

LAKE COUNTY TREASURER – TAX COLLECTOR

REQUEST FOR PROPOSALS

INVESTMENT ADVISORY AND MANAGEMENT SERVICES



COUNTY OF LAKE

RFP No. 20-23

Issued: October 28, 2020

Submission Deadline:

November 20, 2020 at 5:00 P.M.

By: Barbara C. Ringen, Treasurer – Tax Collector

INVESTMENT ADVISORY AND MANAGEMENT SERVICES

- 1. INTRODUCTION..... 3
- 2. SCOPE OF SERVICES 3
- 3. COMPENSATION 5
- 4. PROPOSAL CONTENT 4
- 5. PROPOSAL SUBMITTAL 6
- 6. PROPOSAL EVALUATION AND AWARD 9
- 7. PROTEST PROCEDURES..... 11
- 8. GENERAL TERMS AND CONDITIONS..... 11
- 9. ATTACHMENTS.....13

INVESTMENT ADVISORY AND MANAGEMENT SERVICES

1. INTRODUCTION. This Request for Proposal (RFP) announces the intent of the County of Lake to invite participants to submit a proposal to serve as the County's Investment advisor. The successful firm will be one that demonstrates superior experience and capability for providing investment advisory and management services for a public fund portfolio.

The purpose of the RFP is to seek a qualified firm with substantial public fund experience to provide comprehensive investment advisory and management services. The selected advisor will work directly with the Lake County Treasurer (Treasurer) to implement and manage these services.

In order to promote transparency, given the dissolution of the Treasury Oversight Committee, the selected advisor may be called upon to provide information to either the Board of Supervisors or designated committee upon request.

A set of statements, along with a copy of the County's Investment Policy, are included as attachments to this RFP to provide a description of the County's current investment portfolio. Proposals should be submitted in accordance with the requirements of this solicitation, which are contained herein.

2. SCOPE OF SERVICE.

The County of Lake is seeking to enter into a financial advisory and management services contract with a firm that has demonstrated its ability to provide the following services:

- Provide investment advisory services;
- Provide investment management services for the non-liquidity portion of the portfolio:
- Assist the County in determining its investment risk tolerance and provide monitoring of such risk in the portfolio;
- Assist the County in determining its appropriate portfolio benchmark;
- Assist the County in analyzing its cash flow requirements;
- Meet quarterly with County staff to review the investment portfolio and performance;
- Provide the County with on-line access to investment information and regular reports;
- Assist the County with development of an asset allocation plan and provide monitoring of such plan;
- Assist annually with the development of an investment policy; and
- Be responsive to staff questions or concerns on a daily basis.

3. COMPENSATION.

To be determined.

INVESTMENT ADVISORY AND MANAGEMENT SERVICES

4. PROPOSAL CONTENT.

4.1 Proposal Compliance: In order to enable direct comparison of competing responses, you must submit your Proposal in conformity to the requirements stated herein. Failure to adhere to all requirements may result in your Proposal being disqualified as non-responsive.

4.2 Proposal. Please assemble your Proposal in the following order.

A. Cover Letter. A standard business letter must be included which represents your agreement to supply services detailed in the RFP.

B. Company Profile. Provide a brief history of your company, a general description of your services and qualifications, and an executive summary of your response. Content should be no more than two pages.

C. Work Plan. Provide your specific proposal to address the Scope of Work outlined in Section 2 above. At the very least, this should describe in detail how the service shall be provided and include a description of major tasks and subtasks.

E. Cost Proposal. All prices submitted are non-binding at this stage of the procurement process and are subject to negotiation.

F. Information Request. All questions must be repeated in their entirety before each of the answers is given.

Part 1: Organizational Structure

a. Please provide the following firm information:

Firm Name:

Contact's Name:

Contact's Title:

Contact's Address:

Contact's E-mail Address:

Contact's Phone Number:

Contact's Facsimile Number:

Firm's Internet (WWW) Address:

b. Is the contact listed above one of the individuals who would perform the requested services for the County?

c. Does the firm have offices at other locations? If yes, please list all office locations and the number of individuals working in each office.

d. Please provide an organization chart(s) for the firm.

e. Please describe the ownership structure of your organization, which includes the firm, parent company, any affiliated companies or joint ventures.

