



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

AGENDA

ITEM SUBJECT

1. Call To Order And Introductions.
2. Comments From The Public.
3. Approval Of November 18, 2016, Meeting Minutes.
4. Discussion And Action On The Internal Audit Of Non-Pooled Investment Funds For The Quarter Ended December 31, 2016.
5. Status Report On Member Positions.
6. Presentation Of The Sacramento County Annual Investment Policy Of The Pooled Investment Fund For Calendar Year 2017.
7. Discussion And Action On The Non-Pooled Funds Portfolio Report For The Quarter Ended December 31, 2016.
8. Discussion And Action On The Quarterly Report Of The Pooled Investment Fund For The Quarter Ended December 31, 2016, And Compliance With Investment Policy.
9. Overview Of Pooled Investment Fund Statistics From Various Jurisdictions For December 2016.
10. FPPC Form 700.
11. Next Meeting Reminder - Friday, May 19, 2017.
12. Adjournment.

CALL TO ORDER AND INTRODUCTIONS.

NO WRITTEN REPORT

COMMENTS FROM THE PUBLIC.

NO WRITTEN REPORT

APPROVAL OF NOVEMBER 18, 2016, MEETING MINUTES.



SACRAMENTO COUNTY
TREASURY OVERSIGHT COMMITTEE
Regular Meeting — Friday, November 18, 2016 / 9:00 a.m.
700 H Street, Hearing Room One, Room 1487
Sacramento, California 95814

MINUTES

PRESENT: Jeremy Edwards, Angelica Hernandez, Ben Lamera, Brandon Rose, Ronald Seaman, David Villanueva,.

ABSENT: Gerardo Castillo , Chris Parker, Tamara Sanchez.

STAFF: Mark Aspesi, Alan Matré, Dave Matuskey, Bernard Santo Domingo, Thomas Smith.

GUESTS: Dan Krieter, Tenzing Sharchok.

1. CALL TO ORDER AND INTRODUCTIONS.

Chair Brandon Rose called the meeting to order at 9:06 a.m.

2. COMMENTS FROM THE PUBLIC.

There were no comments from the public.

3. APPROVAL OF AUGUST 19, 2016, MEETING MINUTES.

The minutes of the August 19, 2016, meeting were approved as amended on a motion made by David Villanueva, seconded by Jeremy Edwards, and unanimously carried (6-0).

4. DISCUSSION AND ACTION ON THE INTERNAL AUDIT OF NON-POOLED INVESTMENT FUNDS FOR THE QUARTER ENDED SEPTEMBER 30, 2016.

Alan Matré reported for September 30, 2016, that ten issues, one of which were new and none of which was external, were reviewed and no instances of non-compliance were found.

The Internal Audit Of Non-Pooled Investment Funds For The Quarter ended September 30, 2016, was accepted on a motion made by Ben Lamera, seconded by Ron Seaman, and unanimously carried (6-0).

5. WORLD BANK PRESENTATION.

World Bank Officer Tenzing Sharchok presented to the committee how Supranationals work as well as operations of the World Bank.

6. STATUS UPDATE ON MEMBER POSITIONS.

Dave Matuskey noted that the District 1 public member position is still open.

7. DISCUSSION AND ACTION ON THE QUARTERLY REPORT OF THE NON-POOLED FUNDS PORTFOLIO REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 2016.

Bernard Santo Domingo presented the Quarterly Report of the Non-Pooled Funds Portfolio for the Quarter Ended September 30, 2016.

The Non-Pooled Funds Portfolio Reports For The Quarter Ended September 30, 2016, was accepted on a motion made by David Villanueva, seconded by Angelica Hernandez, and unanimously carried (6-0).

8. DISCUSSION AND ACTION ON THE QUARTERLY REPORT OF THE POOLED INVESTMENT FUND FOR THE QUARTER ENDED SEPTMEBER 30, 2016, AND COMPLIANCE WITH INVESTMENT POLICY.

Bernard Santo Domingo presented the Quarterly Report Of The Non-Pooled Funds Portfolio For The Quarter ended September 30, 2016, and Compliance with Investment Policy. He stated that the Pooled Investment Fund was in compliance with the investment policy and California Government Code.

Bernard Santo Domingo provided his economic commentary. He noted the market sees a 100% chance of a federal funds rate hike at the December meeting, and that he expects the pooled fund yield to continue to rise at a slow rate. Bernard Santo Domingo also informed the group of the \$10 million increase in the five-year core portfolio purchase.

The Quarterly Reports of the Pooled Investment Fund For The Quarter Ended September 30, 2016, were accepted on a motion made by Brandon Rose, seconded by Angelica Hernandez, and unanimously carried (6-0).

9. OVERVIEW OF POOLED INVESTMENT FUND STATISTICS FROM VARIOUS JURSDICTION FOR SEPTEMBER 2016.

Bernard Santo Domingo presented the *Investment Fund Statistics Questionnaire Results – September 2016, Comparison of Various County Pooled Investment Funds and LAIF – 12-Month Yield Performance as of September 2016, and Overview of Pooled Investment Fund Statistics from Various Jurisdictions – Comparison of Yields and Average Weighted Maturities from December 31, 2015 – September 30, 2016.*

10. WELLS FARGO DISCUSSION.

Ben Lamera provided information on the County's relationship with Wells Fargo. He informed the committee that he met with Wells Fargo and found no cause for concern regarding the County's investments or banking operations. He advised keeping Wells Fargo as custodian and bank.

11. NEXT MEETING REMINDER.

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

12. ADJOURNMENT.

The meeting was adjourned at 10:34 a.m.

Respectfully submitted:

Approved:

Dave Matuskey
Investment Officer

Brandon Rose, Chair
Treasury Oversight Committee

cc: Treasury Oversight Committee Members
Department of Finance Staff

DISCUSSION AND ACTION ON THE INTERNAL AUDIT OF NON-POOLED
INVESTMENT FUNDS FOR THE QUARTER ENDED DECEMBER 31, 2016.

COUNTY OF SACRAMENTO

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

For the Quarter Ended December 31, 2016

Audit Staff:

Alan A. Matré, C.P.A.
Zai Saeteurn

Chief of Audits
Senior Auditor

**COUNTY OF SACRAMENTO
TREASURY OVERSIGHT COMMITTEE
NON-POOLED INVESTMENTS
AGREED-UPON PROCEDURES REPORT
FOR THE QUARTER ENDED DECEMBER 31, 2016**

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Internal Services
Department of Finance
Auditor-Controller Division

Joyce Renison,
Assistant Auditor-Controller



County of Sacramento

Navdeep S. Gill,
County Executive

David Villanueva,
Chief Deputy County Executive

Ben Lamera,
Director of Finance

January 17, 2017

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

We have performed the procedures enumerated below to a selected sample of the County of Sacramento (County), non-pooled investments, for the quarter ended December 31, 2016. The County of Sacramento, Treasury Oversight Committee (Committee) is responsible for establishing and maintaining effective internal controls, and compliance with the Non-Pooled Investment Policy summarized below:

Non-Pooled Investment Policy

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

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

These procedures were performed solely to verify that the County Investment Division complied with the investment requirements presented in the governing investment policy documents for the non-pooled investments as described above, and to evaluate internal controls for the investment and accounting of the non-pooled investments.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report is applicable solely to procedures referred below and is not intended to pertain to any of the Committee's other operations, procedures, or compliance with laws and regulations. The procedures we performed are summarized as follows:

1. Evaluated and documented internal control procedures for investment and accounting of non-pooled investment funds.

Finding: No exceptions were noted as a result of our procedures.

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

Finding: No exceptions were noted as a result of our procedures.

3. Reviewed the portfolio monitoring report for the selected investments and tested for accuracy.

Finding: No exceptions were noted as a result of our procedures.

4. Verified that investments are made in accordance with the governing investment policy documents.

Finding: No exceptions were noted as a result of our procedures.

5. Selected a sample of non-pooled investments for the quarter ended December 31, 2016 based upon outstanding issues at July 1, 2016, plus any untested new issues since quarter ended September 30, 2016.

Finding: No exceptions were noted as a result of our procedures. See Schedule I for sample tested.

We were not engaged to, and did not perform an audit, the objectives of which would be the expression of an opinion on the non-pooled investments. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. This report relates only to the results of our procedures referred above, and does not extend to the Committee's operations as a whole.

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

Sincerely,

BEN LAMERA
DIRECTOR OF FINANCE



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

**COUNTY OF SACRAMENTO
SAMPLE OF NON-POOLED INVESTMENTS
FOR QUARTER ENDED DECEMBER 31, 2016**

<u>Issue</u> ⁽¹⁾	Book Value 12/31/16	<u>% of Portfolio</u>
<i>SAFCA CAD Series 2016 A&B (AD)</i>	<i>\$ 103,939,316</i>	<i>19 %</i>
<i>FCUSD SFID #3,4,5 (GO)</i>	<i>86,288,912</i>	<i>16</i>
Water Financing Authority (REV)	25,715,702	5
San Juan USD, Series 2014 (GO)	15,774,878	3
North Vineyard No. 2 2016 (MR)	15,148,108	3
LAIF, STA Transport. Authority (SEP)	14,400,000	3
Laguna Creek Refunding (MR)	3,664,411	<1
Metro Air Park 2007B (MR)	3,047,679	<1
Elliott Ranch Refunding (MR)	2,615,866	<1
Robla SD, Series 2015 I (GO)	1,975,701	<1
Tobacco Settlement 01A/B (TSP)	<u>977,576</u>	<u><1</u>
 Total internally managed		
Non-Pooled Investments tested ⁽²⁾	<u>\$ 273,548,149</u>	<u>Approx. 49%</u>

(1) The selected sample of non-pooled investments for the quarter ended December 31, 2016 was selected based upon outstanding issues at July 1, 2016, plus any untested new issues since quarter ended September 30, 2016.

(2) The total amount of internally managed non-pooled investments for the quarter ended December 31, 2016 was \$554,912,059.

(3) The total amount of externally managed non-pooled investments for the quarter ended December 31, 2016 was \$15,872,309.

Fund Type

(AD) – Assessment District Bonds

(GO) – General Obligation Bonds

(MR) – Mello Roos Bonds

(REV) – Revenue Bonds

(SEP) – Funds held for unique purposes

(TSP) – Tobacco Securitization Proceeds

Indicates new issue

STATUS REPORT ON MEMBER POSITIONS.



Internal Services

Navdeep S. Gill,
County Executive

Department of Finance

Ben Lamera,
Director

David Villanueva,
Chief Deputy County Executive

County of Sacramento

February 17, 2017

To: Treasury Oversight Committee

Subject: **POSITIONS ON THE TREASURY OVERSIGHT COMMITTEE**

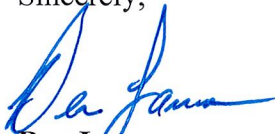
Appointed Members

On June 9, 2015, Jaspreet Singh was removed from the First District public member position for non-attendance. The Clerk of the Board is still advertising the vacancy and has not received any applications. Additionally, the current terms for the Third and Fourth District public member positions end June 30, 2017.

Elected Members

The current term for the School and Community Colleges District Representative ends on June 30, 2017. On February 28, 2007, a letter will be sent out to all school and community college districts requesting nominations for the position.

Sincerely,


Ben Lamera
Director of Finance

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PRESENTATION OF THE SACRAMENTO COUNTY ANNUAL INVESTMENT
POLICY OF THE POOLED INVESTMENT FUND FOR CALENDAR YEAR 2017.

APPROVED
BOARD OF SUPERVISORS

COUNTY OF SACRAMENTO
CALIFORNIA

15

BY RES #2016-0937E
DEC 06 2016 2016-0938
By Amence Evans
Clerk of the Board

For the Agenda of:
December 6, 2016

To: Board of Supervisors

From: Department of Finance

Subject: Delegation Of Investment Authority To The Director Of Finance And Approval Of The Annual Investment Policy Of The Pooled Investment Fund For Calendar Year 2017

Supervisory District(s): All

Contact: Bernard Santo Domingo, Chief Investment Officer, 874-7320

Overview

Since 1996, the Board has annually delegated to the Director of Finance the authority to invest funds in the County Treasury and to sell and exchange securities. The Board has also approved the Annual Investment Policy of the Pooled Investment Fund (Investment Policy) every year since 1987. The Investment Policy for Calendar Year 2017 has been updated with new sovereign credit rating requirements. Other changes clarify or update information contained in the Investment Policy.

Recommendations

1. Adopt the attached Resolution renewing the Delegation of Authority to the Director of Finance to invest funds in the County Treasury and to sell and exchange securities; and
2. Adopt the attached Resolution approving the Annual Investment Policy of the Pooled Investment Fund for Calendar Year 2017.

Measures/Evaluation

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

Fiscal Impact

These activities are included in the Department of Finance Fiscal Year 2016-17 Budget. There is no impact to the General Fund.

BACKGROUND

Government Code Section 53607 allows the Board to annually delegate to the Director of Finance the authority to invest funds in the County Treasury and to sell and exchange securities. The Board serves as a fiduciary unless this authority is delegated. The Director of Finance has been delegated this authority annually since 1996.

DISCUSSION

To comply with Government Code Section 53607, the Board must annually review and renew the delegation of authority to the Director of Finance to invest funds in the County Treasury and to sell and exchange securities. The Board would become the fiduciary if the authority was not delegated to the Director of Finance.

It is also recommended the Board approve the Annual Investment Policy of the Pooled Investment Fund for Calendar Year 2017. In 2005, Government Code Section 53646(a)(1) was amended to remove the 1996 mandate that the Board review and approve the Investment Policy. Approval of the Investment Policy has been requested from the Board since 1987 despite the removal of the mandate.

The changes to the Investment Policy for 2017 are:

1. Section IX. A. – Investable Funds (Page 4)

Clarifying that funds held in separate portfolios are not included in Total Investable Funds.

2. Section IX. D. – Credit Requirements (Page 5)

Adding language to allow the purchase of negotiable certificates of deposit from foreign banks in countries with sovereign ratings of AAA from Standard & Poor's or Moody's.

3. Section IX. F. – Maximum Concentrations (Page 7)

Updating the maximum allowed LAIF investment to \$65 million from \$50 million.

