	Central Valley Towing	FY Primary Towing Services	Various Locations	\$0.00	10-002-4240	N
7/1/2026	C27-037	Admin-Misc	CSC Serviceworks, Inc. (Coinmach)	FY Provide Wash/Dry Machines	Various Locations	\$1,500.00	10-003-5233	N
7/1/2026	C27-038	Admin-Misc	Design with Florae	FY Indoor Plant Care	1522 14th Street	\$2,400.00	10-001-4495	N
7/1/2026	C27-039	Admin-Misc	MRI Software (Bostonpost Technology)	FY Property Management Software	1522 14th Street	\$30,000.00	10-001-4415	N
7/1/2026	C27-040	Admin-Misc	MRI Software (New Software)	FY Annual Recurring Professional Services Fee	1522 14th Street	\$22,500.90	10-001-4415	N
7/1/2026	C27-041	Admin-Misc	MRI Software (New Software)	FY Annual Rent Fee	1522 14th Street	\$9,804.00	10-001-4415	N
7/1/2026	C27-042	Admin-Misc	MRI Software (New Software)	FY Monthly Cloud Fee	1522 14th Street	\$63,332.00	10-001-4415	N
7/1/2026	C27-043	Admin-Misc	Pacific Shredding (Pacific Storage Company)	FY Document Destruction	1522 14th St & 701 S St	\$2,500.00	10-001-4259	N
7/1/2026	C27-044	Admin-Misc	Pitney Bowes	FY Postage Meter Rental & Maintenance	1522 14th Street	\$2,000.00	10-001-4233	N
7/1/2026	C27-045	Admin-Misc	Sonitrol	FY Security and Alarm System	1522 14th St & 701 S St	\$8,500.00	10-001-4495 & 10-001-4498	N
7/1/2026	C27-046	Admin-Misc	Tenant Guarantors	FY Credit Checks for Leasing	1522 14th Street	\$8,000.00	10-002-4266	N
7/1/2026	C27-047	Admin-Misc	TransUnion	FY Credit Checks for Leasing & Pre-Employment	1522 14th Street	\$1,500.00	10-001-4215	N
7/1/2026	C27-048	Admin-Misc	Ubeo (Ray Morgan)	FY Copier Maintenance & Repair	1522 14th Street	\$24,000.00	10-001-4442	N
7/1/2026	C27-049	Admin-Misc	WegoWise	FY Utility Tracking	Various Locations	\$10,500.00	10-003-4267	N
7/9/2026	C27-050	Maintenance	Pacific Air Duct LLC	Air Duct Cleaning	1506 13th Street	\$5,718.96	10-003-5240-R533-03	N

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7/16/2026	C27-051	Maintenance	Reo Landscape & Garden Care VOID	Irrigation Repairs	1321 O Street & 1421 15th Street	\$805.00	10-D09-4703-D801-00 (\$400.00) & 37-002-5294-R537-01 (\$325.00)	N
7/17/2026	C27-052	Consulting	MRG, LLC (Municipal Resource Group, LLC)	Executive Coaching & Enneagram Leadership Development Assessments	1522 14th Street	\$22,900.00	10-001-4272	N
7/22/2026	C27-054	Maintenance	J&S Asphalt (Johnson & Sampson Construction, Inc.)	Seal Coat and Stripe Parking Spaces	525 S Street	\$4,670.00	10-C25-5820-C555-01-002.8	N
7/22/2026	C27-055	Consulting	California Tree and Landscape Consulting, Inc. (CalTLC)	Fremont Park Tree Survey	1515 Q Street	\$460.00	10-002-4240	N
7/24/2026	C27-056	Maintenance	Allied Doors	Front Door Hardware Installation	1400 N Street	\$3,250.00	10-C27-5820-C225-01-009.00	N
7/27/2026	C27-057	Admin-Misc	Alexei Brown	Moving Assistance	1027-1 Q Street & 1521 12th Street	\$1,200.00	36-002-4293-R536-01	N
7/30/2026	C26-136.1	Maintenance	CoolVu Glass & Surface Solutions	Window Tinting (Change Order #1)	525 S Street	\$308.00	10-C25-5820-C555-01-002.8	Y
8/6/2026	C27-137	Consulting	Sacramento Engineering Consultants	Plumbing Engineering Services	1522 N Street	\$12,600.00	10-C27-5820-C231-07-015.4	Y