INVESTMENT ADVISORY AND MANAGEMENT SERVICES

- f. Please provide owners of the firm (from largest to smallest with respect to percent of ownership).
- g. If the firm anticipates any near-term changes in its corporate structure, organization structure, location or professional staffing, please indicate the nature of such changes.
- h. Please provide the firm’s mission statement, statement of values and Code of Ethics.
- i. Please describe the firm, including any special expertise and its history. Please explain why the firm is uniquely suited to meet the County’s investment advisory needs.
- j. Please provide an annual report, Statement of Financial Condition, or other representation of the financial health of the firm.
- k. Please explain in detail any potential for conflict of interest, which would be created by your firm’s representation of the County. Please include any activities of affiliated or parent organizations as well as other client relationships, which may inhibit services to the County.
- l. Please list the broker/dealers that you currently utilize.
- m. Please summarize your firm’s capabilities and why you would be the best firm to serve as the County’s investment advisor.

Part 2: Personnel – Depth & Retention

- a. Please provide a description of the experience/qualifications of all persons who may perform services under contract, including staff resumes that particularly address relevant experience as related to proposed services requested. All personal information provided will be maintained in confidence as allowed by law.
- b. Upon specific request of the County, the firm shall provide consent and waiver forms permitting County to obtain personal employment/professional qualification information about Contractor who may perform services under this contract from third parties, and releasing third parties from any and all liability for disclosing such information to County. Is this agreeable?
- c. Please explain how the team dedicated to the County’s account would function, including lead person, back-up, quality control, and support services. Is there one individual who will be responsible for quality control for all work done for the County?
- d. Please list the number of personnel in the firm in each of the following categories:

Professional Employees

Lead Consultants	
Consultants	
Analysts	
Firm Management	
Economists	

INVESTMENT ADVISORY AND MANAGEMENT SERVICES

Marketing	
Client Service	
Analytics/Systems	
Other	
Total Professional Employees	
Total Support Employees	
Total Professional & Support Employees	

- e. Explain how the firm controls the quality of service provided to the clients, the number of consultants in the firm, and the average number of clients assigned per consultant. What is the maximum number of clients per consultants you maintain?
- f. What are the firm's procedures when personnel assigned to the County are traveling or otherwise unavailable? If a client leaves a telephone message with the firm, will someone respond within twenty-four (24) hours?
- g. Please describe the firm's procedure in the event the key personnel assigned to this account should leave the firm.
- h. Please discuss the professional turnover at the firm over the last five (5) years.
- i. Describe your firm's compensation policies for investment professionals.

Part 3: Client Relationships

- a. Please provide a list of current clients you serve.
- b. Please list the number of clients you serve within the following size categories:

Client Size (total market assets)	Number of Clients
<\$500 million	
\$500 million to \$1 billion	
\$1 billion to \$10 billion	
Over \$10 billion	

- c. Please provide details on the number, name, and asset values of any terminated client relationships in the last three (3) years with reason for the termination. Please provide the name, contact, title, and telephone number of all clients who have terminated your firm's services in the last three (3) years.
- d. Please provide details on the number, name, and asset values of any new client relationships gained in the last three (3) years. Please provide the

INVESTMENT ADVISORY AND MANAGEMENT SERVICES

name, contact, title, and telephone number of all clients who have hired your firm in the last year.

- e. Please indicate the asset classes that the firm is currently monitoring for clients.

Part 4: Analytical Tools, Services, & Reporting

- a. Please describe the manner in which external resources and sources of information are used in the research process. How does the firm use internal and external research?
- b. Please describe your process for monitoring and reporting on market trends.
- c. Please describe your technology capabilities and relate them to your consulting services or products. Do you provide any custom computer-based analytical tools to your clients? If so, please describe.
- d. Please describe the firm's experience and capability for performing asset allocation studies for public fund investors. How often would this occur? What type of follow-up or review would the firm do between studies? What factors would the firm consider?
- e. Please provide a sample quarterly performance report.
- f. Please describe the firm's experience and capability for providing policy and guideline development and review for a fixed income portfolio. What specifically would the firm do to develop or review policy? How often would it occur? What factors would be considered?
- g. Please describe the firm's experience and capability for monitoring the portfolio for compliance with guidelines and policies.
- h. Please describe the firm's experience and capability for providing education to staff.
- i. Please describe the firm's experience and capability for assisting the County in performing a search for a custodial bank. What factors would the firm consider in the search process?
- j. Please describe any other services that the firm would provide to the County that have not been discussed previously.
- k. Please list all services provided by the firm, the nature thereof, and the percentage of total revenue that such services represent. If the firm has a parent company, please list the percentage of total income that the firm's advisory services represent to the parent company.