4. Section XII. – Limits on Honoraria, Gifts, and Gratuities

Clarifying that the Fair Political Practices Commission's inflation adjustment to the limit on honoraria, gifts, and gratuities is made every odd-numbered year.

MEASURES/EVALUATION

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

FINANCIAL ANALYSIS

These activities are included in the Department of Finance Fiscal Year 2016-17 Budget. There is no impact to the General Fund.

Delegation Of Investment Authority To The Director Of Finance And Approval Of The Annual
Investment Policy Of The Pooled Investment Fund For Calendar Year 2017

Page 3

Respectfully submitted,

BEN LAMERA, Director
Department of Finance

APPROVED:
NAVDEEP S. GILL
County Executive

By: _____
DAVID VILLANUEVA,
Chief Deputy County Executive

Attachments:

- Resolution - Director Authority to Invest
- Resolution - Approve Investment Policy
- ATT 1 - 2017 Investment Policy
- ATT 2 - 2017 Investment Policy with Strikethrough

RESOLUTION NO. 2016-0937

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SACRAMENTO RENEWING THE AUTHORITY OF THE DIRECTOR OF FINANCE TO INVEST FUNDS

WHEREAS, the Board of Supervisors delegated authority to invest funds in the County Treasury to the Director of Finance on December 8, 2015, in accordance with Government Code Sections 27000.1 and 53607; and

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

WHEREAS, the Board of Supervisors has reviewed the delegation of authority to the Director of Finance to invest funds in the County Treasury and the Annual Investment Policy of the Pooled Investment Fund for Calendar Year 2017 and finds it to be reasonable and prudent;

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors hereby renews the delegation of authority to the Director of Finance to invest funds in the County Treasury and to sell and exchange securities in accordance with the California Government Code and the Annual Investment Policy of the Pooled Investment Fund for Calendar Year 2017.

On a motion by Supervisor Nottoli, seconded by Supervisor Kennedy, the foregoing Resolution was passed and adopted by the Board of Supervisors of the County of Sacramento this 6th day of December, 2016, by the following vote, to wit:

AYES: Supervisors, Kennedy, MacGlashan, Nottoli, Peters

NOES: Supervisors, None

ABSENT: Supervisors, Serna

ABSTAIN: Supervisors, None

RECUSAL: Supervisors, None

FILED
BOARD OF SUPERVISORS

DEC 06 2016

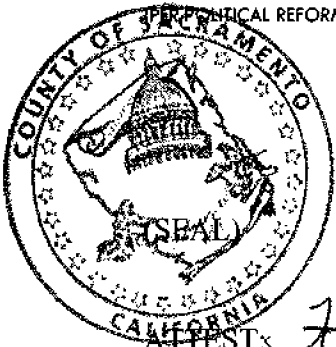
BY Florence Evans
CLERK OF THE BOARD

Roberta MacGlashan

Chair of the Board of Supervisors
of Sacramento County, California

In accordance with Section 25103 of the Government Code of the State of California a copy of the document has been delivered to the Chair of the Board of Supervisors, County of Sacramento on 12-16-16

By: S. Studdert
Deputy Clerk, Board of Supervisors



ATTEST: Florence Evans
Clerk, Board of Supervisors

RESOLUTION NO. 2016-0938

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SACRAMENTO APPROVING THE ANNUAL INVESTMENT POLICY OF THE POOLED INVESTMENT FUND FOR CALENDAR YEAR 2017

WHEREAS, the Board of Supervisors may annually review and approve the Annual Investment Policy of the Pooled Investment Fund under Government Code Section 53646(a)(1); and

WHEREAS, the Board of Supervisors has reviewed the Annual Investment Policy of the Pooled Investment Fund for Calendar Year 2017 and finds it to be reasonable and prudent;

NOW, THEREFORE, BE IT RESOLVED that the Board of Supervisors hereby approves the Annual Investment Policy of the Pooled Investment Fund for Calendar Year 2017.

On a motion by Supervisor Nottoli, seconded by Supervisor Kennedy, the foregoing Resolution was passed and adopted by the Board of Supervisors of the County of Sacramento this 6th day of December, 2016, by the following vote, to wit:

AYES: Supervisors, Kennedy, MacGlashan, Nottoli, Peters

NOES: Supervisors, None

ABSENT: Supervisors, Serna

ABSTAIN: Supervisors, None

RECUSAL: Supervisors, None

(PER POLITICAL REFORM ACT (§ 18702.5.))



ATTEST: *Florence Evans*
Clerk, Board of Supervisors

Roberta MacGlashan
Chair of the Board of Supervisors
of Sacramento County, California

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

12.6.16
By: *S. Studdert*
Deputy Clerk, Board of Supervisors

FILED
BOARD OF SUPERVISORS

DEC 06 2016
BY *Florence Evans*
CLERK OF THE BOARD



SACRAMENTO COUNTY

Annual Investment Policy of the Pooled Investment Fund

CALENDAR YEAR ~~2016~~2017

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SACRAMENTO COUNTY

Annual Investment Policy of the Pooled Investment Fund

CALENDAR YEAR ~~2016~~2017

I. Authority

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

II. Policy Statement

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

III. Standard of Care

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

IV. Investment Objectives

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

A. Safety of Principal

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

B. Liquidity

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

C. Public Trust

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

D. Maximum Rate of Return

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

V. Pooled Investment Fund Investors

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

VI. Implementation

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

This Policy provides a detailed description of investment parameters used to implement the investment process and includes the following: investable funds; authorized instruments; prohibited investments; credit requirements; maximum maturities and concentrations; repurchase agreements; Community Reinvestment Act Program; criteria and qualifications of broker/dealers and direct issuers; investment guidelines, management style and strategy; Approved Lists; and calculation of yield and costs.

VII. Internal Controls

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

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

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

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

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

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

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

Quarterly, the Director of Finance will provide the Oversight Committee with a copy of the Pooled Investment Fund activity and its compliance to the annual Policy and California Government Code.

Annually, the Oversight Committee shall cause an annual audit of the activities within the Pooled Investment Fund to be conducted to determine compliance to the Policy and California Government Code. This audit will include issues relating to the structure of the investment portfolio and risk.

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

VIII. Sacramento County Treasury Oversight Committee

In accordance with California Government Code section 27130 et seq., the Board of Supervisors, in consultation with the Director of Finance, has created the Sacramento County Treasury Oversight Committee (Oversight Committee). Annually, the Director of Finance shall prepare an Investment Policy that will be forwarded to and monitored by the Oversight Committee and rendered to Boards of all local agency participants. The Board of Supervisors shall review and approve the Policy during public session. Quarterly, the Director of Finance shall provide the Oversight Committee a report of all investment activities of the Pooled Investment Fund to ensure compliance to the Policy. Annually, the Oversight Committee shall cause an audit to be conducted on the Pooled Investment Fund. The meetings of the Oversight Committee shall be open to the public and subject to the Ralph M. Brown Act.

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

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

IX. Investment Parameters

A. Investable Funds

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

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

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

B. Authorized Investments

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

C. Prohibited Investments

No investments shall be authorized that have the possibility of returning a zero or negative yield if held to maturity. These shall include inverse floaters, range notes, and interest only strips derived from a pool of mortgages.

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

D. Credit Requirements

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

Community Reinvestment Act Program Credit Requirements

Maximum Amount	Minimum Requirements
Up to the FDIC- or NCUSIF-insured limit for the term of the deposit	Banks — FDIC Insurance Coverage
	Credit Unions — NCUSIF Insurance Coverage <i>Credit unions are limited to a maximum deposit of the NCUSIF-insured limit since they are not rated by nationally recognized rating agencies and are not required to provide collateral on public deposits.</i>
Over the FDIC- or NCUSIF-insured limit to \$10 million Collateral is required	(Any 2 of 3 ratings) S&P: A-2 Moody's: P-2 Fitch: F-2

Eligible banks must have Community Reinvestment Act performance ratings of “satisfactory” or “outstanding” from each financial institution’s regulatory authority. In addition, deposits greater than the federally-insured amount must be collateralized. Banks must place securities worth between 110% and 150% of the value of the deposit with the Federal Reserve Bank of San Francisco, the Home Loan Bank of San Francisco, or a trust bank.

Since credit unions do not have Community Reinvestment Act performance ratings, they must demonstrate their commitment to meeting the community reinvestment lending and charitable activities, which are also required of banks.

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

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

E. Maximum Maturities

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

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

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

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

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

F. Maximum Concentrations

No more than 80% of the portfolio may be invested in issues other than United States Treasuries and Government Agencies. The maximum allowable percentage for each type of security is set forth as follows:

U.S. Treasury and Agency Obligations	100%
Municipal Notes	80%
Registered State Warrants	80%
Bankers Acceptances	40%
Commercial Paper	40%
Washington Supranational Obligations	30%
Negotiable Certificates of Deposit and CRA Bank Deposit/Certificates of Deposit ..	30%
Repurchase Agreements	30%
Reverse Repurchase Agreements	20%
Medium-Term Corporate Notes	30%
Money Market Mutual Funds	20%
Collateralized Mortgage Obligations	20%
Local Agency Investment Fund (LAIF)	(per State limit) ²

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

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

² LAIF current maximum allowed is \$~~50~~-65 million.

No more than 10% of the portfolio, except Treasuries and Agencies, may be invested in securities of a single issuer including its related entities.

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

G. Repurchase Agreements

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

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

H. Community Reinvestment Act Program

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

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

All transactions initiated on behalf of the Pooled Investment Fund and Sacramento County shall be executed through either government security dealers reporting as primary dealers to the Market Reports Division of the Federal Reserve Bank of New York or direct issuers that directly issue their own securities which have been placed on the Approved List of

brokers/dealers and direct issuers. Further, these firms must have an investment grade rating from at least two national rating services, if available.

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

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

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

J. Investment Guidelines, Management Style and Strategy

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

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

K. Approved Lists

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

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

L. Calculation of Yield and Costs

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

accounting projects and charged to the Pooled Investment Fund on a quarterly basis throughout the fiscal year.

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

X. Reviewing, Monitoring and Reporting of the Portfolio

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

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

Each quarter, the Director of Finance shall provide to the Board of Supervisors and interested parties a comprehensive report on the Pooled Investment Fund.

Annually, the Director of Finance shall provide to the Oversight Committee the Investment Policy. Additionally, the Director of Finance will render a copy of the Investment Policy to the legislative body of the local agencies that participate in the Pooled Investment Fund.

XI. Withdrawal Requests for Pooled Fund Investors

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

XII. Limits on Honoraria, Gifts, and Gratuities

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

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

No individual may receive aggregate gifts, honoraria, and gratuities from any single source in a calendar year in excess of the amount specified in Section 18940.2(a) of Title 2, Division 6 of the California Code of Regulations. This limitation was \$460 for the period January 1, 2015, to December 31, 2016, and is adjusted for inflation every odd-numbered year. Any violation must be reported to the State Fair Political Practices Commission.

XIII. Terms and Conditions for Outside Investors

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

Appendix A

Comparison and Interpretation of Credit Ratings

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

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

Appendix A

Short Term / Commercial Paper Investment Grade Ratings

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

Fitch Support Ratings

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

Appendix A

Fitch Sovereign Risk Ratings	
<i>Rating</i>	<i>Interpretation</i>
AAA	Highest credit quality. 'AAA' ratings denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
AA	Very high credit quality. 'AA' ratings denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A	High credit quality. 'A' ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.
BBB	Good credit quality. 'BBB' ratings indicate that expectations of default risk are currently low. The capacity for timely payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.
BB	Speculative. 'BB' ratings indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time.
B	Highly speculative. 'B' ratings indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.
CCC	High default risk. Default is a real possibility.
CC	Very high levels of credit risk. Default of some kind appears probable.
C	Exceptionally high levels of credit risk. Default appears imminent or inevitable.
D	<p>Default. Indicates a default. Default generally is defined as one of the following:</p> <ul style="list-style-type: none"> • Failure to make payment of principal and/or interest under the contractual terms of the rated obligation; • The bankruptcy filings, administration, receivership, liquidation or other winding-up or cessation of the business of an issuer/obligor; or • The coercive exchange of an obligation, where creditors were offered securities with diminished structural or economic terms compared with the existing obligation.



SACRAMENTO COUNTY

Annual Investment Policy of the Pooled Investment Fund

CALENDAR YEAR 2017

*Approved by the
Sacramento County Board of Supervisors*

December 6, 2016
Resolution No. 2016-0938

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SACRAMENTO COUNTY

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

CALENDAR YEAR 2017

I. Authority

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

II. Policy Statement

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

III. Standard of Care

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

IV. Investment Objectives

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

A. Safety of Principal

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

B. Liquidity

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

C. Public Trust

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

D. Maximum Rate of Return

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

V. Pooled Investment Fund Investors

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

VI. Implementation

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

This Policy provides a detailed description of investment parameters used to implement the investment process and includes the following: investable funds; authorized instruments; prohibited investments; credit requirements; maximum maturities and concentrations; repurchase agreements; Community Reinvestment Act Program; criteria and qualifications of broker/dealers and direct issuers; investment guidelines, management style and strategy; Approved Lists; and calculation of yield and costs.

VII. Internal Controls

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

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

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

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

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

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

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

Quarterly, the Director of Finance will provide the Oversight Committee with a copy of the Pooled Investment Fund activity and its compliance to the annual Policy and California Government Code.

Annually, the Oversight Committee shall cause an annual audit of the activities within the Pooled Investment Fund to be conducted to determine compliance to the Policy and California Government Code. This audit will include issues relating to the structure of the investment portfolio and risk.

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

VIII. Sacramento County Treasury Oversight Committee

In accordance with California Government Code section 27130 et seq., the Board of Supervisors, in consultation with the Director of Finance, has created the Sacramento County Treasury Oversight Committee (Oversight Committee). Annually, the Director of Finance shall prepare an Investment Policy that will be forwarded to and monitored by the Oversight Committee and rendered to Boards of all local agency participants. The Board of Supervisors shall review and approve the Policy during public session. Quarterly, the Director of Finance shall provide the Oversight Committee a report of all investment activities of the Pooled Investment Fund to ensure compliance to the Policy. Annually, the Oversight Committee shall cause an audit to be conducted on the Pooled Investment Fund. The meetings of the Oversight Committee shall be open to the public and subject to the Ralph M. Brown Act.

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

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

IX. Investment Parameters

A. Investable Funds

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

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

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

B. Authorized Investments

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

C. Prohibited Investments

No investments shall be authorized that have the possibility of returning a zero or negative yield if held to maturity. These shall include inverse floaters, range notes, and interest only strips derived from a pool of mortgages.

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

D. Credit Requirements

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

Community Reinvestment Act Program Credit Requirements

Maximum Amount	Minimum Requirements
Up to the FDIC- or NCUSIF-insured limit for the term of the deposit	Banks — FDIC Insurance Coverage
	Credit Unions — NCUSIF Insurance Coverage <i>Credit unions are limited to a maximum deposit of the NCUSIF-insured limit since they are not rated by nationally recognized rating agencies and are not required to provide collateral on public deposits.</i>
Over the FDIC- or NCUSIF-insured limit to \$10 million Collateral is required	(Any 2 of 3 ratings) S&P: A-2 Moody's: P-2 Fitch: F-2

Eligible banks must have Community Reinvestment Act performance ratings of “satisfactory” or “outstanding” from each financial institution’s regulatory authority. In addition, deposits greater than the federally-insured amount must be collateralized. Banks must place securities worth between 110% and 150% of the value of the deposit with the Federal Reserve Bank of San Francisco, the Home Loan Bank of San Francisco, or a trust bank.

Since credit unions do not have Community Reinvestment Act performance ratings, they must demonstrate their commitment to meeting the community reinvestment lending and charitable activities, which are also required of banks.

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

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

E. Maximum Maturities

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

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

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

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

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

F. Maximum Concentrations

No more than 80% of the portfolio may be invested in issues other than United States Treasuries and Government Agencies. The maximum allowable percentage for each type of security is set forth as follows:

U.S. Treasury and Agency Obligations	100%
Municipal Notes	80%
Registered State Warrants	80%
Bankers Acceptances	40%
Commercial Paper	40%
Washington Supranational Obligations	30%
Negotiable Certificates of Deposit and CRA Bank Deposit/Certificates of Deposit	30%
Repurchase Agreements	30%
Reverse Repurchase Agreements	20%
Medium-Term Corporate Notes	30%
Money Market Mutual Funds	20%
Collateralized Mortgage Obligations	20%
Local Agency Investment Fund (LAIF)	(per State limit) ²

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

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

² LAIF current maximum allowed is \$65 million.

No more than 10% of the portfolio, except Treasuries and Agencies, may be invested in securities of a single issuer including its related entities.

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

G. Repurchase Agreements

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

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

H. Community Reinvestment Act Program

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

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

All transactions initiated on behalf of the Pooled Investment Fund and Sacramento County shall be executed through either government security dealers reporting as primary dealers to the Market Reports Division of the Federal Reserve Bank of New York or direct issuers that directly issue their own securities which have been placed on the Approved List of

brokers/dealers and direct issuers. Further, these firms must have an investment grade rating from at least two national rating services, if available.

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

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

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

J. Investment Guidelines, Management Style and Strategy

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

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

K. Approved Lists

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

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

L. Calculation of Yield and Costs

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

accounting projects and charged to the Pooled Investment Fund on a quarterly basis throughout the fiscal year.

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

X. Reviewing, Monitoring and Reporting of the Portfolio

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

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

Each quarter, the Director of Finance shall provide to the Board of Supervisors and interested parties a comprehensive report on the Pooled Investment Fund.

Annually, the Director of Finance shall provide to the Oversight Committee the Investment Policy. Additionally, the Director of Finance will render a copy of the Investment Policy to the legislative body of the local agencies that participate in the Pooled Investment Fund.

XI. Withdrawal Requests for Pooled Fund Investors

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

XII. Limits on Honoraria, Gifts, and Gratuities

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

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

No individual may receive aggregate gifts, honoraria, and gratuities from any single source in a calendar year in excess of the amount specified in Section 18940.2(a) of Title 2, Division 6 of the California Code of Regulations. This limitation was \$460 for the period January 1, 2015, to December 31, 2016, and is adjusted for inflation every odd-numbered year. Any violation must be reported to the State Fair Political Practices Commission.

XIII. Terms and Conditions for Outside Investors

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

Appendix A

Comparison and Interpretation of Credit Ratings

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

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

Appendix A

Short Term / Commercial Paper Investment Grade Ratings

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

Fitch Support Ratings

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

Appendix A

Fitch Sovereign Risk Ratings	
<i>Rating</i>	<i>Interpretation</i>
AAA	Highest credit quality. 'AAA' ratings denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
AA	Very high credit quality. 'AA' ratings denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A	High credit quality. 'A' ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.
BBB	Good credit quality. 'BBB' ratings indicate that expectations of default risk are currently low. The capacity for timely payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.
BB	Speculative. 'BB' ratings indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time.
B	Highly speculative. 'B' ratings indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.
CCC	High default risk. Default is a real possibility.
CC	Very high levels of credit risk. Default of some kind appears probable.
C	Exceptionally high levels of credit risk. Default appears imminent or inevitable.
D	<p>Default. Indicates a default. Default generally is defined as one of the following:</p> <ul style="list-style-type: none"> • Failure to make payment of principal and/or interest under the contractual terms of the rated obligation; • The bankruptcy filings, administration, receivership, liquidation or other winding-up or cessation of the business of an issuer/obligor; or • The coercive exchange of an obligation, where creditors were offered securities with diminished structural or economic terms compared with the existing obligation.

DISCUSSION AND ACTION ON THE NON-POOLED FUNDS PORTFOLIO
REPORT FOR THE QUARTER ENDED DECEMBER 31, 2016.



COUNTY OF SACRAMENTO

DEPARTMENT OF FINANCE

NON-POOLED FUNDS PORTFOLIO REPORT

FOR QUARTER ENDED DECEMBER 31, 2016

**COUNTY OF SACRAMENTO
DEPARTMENT OF FINANCE**

NON-POOLED FUNDS PORTFOLIO REPORT

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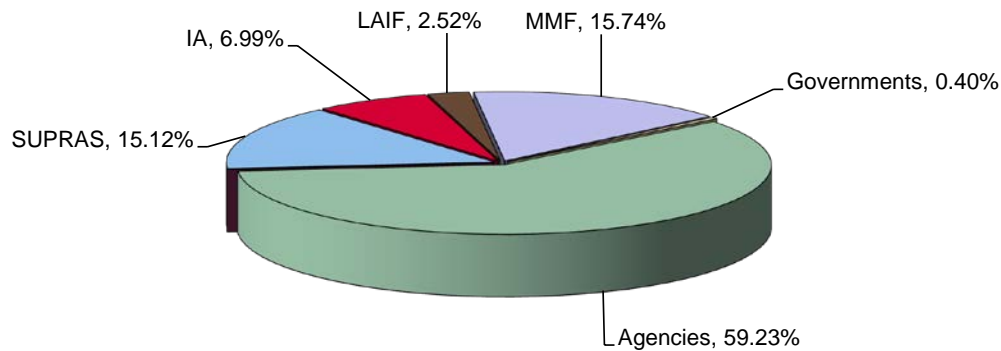
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COUNTY OF SACRAMENTO
Non-Pooled Funds - December 31, 2016

Portfolio Sector Concentration Profile
ALL NON-POOLED FUNDS

Sector	Credit Quality	Dollar Amount At Cost	Percent
GOVERNMENTS	AA+/Aaa/AAA		
Treasury Bills		\$ -	0.00%
Treasury Notes		\$ -	0.00%
Treasury Bonds		\$ -	0.00%
SLGs		\$ 2,267,480.00	0.40%
SUBTOTAL		\$ 2,267,480.00	0.40%
AGENCIES	AA+/Aaa/AAA		
FHLB		\$ -	0.00%
FHLB Discount Notes		\$ 317,999,836.47	55.71%
FNMA			0.00%
FNMA Discount Notes		\$ 745,576.90	0.13%
FFCB		\$ -	0.00%
FFCB Discount Notes			0.00%
FHLMC		\$ -	0.00%
FHLMC Discount Notes		\$ 19,341,562.31	3.39%
SUBTOTAL		\$ 338,086,975.68	59.23%
COMMERCIAL PAPER (CP)	A-1/P-1, or A-1/P-1/F1, or better	\$ -	0.00%
CERTIFICATE OF DEPOSIT (CD)	A-1/P-1, or A-1/P-1/F1, or better	\$ -	0.00%
WASHINGTON SUPRANATIONALS (SUPRAS)	AAA/Aaa/AAA	\$ 86,288,911.62	15.12%
INVESTMENT AGREEMENTS (IA)	Not Rated	\$ 39,887,197.40	6.99%
LOCAL AGENCY INVESTMENT FUND (LAIF)	Not Rated	\$ 14,400,000.00	2.52%
MONEY MARKET FUNDS (MMF)	AAA	\$ 89,853,803.70	15.74%
SWEEP	Not Rated	\$ -	0.00%
TOTAL		\$ 570,784,368.40	100.00%

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



County of Sacramento Non-Pooled Investment Funds

As of December 31, 2016

Fund	Description	Type	Funded Date	Maturity Date	Amount Issued	Book Value	Bond/Note TIC/NIC
Fiscal Agent Trustee Funds							
5030-35	REG SAN 2000 C SWAP	REV	1/2/2003	12/1/2030	100,000,000	1,589,605.20	3.740%
5174-75	Robla SD, Series 2015 A	GO	2/18/2015	8/1/2044	6,400,000	3,182,907.63	3.603%
5183-85	San Juan USD, Elec 2012 B	GO	7/1/2014	8/1/2027	80,000,000	24,795,801.67	2.168%
5277	SASD Series 2015 Refunding	REV	5/5/2015	8/1/2035	45,435,000	30.99	3.392%
5340-45	2006 Public Facilities Projects	COP	5/11/2006	2/1/2036	40,860,000	2,222,807.40	4.708%
5367-69	North Vineyard No. 1 2016	MR	6/8/2016	9/1/2045	13,410,000	12,108,640.12	3.740%
5410	Tobacco Settlement Ref 2005	TSP	12/6/2005	6/1/2045	255,486,288	892,613.03	5.807%
5450-54	SRCS D 2006	REV	7/20/2006	12/1/2036	338,960,000	10,828,891.57	4.746%
5455-57	SRCS D 2014A	REV	7/10/2014	12/1/2044	378,510,000	31,251,451.83	3.823%
5510-14	Water Financing Authority	REV	5/9/2007	6/1/2039	413,420,000	25,715,701.65	4.260%
5520-23	Metro Air Park 2007B	MR	12/14/2007	8/1/2034	40,200,000	3,047,678.77	6.886%
5553	Center USD, Series 2016E	GO	8/16/2016	8/1/2031	4,996,601	3,905,981.68	2.744%
5600-02	SRCS D REF 2007	REV	3/1/2007	12/1/2035	443,365,000	230.35	4.165%
5630-33	Airport System 2008 A	REV	5/1/2008	7/1/2041	169,575,000	3,845,313.88	5.353%
5693-95	San Juan USD, Series 2014	GO	7/1/2014	8/1/2032	25,925,000	15,774,877.62	3.497%
5760-65	Airport System 2008 B-C	REV	5/1/2008	7/1/2039	326,620,000	9,020,914.61	5.353%
5770-73	Airport System 2008 D-E	REV	5/1/2008	7/1/2026	89,430,000	3,888,916.28	5.161%
5800-07	Airport System 2009 A&B	REV	7/28/2009	7/1/2041	201,800,000	16,779,531.91	5.473%
5810-15	Airport System 2009 C&D	REV	7/28/2009	7/1/2041	278,250,000	24,271,999.80	6.010%
5830-34	2010 Refunding COPs	COP	3/12/2010	2/1/2030	126,105,000	11,534,055.80	5.097%
5860-63	SASD Series 2010 A&B	REV	8/11/2010	8/1/2040	126,620,000	139.05	4.069%
5870-74	Airport System 2010	REV	8/25/2010	7/1/2040	128,300,000	12,969,744.53	4.744%
5890-92	San Juan USD, Series 2011	GO	6/10/2011	6/1/2026	10,600,000	2,351,682.22	5.336%
5970-76	North Vineyard No. 2 2016	MR	6/8/2016	9/1/2046	23,155,000	15,148,108.26	4.036%
5980	Folsom USD SFID 5, 2014A	GO	8/13/2015	10/1/2040	40,000,000	3,667,630.24	3.713%
6080-82	Los Rios CCD Elec 2008 B	GO	6/27/2013	8/1/2038	60,000,000	6,057,644.76	4.109%
6100-01	SAFCA CAD Series 2016 A&B	AD	12/7/2016	10/1/2047	278,195,000	103,939,316.36	3.977%
6120-25	FCUSD SFID #3,4,5	GO	12/22/2016	10/1/2041	83,000,000	86,288,911.62	4.114%
6303-04	Robla SD, Series 2015 B	GO	11/5/2015	8/1/2045	10,100,000	9,981,438.44	4.015%
6305-06	Robla SD, Series 2015 I	GO	11/4/2015	8/1/2037	2,000,000	1,975,701.22	4.072%
6310-12	Sac City USD Series 2015	GO	6/4/2015	8/1/2040	90,000,000	64,589,440.45	3.672%
6315-18	Sac City USD Series 2016	GO	6/8/2016	8/1/2041	14,000,000	14,565,680.77	2.904%
6350-55	Public Facilities, 94 (Coroner)	REV	10/25/1994	10/1/2024	89,500,000	6,463,075.00	6.494%
6440-00	LAI F, STA Transport. Authority	SEP	11/15/1995	n/a	n/a	14,400,000.00	n/a
6581-84	Elliott Ranch Refunding	MR	8/13/1997	9/1/2021	21,415,000	2,615,865.97	6.231%
6600-04	Laguna Creek Refunding	MR	12/30/1997	12/1/2020	31,980,000	3,664,411.40	5.751%
6680-86	Metro Air Park	MR	12/30/1998	12/1/2021	5,310,000	259,887.33	7.000%
6890-92	Tobacco Settlement 01A/B	TSP	8/23/2001	6/1/2027	193,405,888	977,576.20	n/a
6980-84	Metro Air Park 2004 A	MR	4/8/2004	8/1/2034	63,460,000	337,853.53	6.890%
Book Value Subtotal Of Fiscal Agent Trustee Funds:						\$554,912,059.14	
Other Separate Trustees							
5410	Tobacco Securitization Authority 2005 Refunding						
	Collection Account		12/6/2005	6/1/2045		1,477.40	
	Operating Account		12/6/2005	6/1/2045		84,675.41	
	Sr Debt Service Account		12/6/2005	6/1/2045		8,580.54	
	Sr Liquidity Reserve Account		12/6/2005	6/1/2045		15,775,095.10	
	Sr Turbo Redemption Account		12/6/2005	6/1/2045		2,480.81	
	Subtotal					15,872,309.26	
Book Value Subtotal Of Funds Held By Other Separate Trustees:						\$15,872,309.26	
TOTAL NON-POOLED INVESTMENT FUNDS BOOK VALUE:						\$570,784,368.40	
<i>New issues are reflected in blue.</i>							
FUND TYPES:							
TSP - Tobacco Securitization Proceeds			MR - Mello Roos Bonds				
TR - Tax & Revenue Anticipation Notes			GO - General Obligation Bonds				
SEP - Funds held for unique purposes			AD - Assessment District Bonds				
REV - Revenue Bonds			COP - Certificates of Participation				
TC - Tax Collection Account							

GLOSSARY OF INVESTMENT TERMS

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

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

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

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

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

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

FFCB – Federal Farm Credit Bank

FHLB – Federal Home Loan Bank

FHLMC – Federal Home Loan Mortgage Corporation

FNMA – Federal National Mortgage Association

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

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

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

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

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

DISCUSSION AND ACTION ON THE QUARTERLY REPORT OF THE POOLED
INVESTMENT FUND FOR THE QUARTER ENDED DECEMBER 31, 2016, AND
COMPLIANCE WITH INVESTMENT POLICY.