INVESTMENT ADVISORY AND MANAGEMENT SERVICES

Part 5: Philosophy & Approach

- a. Describe your firm's investment philosophy for public clients, including your firm's philosophy regarding average duration, maturity, investment type, credit quality, and yield.
- b. Describe the primary strategies that your firm would utilize for adding value to the County's portfolio.
- c. Describe steps that would be taken by your firm to ensure the County's objectives of safety, liquidity, and yield.
- d. Describe how the firm measures its performance as an investment advisor.
- e. Describe how benchmarks are chosen or developed and how performance is compared to similar portfolios.
- f. Please discuss your views on the efficiency of markets and the role of active and passive investments on fixed income within a portfolio such as the County's.
- g. Please describe your risk analysis and control methodology.

Part 6: Form ADV & Legal Issues

- a. Please provide a copy of the firm's most recently filed Form ADV, Parts I and II, with all Schedules.
- b. Has your organization or an officer or principal been involved in any business litigation or other legal proceedings? If so, provide an explanation and indicate the current status.
- c. Please describe the levels of coverage for errors and omissions insurance and any other fiduciary or professional liability insurance your firm carries. List the insurance carriers supplying the coverage.
- d. Please acknowledge that your organization is a person, firm, or corporation registered as an investment advisor under the Investment Advisor Act of 1940 and functions as a fiduciary.

5. PROPOSAL SUBMITTAL. Proposals submitted must meet the following criteria to be acceptable for consideration regarding this project:

5.1 In order to be considered, please send an email with a pdf attached which is electronically signed no later than Friday, November 20, 2020, **by 5:00 p.m.**

Email Requirements:

Subject: RFP No. 20-23 Investment Advisory and Management Services (CONFIDENTIAL)

Body of Email: Cover Letter

Staff can be reached at (707) 263-2236

Proposals received after Friday, November 20, 2020 will NOT be accepted.

INVESTMENT ADVISORY AND MANAGEMENT SERVICES

5.2 In order to receive addenda and information regarding this RFP, proposer must register online at: <http://www.co.lake.ca.us/Business/WithCounty/RFP.htm>. Proposers are cautioned to read the scope of services and proposal contents herein and be sure to respond to all items listed in these sections.

5.3 Proposals received incomplete or late, for any reason, shall not be accepted.

5.4 All Questions regarding this Request for Proposals may be submitted in writing at any time prior to Friday, November 20, 2020, 5:00 p.m. to County Treasurer – Tax Collector Barbara Ringen at: barbara.ringen@lakecountyca.gov. Only written questions will be accepted. Questions will be answered by Wednesday, November 18, 5:00 p.m. and uploaded as an addendum to the website listed in the above paragraph.

Proposers may contact only the individual identified above and are specifically directed not to contact other County personnel for meetings, conferences, or other technical discussions related to this RFP. No questions will be answered by other County staff.

5.5 All proposals submitted in response to this RFP will become the property of the County and will not be returned. The County reserves the right to make use of any information or ideas contained in the proposals. The proposal itself shall not constitute a contract, but will, if accepted, be incorporated into the contract between the County and the selected proposer.

Please note: The successful Proposer shall be expected to fully meet all representations made in its proposal, including demonstration of project understanding, work plan, project schedule, project team, and cost proposal.

6. PROPOSAL EVALUATION AND AWARD. The County is using the competitive proposal process, wherein the experience and responsiveness of each submitted proposal is evaluated as it relates to the Scope of Services. Administrative staff will evaluate the proposals as described below.

6.1 Proposals shall be opened and checked to ensure that each complies with the requirements of the RFP. The absence of required information may render the proposal non-responsive and may be cause for rejection.