Quarterly Pooled Investment Fund Report
 As Prescribed By
 California Government Code Section 53646
For The Quarter Ended December 31, 2016

Compliance to Investment Policy

Based on the Director of Finance's Review Group Month-End Reports, there were no items out of compliance with the Calendar Year 2016 Investment Policy during the quarter ended December 31, 2016.

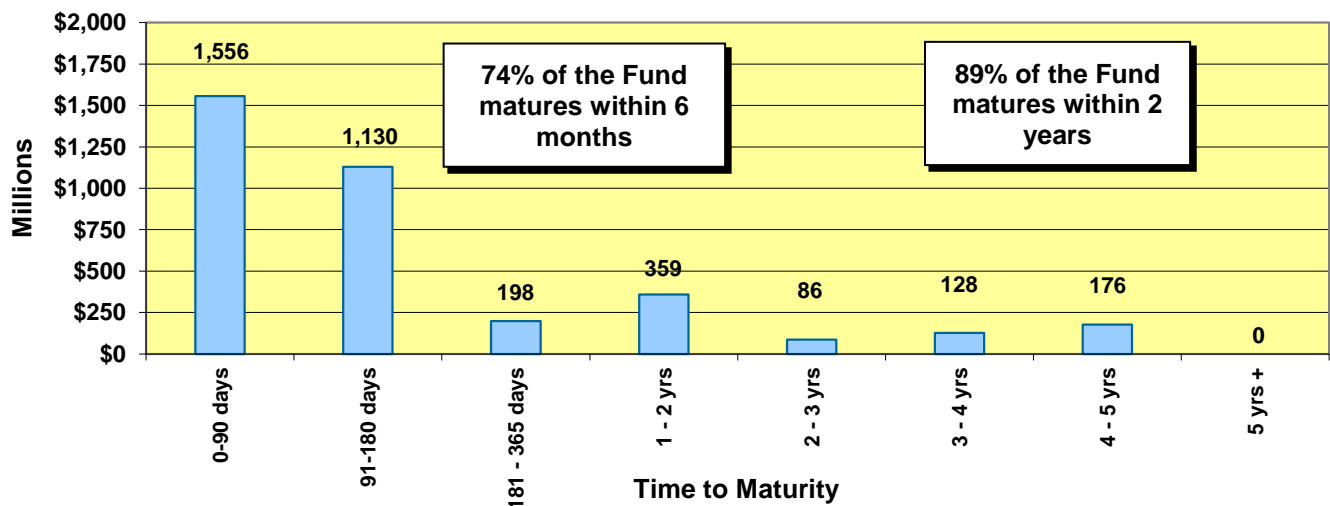
Portfolio Statistics	Quarter Ended 09/30/16	Quarter Ended 12/31/16
Average Daily Balance	\$3,080,161,780	\$3,032,777,732
Period-End Balance	\$2,953,548,273	\$3,632,339,690
Earned Interest Yield	0.845%	0.950%
Weighted Average Maturity	292 Days	274 Days
Duration in Years	0.789	0.738
Amortized Book Value	\$2,948,962,785	\$3,629,984,595
Market Value	\$2,957,066,896	\$3,628,593,859
Percent of Market to Cost	100.27%	99.96%

The earned interest yield presented above does not have any costs deducted. The investment management costs in prior years and this year continue to be approximately 10 basis points or 0.10%. The quarterly apportionment of earnings to participating funds will be made on a cash basis (as opposed to an accrual basis) for the first three quarters of the fiscal year. Earnings to participating funds will be annualized over the fiscal year based on a fund's cumulative average daily cash balance at each quarter end and fiscal year end. At fiscal year end (fourth quarter), the earnings of the Pool will be converted to an accrual basis for the fourth quarter earnings' allocation.

Portfolio Structure as of December 31, 2016¹

Investment Description	Percentage of Portfolio at Cost 09/30/16	Percentage of Portfolio at Cost 12/31/16	Percentage of Portfolio at Market 12/31/16	Earned Interest Yield at 12/31/16
<i>US Agency, Treasury & Municipal Notes (USATM):</i>				
<i>US Agency Notes</i>	29.14%	23.33%	23.28%	1.161%
<i>Notes/Discount Notes FFCB</i>	4.06%	3.57%	3.56%	1.035%
<i>Notes/Discount Notes FHLB</i>	10.21%	7.60%	7.60%	1.272%
<i>Notes/Discount Notes FNMA</i>	7.53%	6.47%	6.46%	1.278%
<i>Notes/Discount Notes FHLMC</i>	7.33%	5.68%	5.65%	0.960%
<i>US Treasury Notes</i>	0.00%	0.00%	0.00%	0.000%
<i>Municipal Notes</i>	0.68%	0.96%	0.96%	0.845%
Total USATM	29.82%	24.29%	24.24%	1.149%
Repurchase Agreements	0.00%	0.00%	0.00%	0.000%
Supranationals	9.83%	8.68%	8.61%	1.058%
Commercial Paper	29.02%	36.72%	36.81%	0.848%
Certificates of Deposit	29.13%	28.52%	28.56%	1.017%
LAIF	2.20%	1.79%	1.79%	0.678%
Money Market Accounts	0.00%	0.00%	0.00%	0.00%

POOLED INVESTMENT FUND MATURITIES AS OF DECEMBER 31, 2016
\$3.632 Billion



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

Projected Cash Flow

Based upon our cash flow model projection dated January 6, 2017, summarized below, we have sufficient cash flow to meet expenditures for the next 12 months.

Month	Bank Balance	Receipts & Maturities	Disbursements	Difference	Less Investments Beyond One Year	Funds Available for Future Cash Flow Needs*
<i>Dollar amounts represented in millions</i>						
Jan	30.0	\$1,162.3	\$827.7	\$334.6	\$45.0	\$289.6
Feb	30.0	\$951.4	\$545.1	\$406.3	\$45.0	\$361.3
Mar	30.0	\$1,324.3	\$616.3	\$708.0	\$45.0	\$663.0
Apr	30.0	\$1,311.0	\$590.2	\$720.8	\$45.0	\$675.8
May	30.0	\$1,160.9	\$979.3	\$181.6	\$45.0	\$136.6
Jun	30.0	\$1,065.5	\$739.4	\$326.1	\$45.0	\$281.1
Jul	30.0	\$550.8	\$964.7	(\$413.9)	\$45.0	(\$458.9)
Aug	30.0	\$564.2	\$718.8	(\$154.6)	\$45.0	(\$199.6)
Sep	30.0	\$734.3	\$607.5	\$126.8	\$45.0	\$81.8
Oct	30.0	\$691.7	\$763.1	(\$71.4)	\$45.0	(\$116.4)
Nov	30.0	\$724.4	\$701.3	\$23.1	\$45.0	(\$21.9)
Dec	30.0	\$1,581.8	\$766.6	\$815.2	\$45.0	\$770.2

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

Detailed Listing of Investments

A complete detailed listing of all investments for the Pooled Investment Fund as of December 31, 2016, is contained in the back of this report. This report notes the type of investment; name of the security; the CUSIP; the purchase date; the maturity date; the coupon and the yield; the par value, book value and market value of each security; the pricing source for the market value; and the duration of each security.

External third-party investment manager(s) at December 31, 2016:

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

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

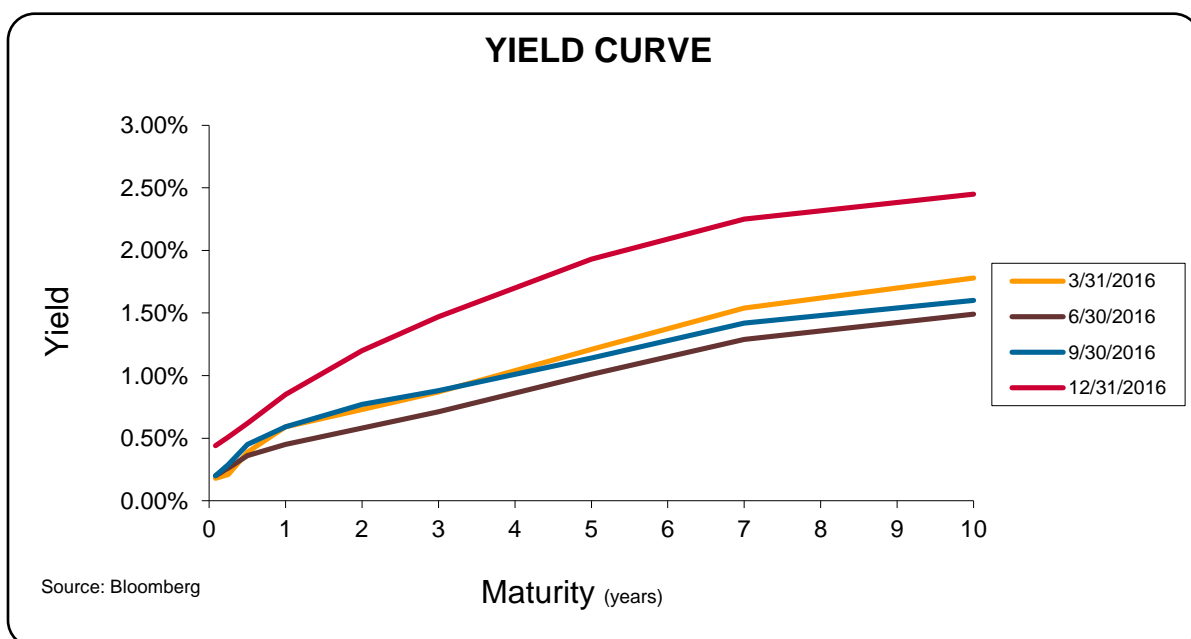
THIS COMPLETES THE QUARTERLY REPORT REQUIREMENTS OF CALIFORNIA GOVERNMENT CODE § 53646.

Financial Markets Commentary

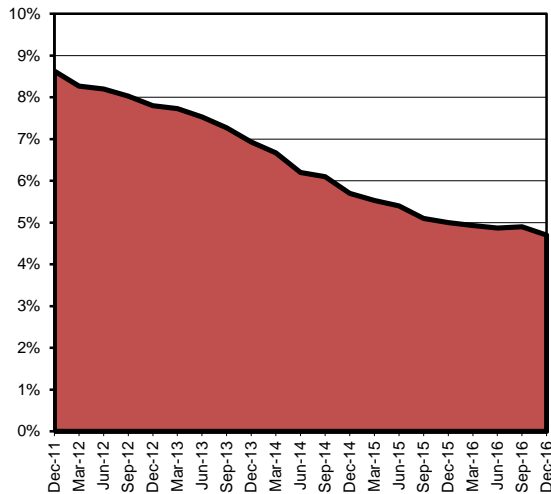
On December 14, 2016, the Federal Open Market Committee (FOMC) raised the overnight federal funds rate for first time in nearly a year by 0.25%. They also indicated that they anticipate the need for three more 0.25% rate increases in 2017 as labor market conditions continue to improve and inflation expectations meet the Federal Reserve's stated objective of 2%. Federal Reserve Chair Yellen has stated the US job market is the strongest it's been in a decade. The unemployment rate in November was 4.6%, the lowest rate since August 2007 and the Federal Reserve Bank of Atlanta predicted the unemployment rate will fall to 3.9% over the next year.

With the monetary policies from the Federal Reserve and fiscal policies proposed by the incoming administration, interest rates across the yield curve are at multiyear highs. Fiscal stimulus is coming via the newly elected President's proposed trillion dollar tax cuts and infrastructure spending. The projected deficits have led interest rates higher since Election Day in November. The FOMC has also stressed that the recent increase in wages will lead to more pricing pressures. Average hourly earnings rose 2.9% in December year-over-year, the largest increase since 2009, which should move inflation closer to the FOMC's 2% objective.

Despite market predictions for higher interest rates, there are several headwinds facing the US economy. The fiscal policy objectives of the Trump administration will be met with some trepidation from Congress. Restrictive trade policies expressed by the new administration may hinder economic growth at best or be destructive at worst if they lead to a global trade war. The next FOMC meeting is February 1, 2017, but will not be accompanied by an updated economic projection or a press conference by Chair Yellen. The following meeting on March 15th should give some indication of the impact of the FOMC's recent rate hike and the implication of President Trump's economic policy. We expect the yield on the Pooled Investment fund to continue to rise at a moderate pace over the next several quarters.