6.2 All proposals will be evaluated to determine whether they meet all the requirements of the RFP.

6.3 A Consultant Selection Board may be convened to review, discuss and rank the proposals, using the following criteria:

A. Criteria (County of Lake - Policies & Procedures – Chapter 4)

1. Cost of services and cost-effective methodology in performing assignment. Except where explicitly prohibited by law, regulation or funding requirements, all proposals shall be required to include cost information within the proposal, including those for services provided pursuant to Section 4526 etc. of the Government Code. Cost information shall be submitted separate from the submitted proposals and must be disclosed within the context of the proposal that is reviewed by the consultant selection committee.

2. Reputation and experience of the consultant/contractor in the type of work required. To this end, consideration might be given to the following:

INVESTMENT ADVISORY AND MANAGEMENT SERVICES

- a. Relevance of education and experience of proposed staff.
 - b. Past operations or experience within the general geographical area provide the firm with an intimate and materially important familiarity with the area.
3. Capability or potential of the consultant/contractor to accomplish work responsibly in the required time. To this end, consideration might be given to the following:
- a. Creativity exhibited by consultant for proposed project.
 - b. Clarity and usefulness of the proposed methods and techniques.
 - c. Appropriateness of the proposed project management structure.
 - d. Consultants' familiarity with the community.
4. Performance of the consultant/contractor on prior contracts.
5. Extent to which the proposal addresses the scope of work outlined in the Request for Proposal. To this end, consideration might be given to the following: a. Understanding of project objectives.

Notwithstanding the above, in the case of architects, engineers, environmental firms, land surveyors and construction management consultants and contractors, the criteria for selection shall be in accordance with Section 4526 of the Government Code and shall be on the basis of demonstrated competence and on professional qualifications necessary for the satisfactory performance of the services required, at fair and reasonable prices. Fair and reasonable prices shall be determined after application of any local business preference or other criteria established in Section F hereinafter.

6.4 Prior to final selection, a short list of qualified and responsive Consultants may be requested to participate in an interview. The purpose of the interview will be to provide an opportunity for each Consultant to present their qualifications and proposals in person and/or to answer any questions that County staff may have regarding the Consultant's submittals. If interviews are to be held, the time and place of the interview will be arranged after the short list is completed. Typically a minimum of three (3) proposals will be selected for the Short List; however, the County may, at its option, choose to interview more or less than three (3) qualified Consultants or select consultants based solely on evaluating written proposals.

6.5 If an agreement cannot be reached with the top ranked Consultant(s), the County will then contact the next highest ranked firm and attempt to negotiate a contract scope of work and fee. This process will be continued until a contract scope of work and fee is successfully negotiated, or until the County determines to cease negotiations with any firm.

6.6 County reserves the right to select multiple contractors.

6.7 The County of Lake is an Equal Opportunity/Affirmative Action Employer and the successful Consultant(s) will be required to comply with the provisions of Federal Executive Order 11246 and applicable state and federal laws. Consultants should be familiar with the Employers' Practical Guide to Reasonable Accommodations under the Americans with Disabilities Act as published by the Job Accommodation Network, a service of the U.S. Department of Labor's Office of Disability Employment Policy.

INVESTMENT ADVISORY AND MANAGEMENT SERVICES

7. PROTEST PROCEDURE. The County of Lake will follow the Appeal Procedure in their Consultant Selection Policy as follows:

7.1 Appeal Procedure:

Recommendations or decisions may be appealed by writing a letter to the Board of Supervisors or Purchasing Agent, as applicable, detailing the basis of the appeal. Appeals must be filed within 72 hours of receiving notification of the County Administrative Officer's recommendation for award of the contract, or prior to an actual contract award by the Board of Supervisors, whichever occurs first.

7.2 Any appeal will be heard before the Board of Supervisors on the same day as the approval of the proposed contract with the recommended consultant.

8. GENERAL TERMS AND CONDITIONS. By your submission of a proposal, you agree to be bound by the following conditions:

8.1 To the fullest extent allowed by law, RFP's will not be public record until discussion and negotiations with Respondent have been completed, as such premature disclosure would jeopardized the County's and the Respondents negotiating interests. If any proposal contains trade secrets or other information that is confidential or proprietary by law, Respondent shall label all such pages with a stamped annotation such as: "**CONFIDENTIAL-PROPRIETARY TRADE SECRETS, DO NOT DISCLOSE**", and further, provide written notification to the County of its request to keep said information confidential. A Respondent's request for confidentiality must be made in writing and enclosed in the envelope containing the proposal. The proprietary or confidential data must be readily separable from the proposal in order to facilitate eventual public inspection of the non-confidential portion of the proposal.

8.2 The County reserves the right to cancel this RFP at any time, even after opening of proposals.

8.3 County is not liable for any costs incurred by Proposer in the preparation, presentation or in any other aspect of the Proposal.

8.4 Disposition of Proposal(s) and Contract Award:

- A. All proposals shall become the property of Lake County.
- B. Failure to furnish all information requested in this RFP or to follow the proposal format may disqualify a proposal.
- C. County reserves the right to accept or reject all or any part of any proposal, waive immaterial defects, informalities, irregularities, negotiate with all qualified Respondents, and award the contract to the firm or individuals, who, in the sole judgment of the County, best serves the interests of the County. The County may terminate negotiations if, in its opinion, they are unsuccessful and begin negotiations with other respondents.
- D. A response to this RFP is an offer to contract with the County based upon the terms, conditions, scope of work and/or specifications contained herein. County shall have no

INVESTMENT ADVISORY AND MANAGEMENT SERVICES

contractual or other obligation to a Respondent under any successfully negotiated contract until the contract has been approved and signed by both parties. The contents of the proposal submitted by the successful Respondent and this RFP will become part of any contract awarded.

E. Issuance of this RFP in no way constitutes a commitment by the County to procure or contract for the articles of goods or services solicited.

F. Proposers may be required before the award of any contract to show, to the complete satisfaction of the County, the necessary facilities, ability, and financial resources to provide the services specified in a satisfactory manner.

8.5 Respondent shall indemnify and defend County and its officers, employees, and agents against and hold them harmless from any and all claims, losses, damages, and liability for damages, including attorney's fees and other costs of defense incurred by County, whether for damage to or loss of property, or injury to or death of person, including properties of County and injury to or death of County officials, employees or agents, arising out of, or connected with the use of any copyrighted or uncopyrighted composition, secret process, patented or unpatented invention, articles or appliances furnished or used under this Request and any subsequent Contract, unless such damages, loss, injury or death is caused solely by the negligence of County.

8.6 Default by Respondent: In case of default by the successful Respondent, Lake County may procure the articles or services from other sources and may deduct from any monies due, or that may thereafter become due to the Respondent, the difference between the price named in the Purchase Order, Contract, or Agreement with said Respondent and the County's subsequent cost to obtain substitute articles or services. Prices paid by the County must be considered the prevailing market price at the time such purchase is made.

8.7 Lake County reserves the rights to amend, alter, or change the rules and conditions contained in this RFP prior to the deadline for submission and to request additional data after the deadline. If it becomes necessary to do so, an addenda or supplements to the RFP will be issued and shall become a part of the RFP. The County is not responsible for any other explanation or interpretation. It is the responsibility of the Respondent to ensure that he/she has received all addendums and/or supplements prior to submitting a proposal.

8.8 It is the County's intent that this Request for Proposal (RFP) permits competition. It shall be the Respondent's responsibility to advise the County in writing if any language, requirement, specification, etc., or any combination thereof, inadvertently restricts or limits the requirements stated in this RFP to a single source. Such notification must be received by the County not later than ten (10) days prior to the date set for acceptance of proposals.

8.9 Errors and Omissions: If prior to the date fixed for submission of proposals, a respondent discovers any ambiguity, conflict, discrepancy, omission or other error in the RFP or any of its exhibits, it shall immediately notify the designated County contact of such error in writing and request modification or clarification. Modifications and clarifications will be made by written addenda and distributed to all parties who have been furnished or who have requested the RFP.

8.10 Security and Confidentiality: To preserve the integrity of the security and confidentiality measures integrated into County operations, any Respondent required to come in contact with confidential County information in order to respond to this RFP and/or to perform the services

INVESTMENT ADVISORY AND MANAGEMENT SERVICES

solicited, may be required to sign and submit a Confidentiality Statement. Successful Respondent's personnel and/or subcontractors, who may require periodic access to secured areas within the County, may be required to wear security identification badges. Badges will be issued to individuals only after satisfactory completion of a background check. Any such confidentiality and/or security measures will be part of the contract.