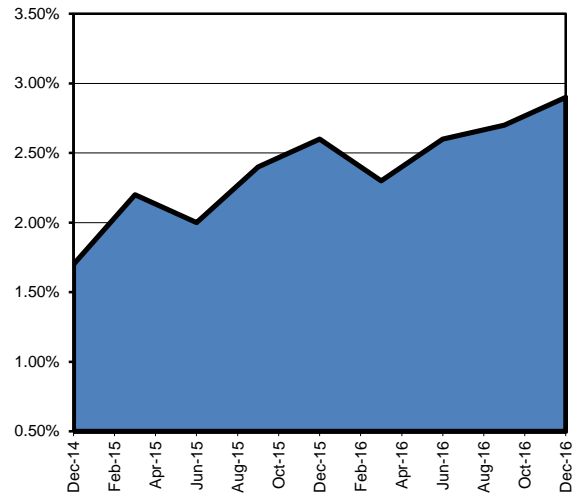


US UNEMPLOYMENT RATE



Source: Bloomberg

US AVERAGE HOURLY EARNINGS



Source: Bloomberg

Portfolio Management Strategy

During the past quarter, we continued to provide adequate liquidity to meet the cash flow needs of the Pooled Investment Fund participants. We are currently funding the cash flows for July 2017. We are purchasing two- and five-year U. S. Treasury and/or Agency securities on a monthly basis for the “CORE” portfolio, which is composed of all securities maturing beyond one year. This laddered structure stabilizes the yield over longer periods. Over the next quarter, our quarterly yield should range between 1.00% and 1.05%.

Respectfully submitted,
Bernard Santo Domingo
Chief Investment Officer

Concur,
Ben Lamera
Director of Finance

Attachment County of Sacramento Short-Term Investment Portfolio

Release Date: January 24, 2017

COUNTY OF SACRAMENTO
SHORT-TERM INVESTMENT PORTFOLIO
POOLED FUNDS
AS OF 12/31/2016

<u>DESCRIPTION</u>	<u>CUSIP</u>	<u>PURCHASE DATE</u>	<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>TRADING YIELD</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>SOURCE</u>	<u>DURATION (YEARS)</u>
VR-SAC COUNTY 12-13		3/26/2013	8/1/2017	0.845%	0.845%	1,783,537.48	1,783,537.48	1,783,537.48	BOOK	0.583
VR-SAC COUNTY 13-14		12/10/2013	8/1/2018	0.845%	0.845%	2,796,909.75	2,796,909.75	2,796,909.75	BOOK	1.579
VR-SAC COUNTY 14-15		12/9/2014	8/1/2019	0.845%	0.845%	5,549,114.98	5,549,114.98	5,549,114.98	BOOK	2.654
VR-SAC COUNTY 15-16		10/27/2015	8/3/2020	0.845%	0.845%	7,202,072.33	7,202,072.33	7,202,072.33	BOOK	3.560
VR-SAC COUNTY 16-17		11/1/2016	8/2/2021	0.845%	0.845%	17,384,795.61	17,384,795.61	17,384,795.61	BOOK	4.510
TOTAL VARIABLE RATE(MUNI)QUARTERLY				0.845%	0.845%	34,716,430.15	34,716,430.15	34,716,430.15		3.578
						0.96%	0.96%	0.96%		
FFCB NOTE (120)	3133EEJ43	5/8/2015	5/8/2017	0.650%	0.721%	25,000,000.00	24,965,000.00	24,994,500.00	SUNGARD	0.350
FFCB NOTE (330)	3133EFCY1	9/14/2015	9/14/2017	0.780%	0.868%	25,000,000.00	24,956,500.00	25,000,250.00	SUNGARD	0.701
FFCB NOTE (330)	3133EFWW3	1/27/2016	12/27/2017	0.875%	0.949%	5,000,000.00	4,993,000.00	4,995,450.00	SUNGARD	0.987
FFCB NOTE (260)	3133EFVC8	1/25/2016	1/19/2018	1.000%	0.952%	20,000,000.00	20,018,800.00	19,956,200.00	SUNGARD	1.043
FFCB NOTE (170)	3133EGJ48	11/16/2016	11/16/2018	0.890%	0.982%	25,000,000.00	24,954,500.00	24,833,250.00	SUNGARD	1.862
FFCB NOTE (260)	3133EE5Z9	8/28/2015	8/4/2020	1.750%	1.700%	10,000,000.00	10,023,500.00	9,920,300.00	SUNGARD	3.472
FFCB NOTE (120)	3133EFLZ8	10/28/2015	10/28/2020	1.460%	1.460%	5,000,000.00	5,000,000.00	4,900,950.00	SUNGARD	3.725
FFCB NOTE (86)	3133EFLZ8	10/28/2015	10/28/2020	1.460%	1.460%	5,000,000.00	5,000,000.00	4,900,950.00	SUNGARD	3.725
FFCB NOTE (85)	3133EFYZ4	2/18/2016	2/10/2021	1.375%	1.495%	10,000,000.00	9,942,600.00	9,716,100.00	SUNGARD	3.987
TOTAL FED FARM CREDIT BONDS(FFCB)				0.987%	1.035%	130,000,000.00	129,853,900.00	129,217,950.00		1.619
						3.58%	3.57%	3.56%		
FHLB NOTE (20)	3130A4KD3	3/9/2015	3/9/2017	0.750%	0.758%	25,000,000.00	24,995,845.00	25,004,500.00	SUNGARD	0.186
FHLB NOTE (120)	313379FW4	6/3/2015	6/9/2017	1.000%	0.766%	25,000,000.00	25,117,000.00	25,033,750.00	SUNGARD	0.438
FHLB NOTE (92)	313379VE6	7/26/2012	6/19/2017	1.010%	0.816%	5,000,000.00	5,046,345.00	5,005,700.00	SUNGARD	0.465
FHLB NOTE (30)	3130A6LZ8	10/9/2015	10/26/2017	0.625%	0.724%	25,000,000.00	24,949,750.00	24,961,500.00	SUNGARD	0.818
FHLB NOTE (120)	3130A6RD1	11/4/2015	11/3/2017	0.850%	0.852%	25,000,000.00	24,999,250.00	24,984,500.00	SUNGARD	0.837
FHLB NOTE (330)	3130A6SW8	12/4/2015	12/19/2017	1.000%	1.067%	25,000,000.00	24,966,250.00	25,016,000.00	SUNGARD	0.964
FHLB NOTE (120)	313378A43	4/26/2013	3/9/2018	1.375%	0.843%	5,000,000.00	5,126,600.00	5,017,900.00	SUNGARD	1.179
FHLB NOTE (76)	313379DT3	6/10/2013	6/8/2018	1.250%	1.265%	5,000,000.00	4,996,500.00	5,011,400.00	SUNGARD	1.427
FHLB NOTE (85)	313373UU4	7/25/2013	6/8/2018	2.750%	1.615%	5,000,000.00	5,264,700.00	5,111,650.00	SUNGARD	1.416
FHLB NOTE (120)	313376BR5	12/24/2013	12/14/2018	1.750%	1.778%	5,000,000.00	4,993,400.00	5,052,350.00	SUNGARD	1.927
FHLB NOTE (120)	313376BR5	12/1/2016	12/14/2018	1.750%	1.209%	25,000,000.00	25,271,375.00	25,261,750.00	SUNGARD	1.927
FHLB NOTE (20)	3130A2FH4	6/18/2014	6/14/2019	1.750%	1.853%	5,000,000.00	4,975,473.25	5,042,300.00	SUNGARD	2.410
FHLB NOTE (330)	3130A2FH4	8/1/2014	6/14/2019	1.750%	1.889%	5,000,000.00	4,967,750.00	5,042,300.00	SUNGARD	2.410
FHLB NOTE (120)	313383VN8	9/15/2014	9/13/2019	2.000%	1.884%	10,000,000.00	10,055,231.70	10,093,500.00	SUNGARD	2.627
FHLB NOTE (330)	313383VN8	10/20/2014	9/13/2019	2.000%	1.653%	10,000,000.00	10,162,300.00	10,093,500.00	SUNGARD	2.627
FHLB NOTE (120)	3130A0JR2	12/16/2014	12/13/2019	2.375%	1.713%	10,000,000.00	10,315,650.00	10,243,100.00	SUNGARD	2.864
FHLB NOTE (20)	313378J77	4/23/2015	3/13/2020	1.875%	1.455%	10,000,000.00	10,197,500.00	10,094,500.00	SUNGARD	3.105

COUNTY OF SACRAMENTO
SHORT-TERM INVESTMENT PORTFOLIO
POOLED FUNDS
AS OF 12/31/2016

<u>DESCRIPTION</u>	<u>CUSIP</u>	<u>PURCHASE DATE</u>	<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>TRADING YIELD</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>SOURCE</u>	<u>DURATION (YEARS)</u>
FHLB NOTE (120)	313383HU8	6/12/2015	6/12/2020	1.750%	1.903%	10,000,000.00	9,927,290.00	10,007,900.00	SUNGARD	3.357
FHLB NOTE (45)	313383HU8	7/14/2015	6/12/2020	1.750%	1.851%	10,000,000.00	9,952,800.00	10,007,900.00	SUNGARD	3.357
FHLB NOTE (330)	3130A5Z77	9/28/2015	7/29/2020	1.830%	1.600%	10,000,000.00	10,106,700.00	9,928,800.00	SUNGARD	3.454
FHLB NOTE (45)	3130AABG2	12/16/2016	11/29/2021	1.875%	2.228%	20,000,000.00	19,670,800.00	19,871,200.00	SUNGARD	4.706
TOTAL FED HOME LOAN BANKS				1.388%	1.272%	275,000,000.00	276,058,509.95	275,886,000.00		1.793
						7.57%	7.60%	7.60%		
FNMA NOTE (23)	3135G0GY3	1/31/2012	1/30/2017	1.250%	1.015%	5,000,000.00	5,057,050.00	5,002,350.00	SUNGARD	0.082
FNMA NOTE (260)	3135G0GY3	1/31/2014	1/30/2017	1.250%	0.796%	10,000,000.00	10,134,300.00	10,004,700.00	SUNGARD	0.082
FNMA NOTE (330)	3135G0ZB2	4/4/2014	4/20/2017	0.750%	1.004%	10,000,000.00	9,923,900.00	10,003,900.00	SUNGARD	0.301
FNMA NOTE (92)	3135G0JA2	9/28/2012	4/27/2017	1.125%	0.694%	10,000,000.00	10,193,840.00	10,015,100.00	SUNGARD	0.320
FNMA NOTE (330)	3135G0JA2	4/9/2015	4/27/2017	1.125%	0.640%	25,000,000.00	25,246,750.00	25,037,750.00	SUNGARD	0.320
FNMA NOTE (120)	3135G0MZ3	8/21/2014	8/28/2017	0.875%	1.039%	10,000,000.00	9,951,340.00	10,006,900.00	SUNGARD	0.664
FNMA NOTE (76)	3135G0PQ0	10/26/2012	10/26/2017	0.875%	0.959%	5,000,000.00	4,979,550.00	5,000,700.00	SUNGARD	0.817
FNMA NOTE (77)	3135G0RT2	12/20/2012	12/20/2017	0.875%	0.885%	5,000,000.00	4,997,550.00	4,997,250.00	SUNGARD	0.967
FNMA NOTE (92)	3135G0TG8	2/28/2013	2/8/2018	0.875%	0.894%	5,000,000.00	4,995,435.00	4,996,600.00	SUNGARD	1.096
FNMA NOTE (330)	3135G0J61	3/4/2016	3/28/2018	0.875%	0.933%	25,000,000.00	24,970,250.00	24,949,750.00	SUNGARD	1.235
FNMA NOTE (76)	3135G0WJ8	5/21/2013	5/21/2018	0.875%	1.013%	5,000,000.00	4,966,370.00	4,986,000.00	SUNGARD	1.382
FNMA NOTE (120)	3135G0YM9	9/18/2013	9/18/2018	1.875%	2.091%	10,000,000.00	9,897,900.00	10,115,900.00	SUNGARD	1.686
FNMA NOTE (85)	3135G0YT4	11/27/2013	11/27/2018	1.625%	1.578%	10,000,000.00	10,022,500.00	10,075,400.00	SUNGARD	1.882
FNMA NOTE (330)	3135G0ZA4	2/21/2014	2/19/2019	1.875%	1.724%	10,000,000.00	10,071,800.00	10,121,800.00	SUNGARD	2.087
FNMA NOTE (330)	3135G0ZY2	11/26/2014	11/26/2019	1.750%	1.836%	10,000,000.00	9,958,950.00	10,076,500.00	SUNGARD	2.838
FNMA NOTE (20)	3135G0A78	1/30/2015	1/21/2020	1.625%	1.431%	10,000,000.00	10,092,965.20	10,029,600.00	SUNGARD	2.972
FNMA NOTE (120)	3135G0A78	2/13/2015	1/21/2020	1.625%	1.658%	10,000,000.00	9,984,400.00	10,029,600.00	SUNGARD	2.972
FNMA (330)	3135G0UU5	3/24/2015	3/6/2020	1.750%	1.544%	10,000,000.00	10,097,580.00	10,057,500.00	SUNGARD	3.091
FNMA NOTE (120)	3135G0H55	12/28/2015	12/28/2020	1.875%	1.836%	10,000,000.00	10,018,400.00	10,026,400.00	SUNGARD	3.864
FNMA NOTE (20)	3135G0Q89	10/13/2016	10/7/2021	1.375%	1.497%	20,000,000.00	19,883,440.00	19,457,400.00	SUNGARD	4.615
FNMA NOTE (45)	3135G0Q89	11/16/2016	10/7/2021	1.375%	1.775%	20,000,000.00	19,626,600.00	19,457,400.00	SUNGARD	4.614
TOTAL FED NAT MORT ASSOC				1.314%	1.278%	235,000,000.00	235,070,870.20	234,448,500.00		2.004
						6.47%	6.47%	6.46%		
FHLMC NOTE (330)	3137EADU0	1/22/2015	1/27/2017	0.500%	0.629%	25,000,000.00	24,935,400.00	24,999,750.00	SUNGARD	0.074
FHLMC NOTE (23)	3137EADT3	2/21/2014	2/22/2017	0.875%	0.780%	10,000,000.00	10,028,100.00	10,004,500.00	SUNGARD	0.145
FHLMC NOTE (120)	3137EADT3	2/6/2015	2/22/2017	0.875%	0.625%	25,000,000.00	25,126,750.00	25,011,250.00	SUNGARD	0.145
FHLMC NOTE (23)	3137EADC0	3/21/2012	3/8/2017	1.000%	1.417%	5,000,000.00	4,900,500.00	5,004,000.00	SUNGARD	0.183
FHLMC NOTE (85)	3137EADC0	3/12/2014	3/8/2017	1.000%	0.843%	10,000,000.00	10,046,100.00	10,008,000.00	SUNGARD	0.183
FHLMC NOTE (76)	3137EADF3	5/23/2012	5/12/2017	1.250%	1.056%	5,000,000.00	5,046,835.00	5,010,950.00	SUNGARD	0.361

COUNTY OF SACRAMENTO
SHORT-TERM INVESTMENT PORTFOLIO
POOLED FUNDS
AS OF 12/31/2016

<u>DESCRIPTION</u>	<u>CUSIP</u>	<u>PURCHASE DATE</u>	<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>TRADING YIELD</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>SOURCE</u>	<u>DURATION (YEARS)</u>
FHLMC NOTE (45)	3137EADF3	5/23/2014	5/15/2017	1.250%	0.830%	10,000,000.00	10,122,900.00	10,021,900.00	SUNGARD	0.370
FHLMC NOTE (85)	3137EADH9	9/17/2012	6/29/2017	1.000%	0.820%	10,000,000.00	10,084,200.00	10,015,400.00	SUNGARD	0.493
FHLMC NOTE (120)	3137EADH9	6/11/2014	6/29/2017	1.000%	0.983%	10,000,000.00	10,005,120.00	10,015,400.00	SUNGARD	0.493
FHLMC NOTE (45)	3137EADV8	7/13/2015	7/14/2017	0.750%	0.724%	25,000,000.00	25,013,000.00	25,004,250.00	SUNGARD	0.534
FHLMC NOTE (120)	3137EADJ5	7/10/2014	7/15/2017	1.000%	1.048%	10,000,000.00	9,985,570.00	10,015,500.00	SUNGARD	0.536
FHLMC NOTE (76)	3137EADL0	10/1/2012	9/29/2017	1.000%	0.846%	5,000,000.00	5,037,550.00	5,004,850.00	SUNGARD	0.742
FHLMC NOTE (92)	3137EABA6	11/28/2012	11/17/2017	5.125%	0.800%	5,000,000.00	6,051,620.00	5,181,200.00	SUNGARD	0.866
FHLMC NOTE (88)	3137EADN6	1/28/2013	1/12/2018	0.750%	0.963%	5,000,000.00	4,948,575.00	4,989,800.00	SUNGARD	1.025
FHLMC NOTE (86)	3137EADP1	3/12/2013	3/7/2018	0.875%	1.028%	5,000,000.00	4,962,900.00	4,993,500.00	SUNGARD	1.177
FHLMC NOTE (120)	3137EACA5	3/27/2014	3/27/2019	3.750%	1.832%	5,000,000.00	5,456,250.00	5,267,200.00	SUNGARD	2.151
FHLMC NOTE (120)	3137EADG1	5/30/2014	5/30/2019	1.750%	1.655%	10,000,000.00	10,045,460.00	10,094,200.00	SUNGARD	2.371
FHLMC NOTE (85)	3137EADK2	8/20/2014	8/1/2019	1.250%	1.727%	5,000,000.00	4,887,300.00	4,979,400.00	SUNGARD	2.537
FHLMC NOTE (120)	3137EADR7	5/20/2015	5/1/2020	1.375%	1.625%	10,000,000.00	9,881,500.00	9,922,500.00	SUNGARD	3.262
FHLMC NOTE (170)	3137EAEC9	8/17/2016	8/12/2021	1.125%	1.314%	10,000,000.00	9,908,900.00	9,627,600.00	SUNGARD	4.489
TOTAL FHLMC				1.157%	0.960%	205,000,000.00	206,474,530.00	205,171,150.00		0.913
						5.64%	5.68%	5.65%		
IBRD Note (45)	45905UTD6	8/14/2015	8/14/2017	0.850%	0.850%	25,000,000.00	25,000,000.00	25,000,000.00	SUNGARD	0.617
IFC NOTE (45)	45950VHL3	2/11/2016	2/12/2018	0.850%	0.850%	25,000,000.00	25,000,000.00	24,901,500.00	SUNGARD	1.108
IFC NOTE (45)	45950VJB3	4/18/2016	4/18/2018	0.875%	0.875%	25,000,000.00	25,000,000.00	25,000,000.00	SUNGARD	1.291
IFC NOTE (45)	45950VJD9	5/12/2016	5/12/2018	0.870%	0.870%	25,000,000.00	25,000,000.00	25,000,000.00	SUNGARD	1.357
IBRD NOTE (45)	45905UWZ3	6/20/2016	6/20/2018	0.890%	0.890%	25,000,000.00	25,000,000.00	24,857,500.00	SUNGARD	1.463
IFC NOTE (45)	45950KCC2	7/18/2016	7/16/2018	1.250%	0.816%	9,000,000.00	9,077,130.00	8,988,660.00	SUNGARD	1.523
IBRD NOTE (170)	45905UUL6	7/14/2016	7/26/2018	1.200%	0.841%	16,000,000.00	16,115,520.00	16,115,520.00	SUNGARD	1.552
IFC NOTE (45)	45950VJR8	8/12/2016	8/12/2018	0.880%	0.880%	25,000,000.00	25,000,000.00	24,791,500.00	SUNGARD	1.601
IFC NOTE (170)	45950VJY3	9/15/2016	9/14/2018	0.925%	0.925%	25,000,000.00	25,000,000.00	24,799,000.00	SUNGARD	1.689
IADB NOTE (23)	4581X0CK2	10/7/2016	9/25/2018	1.500%	0.991%	14,000,000.00	14,138,320.00	14,030,380.00	SUNGARD	1.711
IBRD NOTE (45)	459058ERO	10/7/2016	10/5/2018	1.000%	0.977%	11,000,000.00	11,005,060.00	10,945,550.00	SUNGARD	1.746
IADB NOTE (45)	4581X0CD8	11/12/2015	11/9/2020	2.125%	1.887%	10,000,000.00	10,112,900.00	10,092,000.00	SUNGARD	3.712
IBRD NOTE (45)	45905UUY8	2/4/2016	2/4/2021	1.550%	1.550%	10,000,000.00	10,000,000.00	9,751,000.00	SUNGARD	3.956
IBRD Note (45)	459058EW9	3/9/2016	3/9/2021	1.625%	1.667%	10,000,000.00	9,979,880.00	9,835,000.00	SUNGARD	4.046
IBRD NOTE (45)	459058EW9	4/22/2016	3/9/2021	1.625%	1.413%	10,000,000.00	10,099,780.00	9,835,000.00	SUNGARD	4.047
IBRD NOTE (170)	459058FH1	5/24/2016	5/24/2021	1.375%	1.416%	10,000,000.00	9,980,400.00	9,718,100.00	SUNGARD	4.276
IBRD NOTE (170)	459058FH1	6/17/2016	5/24/2021	1.375%	1.311%	10,000,000.00	10,030,300.00	9,718,100.00	SUNGARD	4.276
IBRD NOTE (170)	45905UXP4	7/26/2016	7/26/2021	1.300%	1.305%	10,000,000.00	9,997,500.00	9,610,700.00	SUNGARD	4.427
IADB NOTE (170)	4581X0CV8	9/16/2016	9/14/2021	1.250%	1.439%	20,000,000.00	19,818,800.00	19,281,200.00	SUNGARD	4.565
TOTAL SUPRANATIONALS				1.114%	1.058%	315,000,000.00	315,355,590.00	312,270,710.00		2.185

COUNTY OF SACRAMENTO
SHORT-TERM INVESTMENT PORTFOLIO
POOLED FUNDS
AS OF 12/31/2016

<u>DESCRIPTION</u>	<u>CUSIP</u>	<u>PURCHASE DATE</u>	<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>TRADING YIELD</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>SOURCE</u>	<u>DURATION (YEARS)</u>
						8.67%	8.68%	8.61%		
CP-TORONTO (20)	89116EN41	7/19/2016	1/4/2017	0.900%	0.904%	30,000,000.00	29,873,250.00	29,998,500.00	SUNGARD	0.011
CP-NATIXIS (260)	63873JN48	12/28/2016	1/4/2017	0.600%	0.600%	100,000,000.00	99,988,333.34	99,995,000.00	SUNGARD	0.011
CP-TORONTO (20)	89116EN58	7/21/2016	1/5/2017	0.900%	0.904%	20,000,000.00	19,916,000.00	19,998,666.67	SUNGARD	0.014
CP-NATIXIS (86)	63873JN55	12/29/2016	1/5/2017	0.600%	0.600%	48,000,000.00	47,994,400.00	47,996,800.00	SUNGARD	0.014
CP-US BANK (240)	9033E0NQ5	9/6/2016	1/24/2017	0.750%	0.752%	30,000,000.00	29,912,500.00	29,988,500.00	SUNGARD	0.066
CP-US BANK (240)	9033E0NT9	9/1/2016	1/27/2017	0.770%	0.772%	55,000,000.00	54,825,894.44	54,976,166.67	SUNGARD	0.074
CP-CIBC (260)	13607EP11	9/15/2016	2/1/2017	0.770%	0.772%	25,000,000.00	24,925,673.61	24,987,083.33	SUNGARD	0.088
CP-CIBC (260)	13607EP11	9/16/2016	2/1/2017	0.770%	0.772%	40,000,000.00	39,881,933.33	39,979,333.33	SUNGARD	0.088
CP-US BANK (240)	9033E0P18	9/29/2016	2/1/2017	0.690%	0.692%	20,000,000.00	19,952,083.33	19,989,666.67	SUNGARD	0.088
CP-COCA COLA (85)	19121AP21	9/29/2016	2/2/2017	0.690%	0.692%	45,000,000.00	44,891,325.00	44,976,000.00	SUNGARD	0.090
CP-BK OF MONTREAL (45)	06366GP37	10/5/2016	2/3/2017	0.900%	0.903%	25,000,000.00	24,924,375.00	24,986,250.00	SUNGARD	0.093
CP-TOYOTA (270)	89233GP67	10/13/2016	2/6/2017	0.870%	0.872%	20,000,000.00	19,943,933.33	19,988,000.00	SUNGARD	0.101
CP- MICROSOFT (85)	59515MP74	10/20/2016	2/7/2017	0.730%	0.732%	50,000,000.00	49,888,472.22	49,969,166.67	SUNGARD	0.104
CP-COCA COLA (85)	19121APA3	9/23/2016	2/10/2017	0.720%	0.722%	50,000,000.00	49,860,000.00	49,966,666.67	SUNGARD	0.112
CP-MICROSOFT (85)	59515MPE9	10/20/2016	2/14/2017	0.750%	0.752%	35,000,000.00	34,914,687.50	34,974,333.33	SUNGARD	0.123
CP-COCA COLA (85)	19121APF2	10/17/2016	2/15/2017	0.710%	0.712%	15,000,000.00	14,964,204.17	14,988,750.00	SUNGARD	0.126
CP-TOYOTA (270)	89233GQ17	10/24/2016	3/1/2017	0.880%	0.883%	35,000,000.00	34,890,488.89	34,965,583.33	SUNGARD	0.164
CP-TOYOTA (270)	89233GQ17	10/27/2016	3/1/2017	0.870%	0.873%	28,000,000.00	27,915,416.67	27,972,466.67	SUNGARD	0.164
CP-MICROSOFT (85)	59515MQ24	11/1/2016	3/2/2017	0.760%	0.762%	35,000,000.00	34,910,594.44	34,959,166.67	SUNGARD	0.167
CP-TOYOTA (270)	89233GQ66	11/3/2016	3/6/2017	0.850%	0.852%	12,000,000.00	11,965,150.00	11,985,066.67	SUNGARD	0.178
CP-TORONTO (20)	89116EQ71	11/2/2016	3/7/2017	0.740%	0.742%	40,000,000.00	39,897,222.22	39,949,444.44	SUNGARD	0.181
CP-TOYOTA (270)	89233GQD1	11/10/2016	3/13/2017	0.850%	0.852%	25,000,000.00	24,927,395.83	24,965,486.11	SUNGARD	0.197
CP- TOYOTA MOTOR (270)	89233GQE9	11/14/2016	3/14/2017	0.860%	0.862%	15,000,000.00	14,957,000.00	14,979,000.00	SUNGARD	0.200
CP-MICROSOFT (85)	59515MQG3	11/17/2016	3/16/2017	0.870%	0.873%	20,000,000.00	19,942,483.33	19,971,222.22	SUNGARD	0.205
CP-CHEVRON (85)	16677JQL3	11/17/2016	3/20/2017	0.810%	0.812%	25,000,000.00	24,930,812.50	24,962,083.33	SUNGARD	0.216
CP-CHEVRON (85)	16677JQM1	11/18/2016	3/21/2017	0.810%	0.812%	15,000,000.00	14,958,487.50	14,976,958.33	SUNGARD	0.219
CP-JP MORGAN(23)	46640PR39	10/28/2016	4/3/2017	0.850%	0.853%	80,000,000.00	79,703,444.44	79,795,555.56	SUNGARD	0.255
CP-CHEVRON (85)	16677JR40	11/18/2016	4/4/2017	0.810%	0.813%	35,000,000.00	34,892,112.50	34,909,583.33	SUNGARD	0.257
CP-TORONTO (20)	89116ER54	11/22/2016	4/5/2017	0.910%	0.913%	20,000,000.00	19,932,255.56	19,947,777.78	SUNGARD	0.260
CP-TORONTO (20)	89116ER70	11/23/2016	4/7/2017	0.920%	0.923%	32,000,000.00	31,889,600.00	31,914,666.67	SUNGARD	0.266
CP-BANK OF MONTREAL(45)	06366GS18	12/1/2016	5/1/2017	1.020%	1.024%	30,000,000.00	29,871,650.00	29,885,000.00	SUNGARD	0.331
CP-CHEVRON (85)	16677JS23	11/30/2016	5/2/2017	0.870%	0.873%	33,000,000.00	32,877,982.50	32,872,445.83	SUNGARD	0.334
CP-BK OF MONTREAL(45)	06366GS34	12/2/2016	5/3/2017	1.040%	1.045%	45,000,000.00	44,802,400.00	44,824,625.00	SUNGARD	0.337
CP-US BANK (240)	9033E0SC1	11/29/2016	5/12/2017	0.920%	0.924%	20,000,000.00	19,916,177.78	19,916,305.56	SUNGARD	0.361
CP-JP MORGAN (23)	46640PT11	12/9/2016	6/1/2017	1.160%	1.167%	70,000,000.00	69,607,533.33	69,662,347.22	SUNGARD	0.416
CP-TORONTO (20)	89116ET29	12/13/2016	6/2/2017	1.100%	1.106%	25,000,000.00	24,869,375.00	24,878,611.11	SUNGARD	0.419
CP-BK OF MONTREAL(45)	06366GT58	12/15/2016	6/5/2017	1.220%	1.227%	25,000,000.00	24,854,277.78	24,876,215.28	SUNGARD	0.427