8.11 Insurance: Successful Respondent agrees to comply with the County's standard insurance provisions.

8.12 Governing Laws: The laws of the State of California will govern any purchase order entered into between the County and the selected Respondent.

8.13 Each Respondent shall inform himself of, and the successful Respondent awarded a contract shall comply with, State and local laws, statutes, regulations, ordinances and generally accepted industry standards relative to the execution of the material supplied or work performed. This requirement includes, but is not limited to, applicable regulations concerning employment of labor, protection of public and employee safety and health, environmental protection, the protection of natural resources, fire protection, burning and non-burning requirements, permits, fees, and similar subjects.

8.14 This RFP supersedes all proposals, oral and written, and all negotiations, conversations or discussions heretofore and between the parties related to the subject matter.

9. ATTACHMENTS

9.1 Investment Policy

9.2 MUFG Union Bank Statement (September, 2020)

9.3 Local Agency Investment Fund (September, 2020)

9.4 Local Agency Investment Fund (October, 2020)

COUNTY OF LAKE

STATEMENT INVESTMENT OF POLICY

As designated by Board of Supervisors under the laws of the State of California, it is the responsibility of the County Treasurer, to secure and protect the public funds of the County, and to establish proper safeguards, controls, and procedures to maintain these funds in a lawful, rational and auspicious manner. Said maintenance shall include the prudent and secure investment of those funds that are not immediately required for daily operations, in a manner anticipated to provide additional benefit to the people of the County of Lake. In addition, the County Treasurer acts as the Treasurer, cash manager, and investor for a sizable number of public agencies within the County, rather than each entity having to locate and hire a knowledgeable person to handle the entity's banking, investments and other financial duties separately. This pooling of public funds not only eliminates duplication of expenses, but also smoothes out cash flow differences, permits cost savings through higher volume, and attracts more professional service providers. This document contains the policies, procedures, and legalities guiding the County Treasurer when investing the Pool's temporarily unemployed funds.

This Statement of Investment Policy is reviewed no less than annually and may be adjusted as needed to reflect any changes in the Government Code or investment practices. Upon request, this Policy will be provided to participants in the County Investment Pool; to securities dealers, banks and brokers currently approved for conducting investment transactions with the County Treasurer's office in the ongoing effort to manage the excess cash portfolio; to other involved persons or entities; and to any member of the electorate wishing to review this document. The Treasurer reserves the right to provide these documents on a cost basis.

SCOPE

This Statement of Investment Policy pertains to those temporarily surplus funds under the control of the Treasurer, designated for the daily ongoing operations of the County-Pool participants; and concerns the deposit, maintenance, and safekeeping of all such funds, and the investments made with these funds. This Policy does not apply to pension moneys, delayed compensation funds, trustee, and certain other non-operating funds not participating in the County Investment Pool. Percentage limitations noted within this Policy shall apply to all money considered to be within the County Investment Pool. Any investments existing outside the Pool shall be subject to the local agency's individual percentages.

PURPOSE OF POLICY STATEMENT

The purpose of this Statement of Investment Policy is to provide those entities participating in the County Investment Pool, those involved in servicing the investment requirements of the County, and any other interested party, a clear understanding of the regulations and internal guidelines that will be observed in maintaining and investing those pooled funds deemed to not be required to meet immediate cash flow requirements.

TREASURY OBJECTIVES

The prime and overriding objective of the Treasurer is to protect the safety of the principal of the Investment Pool through the judicious purchase of those legal investments permitted to local agencies, as defined in the State of California Government Codes, consistent with current conditions and the other dominant objectives pursuant to managing a local agency portfolio, namely:

Safety: It is the primary responsibility of the Treasurer to maintain the safe return of all principal placed in investments by avoiding decisions that might result in losses through either fraud, default, or adverse market conditions. Import is also accorded the protection of accrued interest earned on any investment instrument.

Liquidity: It is imperative that a vast majority of all investments be in items that are immediately negotiable, as the portfolio is a cash management fund. It shall always be assumed that all investments could require immediate liquidation in order to meet unexpected cash calls.