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CP-CIBC (260)	13607ET66	12/19/2016	6/6/2017	1.140%	1.146%	30,000,000.00	29,839,450.00	29,850,500.00	SUNGARD	0.430
CP-TOYOTA (270)	89233GTE6	12/16/2016	6/14/2017	1.150%	1.157%	35,000,000.00	34,798,750.00	34,816,638.89	SUNGARD	0.452
TOTAL COMMERCIAL PAPER DISC				0.845%	0.848%	1,338,000,000.00	1,333,807,125.54	1,335,595,633.34		0.189
						36.82%	36.72%	36.81%		
CD-WEST PAC (120)	96121TV47	7/14/2016	1/3/2017	0.900%	0.900%	25,000,000.00	25,000,000.00	25,000,619.66	SUNGARD	0.008
CD-RABOBANK (280)	21685VQQ5	7/27/2016	1/3/2017	0.920%	0.920%	25,000,000.00	25,000,000.00	25,000,661.62	SUNGARD	0.008
CD-HSBC USA (120)	40428A2P1	7/28/2016	1/3/2017	1.020%	1.020%	30,000,000.00	30,000,000.00	30,001,043.32	SUNGARD	0.008
CD-SVENSKA (260)	86958JAT6	8/4/2016	1/6/2017	1.005%	1.000%	25,000,000.00	25,000,535.89	25,001,676.93	SUNGARD	0.016
CD-BK OF NOVA SCOTIA(1542)	06417GMF2	8/11/2016	1/9/2017	1.020%	1.020%	30,000,000.00	30,000,000.00	30,003,131.43	SUNGARD	0.025
CD-BK OF NOVA SCOTIA (1542)	06417GMH8	8/12/2016	1/9/2017	1.020%	1.020%	20,000,000.00	20,000,000.00	20,002,087.70	SUNGARD	0.025
CD-RABO BANK (280)	21685VRJ0	8/18/2016	1/10/2017	1.000%	1.000%	20,000,000.00	20,000,000.00	20,002,209.35	SUNGARD	0.027
CD-BK OF NOVA SCOTIA(1542)	06417GMK1	8/15/2016	1/11/2017	1.020%	1.020%	25,000,000.00	25,000,000.00	25,003,189.83	SUNGARD	0.030
CD-RABOBANK (280)	21685VRL5	8/22/2016	1/13/2017	1.020%	1.020%	40,000,000.00	40,000,000.00	40,006,033.19	SUNGARD	0.036
CD-BK OF NOVA SCOTIA(1542)	06417GMN5	8/16/2016	1/17/2017	1.040%	1.040%	25,000,000.00	25,000,000.00	25,005,164.95	SUNGARD	0.047
CD-RABOBANK 9280)	21685VRK7	8/22/2016	1/18/2017	1.020%	1.020%	20,000,000.00	20,000,000.00	20,004,176.48	SUNGARD	0.049
CD-CIBC (260)	13606AY85	8/29/2016	1/23/2017	1.100%	1.100%	25,000,000.00	25,000,000.00	25,007,946.75	SUNGARD	0.063
CD-SVENSKA (23)	86958JBW8	8/29/2016	1/27/2017	1.045%	1.040%	25,000,000.00	25,000,522.03	25,008,299.52	SUNGARD	0.074
CD-BK OF NOVA SCOTIA (1542)	06417GPE2	9/2/2016	1/27/2017	1.050%	1.050%	35,000,000.00	35,000,000.00	35,011,752.09	SUNGARD	0.074
CD-RABOBANK (280)	21685VSZ3	9/27/2016	2/1/2017	0.980%	0.980%	20,000,000.00	20,000,000.00	20,006,724.38	SUNGARD	0.088
CD-SVENSKA (260)	86958JEF2	10/18/2016	2/8/2017	0.750%	0.750%	25,000,000.00	25,000,000.00	25,004,034.83	SUNGARD	0.107
CD-RABOBANK (280)	21685VUL1	11/3/2016	3/3/2017	0.900%	0.900%	15,000,000.00	15,000,000.00	15,007,719.55	SUNGARD	0.170
CD-SVENSKA (260)	86958JFG9	11/16/2016	3/10/2017	0.805%	0.800%	40,000,000.00	40,000,631.73	40,015,652.38	SUNGARD	0.189
CD-CIBC (260)	13606A3V8	9/28/2016	3/24/2017	1.100%	1.100%	50,000,000.00	50,000,000.00	50,057,360.88	SUNGARD	0.227
CD-WELLS FARGO (170)	94989RCW6	11/29/2016	5/1/2017	1.000%	1.000%	40,000,000.00	40,000,000.00	40,002,563.33	SUNGARD	0.331
CD-BK OF MONTREAL(45)	06427KJ99	12/5/2016	5/5/2017	1.040%	1.040%	45,000,000.00	45,000,000.00	45,009,228.58	SUNGARD	0.342
CD-SKANDINAV ENSKILDA(260)	83050FPA3	12/7/2016	5/9/2017	0.910%	0.910%	25,000,000.00	25,000,000.00	24,993,698.04	SUNGARD	0.353
CD-ROYAL BANK OF CANADA(260)	78009NL87	12/8/2016	5/10/2017	1.005%	1.005%	45,000,000.00	45,000,000.00	45,003,946.28	SUNGARD	0.356
CD-WELLS FARGO (170)	94989RDK1	12/6/2016	5/12/2017	1.050%	1.050%	65,000,000.00	65,000,000.00	65,016,453.90	SUNGARD	0.361
CD-WELLS FARGO (170)	94989RDL9	12/7/2016	5/12/2017	1.050%	1.050%	45,000,000.00	45,000,000.00	45,011,395.86	SUNGARD	0.361
CD-ROYAL BANK OF CANADA(260)	78009NM45	12/9/2016	5/12/2017	1.005%	1.005%	30,000,000.00	30,000,000.00	30,002,674.18	SUNGARD	0.361
CD-ROYAL BANK OF CANADA(260)	78009NL95	12/8/2016	5/19/2017	1.005%	1.005%	90,000,000.00	90,000,000.00	90,008,436.91	SUNGARD	0.381
CD-BK OF NOVA SCOTIA(1542)	06417GRM2	12/12/2016	6/1/2017	1.150%	1.150%	31,000,000.00	31,000,000.00	31,022,081.89	SUNGARD	0.416
CD-RABOBANK (280)	21685VUY3	12/14/2016	6/2/2017	1.090%	1.090%	30,000,000.00	30,000,000.00	30,013,902.78	SUNGARD	0.419
CD-WELLS FARGO (170)	94989REH7	12/29/2016	6/7/2017	1.100%	1.100%	25,000,000.00	25,000,000.00	25,013,103.73	SUNGARD	0.433
CD-SVENSKA (23)	86958JGK9	12/30/2016	6/16/2017	1.175%	1.170%	45,000,000.00	45,001,044.30	45,040,515.39	SUNGARD	0.457
TOTAL CERT. OF DEPOSIT/THRIFT NOTES				1.017%	1.017%	1,036,000,000.00	1,036,002,733.95	1,036,287,485.71		0.226

COUNTY OF SACRAMENTO
SHORT-TERM INVESTMENT PORTFOLIO
POOLED FUNDS
AS OF 12/31/2016

<u>DESCRIPTION</u>	<u>CUSIP</u>	<u>PURCHASE DATE</u>	<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>TRADING YIELD</u>	<u>PAR VALUE</u>	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>	<u>SOURCE</u>	<u>DURATION (YEARS)</u>
						28.51%	28.52%	28.56%		
LAIF POOL		7/31/1997	3/31/2017	0.678%	0.678%	65,000,000.00	65,000,000.00	65,000,000.00	BOOK	0.246
TOTAL PASSBOOK ACCOUNTS				0.678%	0.678%	65,000,000.00	65,000,000.00	65,000,000.00		0.246
						1.79%	1.79%	1.79%		
Grand Total				<u>1.009%</u>	<u>0.984%</u>	<u>3,633,716,430.15</u>	<u>3,632,339,689.79</u>	<u>3,628,593,859.20</u>		<u>0.738</u>



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

Monthly Review — December 2016

PORTFOLIO COMPLIANCE

Based on the Director of Finance Review Group Month-End Report, the entire portfolio was in *full compliance* with the Sacramento County Annual Investment Policy for the Pooled Investment Fund for Calendar Year 2016 and California Government Code.¹

PORTFOLIO STATISTICS

Portfolio's Month-End Balance	\$3,632,339,690
Earned Income Yield for the Month	0.98%
Weighted Average Maturity (Days)	274
Estimated Duration (Years)	0.738
Amortized Book Value	\$3,629,984,595
Month-End Market Value	\$3,628,593,859
Percent of Market to Book Value ²	99.96%

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

State Treasurer's Office (LAIF)	\$65,000,000
---------------------------------	--------------

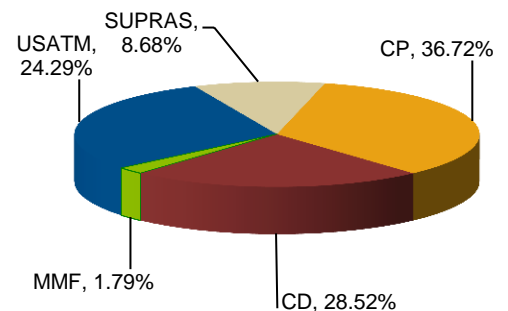
PORTFOLIO STRUCTURE³

Investment Description	Portfolio at Cost	Yield at Month End
US Agency, Treasury & Municipal Notes (USATM):		
US Agency Notes	23.33%	1.161%
US Treasury Notes	0.00%	0.000%
Municipal Notes	0.96%	0.845%
Total USATM	24.29%	1.149%
Supranationals (SUPRAS)	8.68%	1.058%
Commercial Paper (CP)	36.72%	0.848%
Certificates of Deposit (CD)	28.52%	1.017%
LAIF/Money Market Funds (MMF)	1.79%	0.678%
Repurchase Agreements (REPO)	0.00%	0.000%

Investment Objectives

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

Percentage Portfolio Structure by Asset Class³



US Agency Notes Breakdown Percent of Portfolio at Cost³

FFCB Notes/Discount Notes	3.57%
FHLB Notes/Discount Notes	7.60%
FNMA Notes/Discount Notes	6.47%
FHLMC Notes/Discount Notes	5.68%
Total US Agency Notes	23.33%

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

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

³ Percentages may not add up to totals due to rounding error

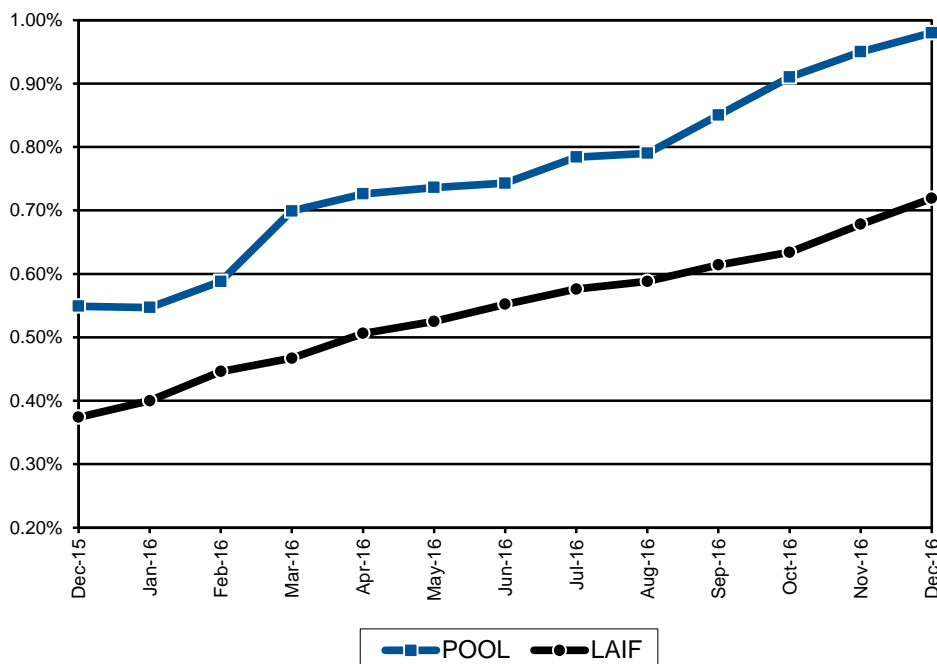
YIELD HISTORY

The earned interest yield history represents gross yields; **costs have not been deducted**. The estimated investment management costs in the prior year were approximately 10 basis points or 0.10%. The quarterly apportionment of earnings to participating funds will be made on a **cash basis** (as opposed to an accrual basis) for the first three quarters of the fiscal year. Earnings to participating funds will be annualized over the fiscal year based on a fund's cumulative average daily cash balance at each quarter end and fiscal year end. At fiscal year end (fourth quarter), the earnings of the pool will be converted to an accrual basis for the fourth quarter earnings' allocation.