Availability: Due to the nature of a public funds portfolio, it is mandatory that moneys be available to meet the monetary requirements inherent to operating a public entity. Thus funds need to be invested in such a manner that money will always be available, without risk of trading loss, to pay normal cash requirements. A vast majority of the moneys invested by the Treasurer should never require the realization of immoderate losses should an unforeseen cash demand require the sale of investments prior to maturity. A sufficient portion of all funds shall be invested in securities providing a high degree of availability, that is, in securities easily sold or converted to cash in a timely manner, with little or no loss of interest earnings.

Yield: While it is considered desirable to obtain a yield commensurate to current conditions, yield shall not be the driving force in determining which investments are to be selected for purchase. Yield is definitely considered to be of much lesser importance than either safety, liquidity or availability.

The Treasurer places investments with the objective of obtaining a respectable rate of return, not attempting to maximize yield at the expense of either safety, liquidity, or availability, yet not totally ignoring those factors within the marketplace that may be indicative of either favorable or hazardous conditions. The portfolio will be managed very conservatively, but actively enough to avert avoidable losses due to adverse market conditions.

PRUDENCE

The Treasurer is subject to the "Prudent Person Rule" whenever making a decision regarding the investment of the Pool's funds. This rule states, in principle:

"In investing property for the benefit of others, a trustee shall exercise the judgment and care, under circumstances then prevailing, that persons of prudence, discretion and intelligence, would exercise in the management of their own affairs - not in regard to speculation, but in regard to the permanent disposition of their funds, considering the probable safety of, as well as the probable income from, their capital."

The Treasurer, and those acting for the Treasurer, are considered to have a fiduciary, trustee, relationship with the public for the public funds, and all investment decisions will be made in a manner sustaining this responsibility.

DELEGATION OF AUTHORITY

While the Treasurer has final responsibility for all investment decisions, other Treasury personnel may aid in the day to day operations. Those staff members, in addition to the Treasurer, currently authorized to act on behalf of the Pool, as of the date entered on this Policy, are listed below. This list is subject to change, and those parties newly involved in transactions with the Treasurer's department should always obtain a current Trading Authorization and Agreement form, and be verbally introduced by a known Treasury employee, prior to accepting unconfirmed verbal instructions from any previously unknown Treasury staff member.

Authorized Personnel

Title

BARBARA C. RINGEN **TREASURER-TAX COLLECTOR**

ELIZABETH MARTINEZ **ASSISTANT TREASURER-TAX COLLECTOR**

Other persons, both inside and outside County employment, may act in the role of assistant or advisor to aid in the timely and proper settlement of investment transactions. While these persons may provide information or aid in the expedient delivery of securities, they may not authorize, approve, or initiate any trading activities. Only the persons listed on a current *Trading Authorization & Agreement*, and the Treasurer, may initiate trading activity.

SECURITIES CUSTODY

The Treasurer has established a third party custody and safekeeping account to which all negotiable instruments shall be delivered upon purchase on a payment versus delivery basis. No negotiable, deliverable, securities or investments will be left in the custody of any brokerage firm or issuing party, including any collateral from Repurchase Agreements.

AUTHORIZED INVESTMENTS AND LIMITATIONS

The Government Codes of the State of California, primarily within sections 53600 et. seq., establish the legality of certain types of investment vehicles for a California local agency's portfolio. Thereby, under no circumstances is the Treasurer permitted to purchase an investment that is not specifically authorized for a local agency under these, or other code sections that may apply, or might later be enacted, pertaining to local agency investments. Securities brokers dealing with the County Pool should possess a complete understanding of these Code sections.

An attached Addendum briefly describes the types of securities legal within the Government Code sections noted above and outlines the various limitations included in these sections. Except for the restrictions noted below in this section, all legality permitted investment options described in the Government Code are authorized at this time. Funds placed in the State's Local Agency Investment Fund (LAIF) shall follow the limitations placed on these deposits by the State and may change in accordance with these restrictions.

Though these Government Code sections define the investment types and terms permissible to the Treasurer under this Policy, various temporary and more restrictive constraints may at times be deemed beneficial due to transient conditions within the marketplace. These flexible constraints are not part of this Policy but may be obtained by requesting a current "Temporary Constraints and Restrictions on Investments" document, which will change on an "as needed" basis. These constraints or restrictions may only be *more* restrictive than those of the Policy, but may *not* be *less* restrictive. Securities Brokers and Dealers should be aware of these temporary conditions in order to save time and best serve the County Pool.