YIELD TRENDS⁴

Earned Interest Yield Over Last 12 Months

Earned Income Yield History		
MONTH	POOL	LAIF
Dec-15	0.55%	0.40%
Jan-16	0.59%	0.45%
Feb-16	0.70%	0.47%
Mar-16	0.73%	0.51%
Apr-16	0.74%	0.53%
May-16	0.74%	0.55%
Jun-16	0.78%	0.58%
Jul-16	0.79%	0.59%
Aug-16	0.85%	0.61%
Sep-16	0.91%	0.63%
Oct-16	0.92%	0.65%
Nov-16	0.95%	0.68%
Dec-16	0.98%	0.72%



CASH FLOW PROJECTION

The Pooled Investment Fund cash requirements are based on a 14-month historical cash flow model. The model has been adjusted for expected non-reoccurring participant liquidity needs. This projection, updated on January 6, 2017, is sufficient to meet cash flow expenditures for the next six months.

Month	Beginning Bank Balance	Receipts & Maturities	Disbursements	Difference	Less Investments Beyond 1 year	Funds Available to Invest for Future Cash Flow Needs ⁵
<i>Dollar amounts represented in millions</i>						
Jan	30.0	\$1,162.3	\$827.7	\$334.6	\$45.0	\$289.6
Feb	30.0	\$951.4	\$545.1	\$406.3	\$45.0	\$361.3
Mar	30.0	\$1,324.3	\$616.3	\$708.0	\$45.0	\$663.0
Apr	30.0	\$1,311.0	\$590.2	\$720.8	\$45.0	\$675.8
May	30.0	\$1,160.9	\$979.3	\$181.6	\$45.0	\$136.6
Jun	30.0	\$1,065.5	\$739.4	\$326.1	\$45.0	\$281.1

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

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

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



Internal Services

Department of Finance

Investment Division

Bernard Santo Domingo,
Chief Investment Officer

County of Sacramento

Navdeep S. Gill,
County Executive

David Villanueva,
Chief Deputy County Executive

Ben Lamera,
Director of Finance

February 17, 2017

To: Treasury Oversight Committee

Subject: **INVESTMENT APPROVED LISTS**

Attached for your review is a report of the changes made to the Investment Approved Lists for the quarter ended December 31, 2016. The report reflects additions, deletions, and reaffirmations of investment providers for the following approved lists:

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

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

Sincerely,

Bernard Santo Domingo
Chief Investment Officer

(OVER)

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**Changes to the Investment Approved Lists
For the Quarter Ended December 31, 2016**

<i>Reaffirmed</i>	<i>Added¹</i>	<i>Deleted</i>
Domestic Banks for all Legal Investments		
Foreign Banks for all Legal Investments		
	Skandinaviska Enskilda Banken	
Commercial Paper & Medium-Term Note Issuers		
Community Reinvestment Act Approved Banks & Credit Unions		
Firms for Purchase and Sale of Securities (Broker/Dealers & Direct Issuers)		
Money Market Funds		

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

OVERVIEW OF POOLED INVESTMENT FUND STATISTICS FROM VARIOUS
JURISDICTIONS FOR DECEMBER 2016.

**Investment Fund Statistics Questionnaire Results
December 2016**

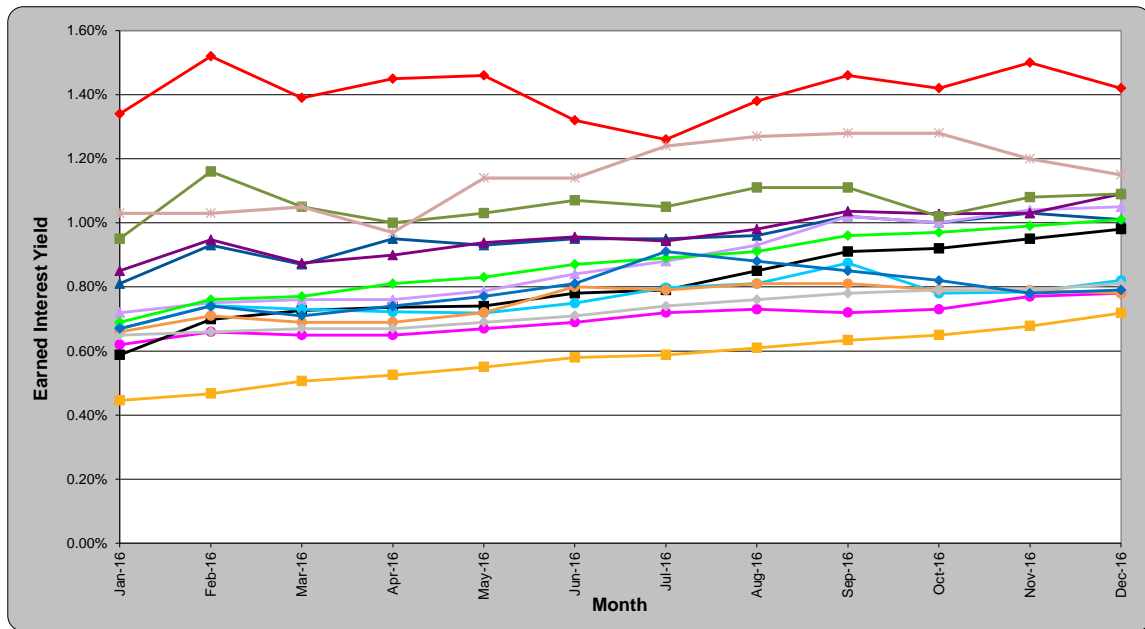
Name of Fund	Earned Interest Yield	Portfolio Size (in millions)	Weighted Average Maturity (in days)	Percent Market Value
Sacramento County (Pooled)	0.98%	\$3,370.0	274	99.96%
Sacramento County (All)	0.96%	\$3,859.4	320	N/A
Local Agency Investment Fund (LAIF)	0.72%	\$21,638.3	171	99.94%
Contra Costa County (Pooled)	1.01%	\$2,488.1	173	100.05%
Contra Costa County (All)	1.01%	\$3,163.9	211	99.99%
Fresno County	1.42%	\$3,113.6	813	99.89%
Los Angeles County	1.01%	\$28,867.0	606	99.28%
Merced County	1.09%	\$864.5	475	99.81%
Nevada County	1.15%	\$257.8	497	99.75%
Orange County	0.78%	\$4,729.1	328	99.85%
Orange County (Schools)	0.82%	\$3,963.9	305	99.87%
Riverside County	0.78%	\$6,954.0	420	99.79%
San Diego County	1.05%	\$9,440.7	402	99.63%
San Francisco City and County	0.82%	\$8,118.3	408	99.92%
San Luis Obispo County	0.81%	\$724.5	187	99.97%
Solano County	0.79%	\$1,077.1	366	99.96%
Sonoma County (Pooled)	1.09%	\$1,959.4	603	99.63%
Sonoma County (All)	1.19%	\$1,981.9	630	100.88%

NOTE:

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

**COMPARISON OF VARIOUS COUNTY POOLED INVESTMENT FUNDS AND LAIF
12-MONTH YIELD PERFORMANCE AS OF DECEMBER 2016**

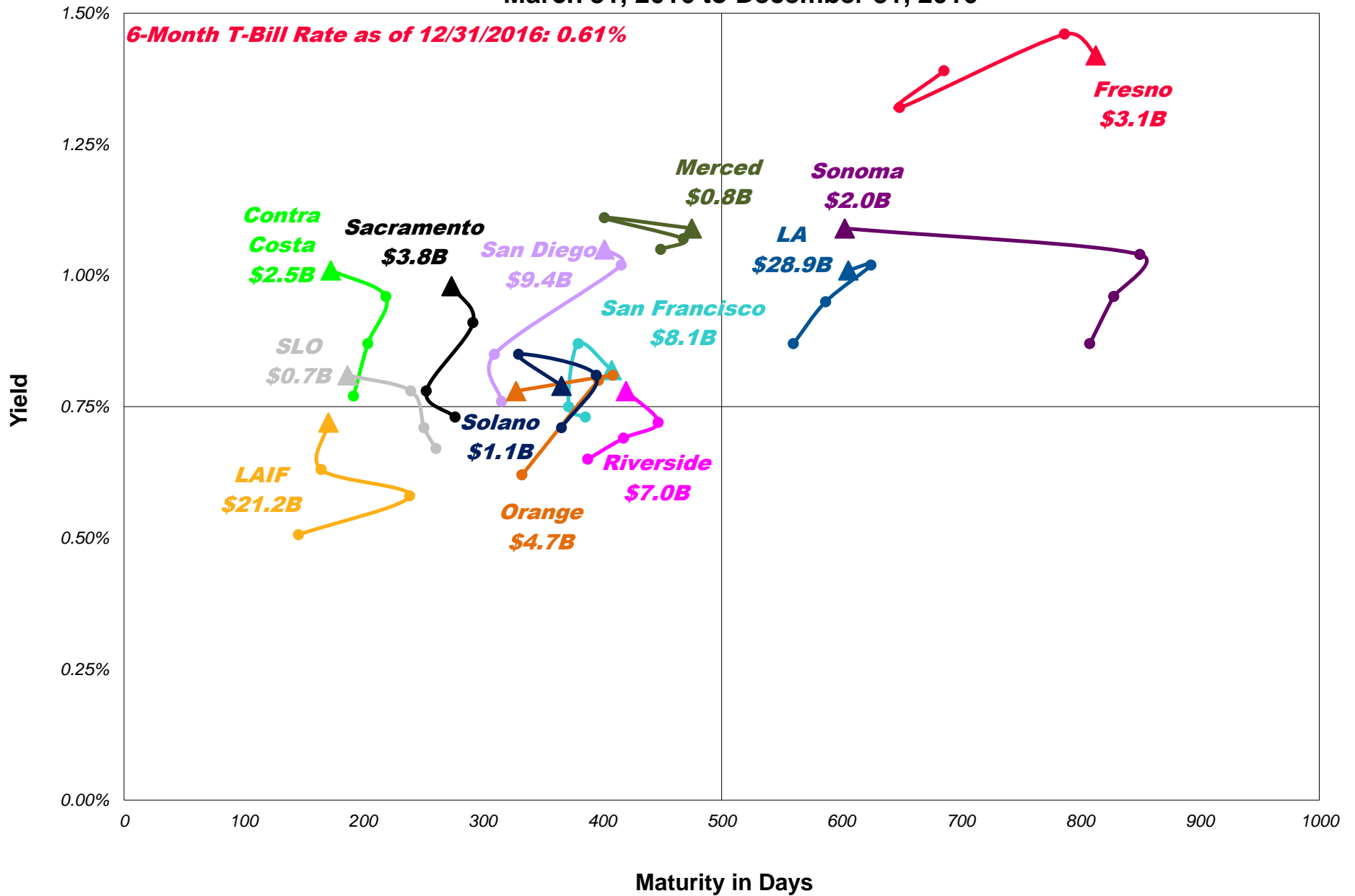
Jurisdiction	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
◆ Contra Costa	0.69%	0.76%	0.77%	0.81%	0.83%	0.87%	0.89%	0.91%	0.96%	0.97%	0.99%	1.01%
◆ Fresno	1.34%	1.52%	1.39%	1.45%	1.46%	1.32%	1.26%	1.38%	1.46%	1.42%	1.50%	1.42%
■ LAIF	0.45%	0.47%	0.51%	0.53%	0.55%	0.58%	0.59%	0.61%	0.63%	0.65%	0.68%	0.72%
▲ Los Angeles	0.81%	0.93%	0.87%	0.95%	0.93%	0.95%	0.95%	0.96%	1.02%	1.00%	1.03%	1.01%
■ Merced	0.95%	1.16%	1.05%	1.00%	1.03%	1.07%	1.05%	1.11%	1.11%	1.02%	1.08%	1.09%
* Nevada	1.03%	1.03%	1.05%	0.97%	1.14%	1.14%	1.24%	1.27%	1.28%	1.28%	1.20%	1.15%
● Orange	0.66%	0.71%	0.69%	0.69%	0.72%	0.80%	0.79%	0.81%	0.81%	0.79%	0.79%	0.78%
● Riverside	0.62%	0.66%	0.65%	0.65%	0.67%	0.69%	0.72%	0.73%	0.72%	0.73%	0.77%	0.78%
■ Sacramento	0.59%	0.70%	0.73%	0.74%	0.74%	0.78%	0.79%	0.85%	0.91%	0.92%	0.95%	0.98%
▲ San Diego	0.72%	0.75%	0.76%	0.76%	0.79%	0.84%	0.88%	0.93%	1.02%	1.00%	1.04%	1.05%
● San Francisco	0.67%	0.74%	0.73%	0.72%	0.72%	0.75%	0.80%	0.81%	0.87%	0.78%	0.78%	0.82%
◆ San Luis Obispo	0.65%	0.66%	0.67%	0.67%	0.69%	0.71%	0.74%	0.76%	0.78%	0.79%	0.79%	0.81%
◆ Solano	0.67%	0.74%	0.71%	0.74%	0.77%	0.81%	0.91%	0.88%	0.85%	0.82%	0.78%	0.79%
▲ Sonoma	0.85%	0.95%	0.87%	0.90%	0.94%	0.96%	0.94%	0.98%	1.04%	1.03%	1.03%	1.09%



NOTE:

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

**Overview of Pooled Investment Fund Statistics from Various Jurisdictions
Comparison of Yields and Average Weighted Maturities
March 31, 2016 to December 31, 2016**



FPPC FORM 700

NO WRITTEN REPORT

NEXT MEETING REMINDER – FRIDAY, MAY 19, 2017.

NO WRITTEN REPORT

ADJOURNMENT

NO WRITTEN REPORT