Though the Government Code sections define the investment types and terms permissible to the Treasurer, the Treasurer currently will not:

- ◆ Invest in any security or investment with a stated or potential final maturity longer than five years, unless the conditions of the security include terms that permit the purchaser to *unconditionally* "put", or sell back, to the *original issuer*, the security prior to five years from the purchase date; or the Board of Supervisors has pre-approved, as required by the Government Codes.
- ◆ Invest in any security or investment wherein, by the terms of the investment, interest might not be earned during any period the security or investment exists.
- ◆ Purchase any security wherein under terms inherent to the security, or the investment agreement under which the security is purchased, circumstances could result wherein the investment runs a risk of earning a rate of return substantially below other investments obtainable on a fixed rate basis at the time of purchase, or drastically different than the prevailing rate during any time prior to the maturity of the issue.
- ◆ Enter into a reverse repurchase agreement.
- ◆ Purchase any Collateralized Mortgage Obligation.
- ◆ Invest in futures or options.

AUTHORIZED DEALER LIST

It is prohibited for a transaction to be entered into with any securities broker, dealer or bank investment department or subsidiary prior to that entity being designated an Authorized Dealer, and placed on the Authorized Dealer List. For a firm to become authorized it must first demonstrate that it will add value to the Treasurer's efforts

to best manage the cash portfolio, as well as fulfill certain other minimum requirements. To qualify for Authorized Dealer status, a brokerage firm or bank must:

- 1) Be a dealer operation properly licensed to deal with local agencies in California, **and**;
- 2) Have a minimum of \$25mm in capital, or, be a Primary Dealer of the Federal Reserve Bank of New York and;
- 3) Be headquartered in the State of California, or, the City of New York, or be the direct issuer of a security type normally purchased by the Treasurer;

Or;

Be a department or subsidiary of an insured bank with minimum assets of \$5billion or be one that the County has comprehensive banking relationships with;

Or;

Be an established broker operation in New York or its environs, with a history of profitability, that is properly licensed to deal with local agencies in California, that has capital of not less than \$25mm, and does not position securities for their own portfolio, but brokers securities for their established clients consisting primarily of traders for Primary Dealers and/or other major institutional fixed income brokerage operations, issuers and investors.

If meeting the above requirements, a salesperson may apply to become an Authorized Dealer by sending to the Treasurer their most recent annual and interim audited financial statements and a letter furnishing:

- 1) Their reasons for believing they would add value to the present coverage; **and**,
- 2) A general roster of those markets they participate in, and specifics on those types of securities they as a firm, regularly issue or regularly hold dealer trading positions in; [**or**, a list of those dealers they are able to represent, and the securities they regularly position;] **and**,
- 3) A list of five references, at least three being California local agency treasurers, including telephone numbers that the Treasurer or his representative may contact.

The Treasurer will instigate an investigation of the applying salesperson and the firm through various sources, including the California Department of Corporations and FINRA, to determine market participation, knowledge, reputation, and financial stability. All salespeople and their supervisors will be expected to have a working knowledge of the appropriate sections of the State of California Government Code, sufficient experience in covering public entities, a willingness to well serve their customers, a complete and total understanding of this Investment Policy, and demonstrate an ongoing ability to work with the Treasurer and staff. The Treasurer will review all new requests at the end of each quarter, and if the decision is made that additional dealers would be beneficial to best service the portfolio's needs, those dealers selected will be informed of their addition to the Authorized Dealer List. All dealers are subject to removal from the Authorized Dealer List at any time, solely at the discretion of the Treasurer.

The Treasurer, or Treasury staff, are prohibited from dealing with a salesman, broker, or account executive from any broker, dealer or bank investment department or bank subsidiary until the Acknowledgment form found on the last page of the Trading Authorization and Agreement is signed by all parties and received by the Treasurer. The Trading Authorization and Agreement is sent out to all approved dealers, and is an integral addition to this Policy Statement for Brokers/ Dealers, etc. doing investment business with the County Treasurer or Treasury staff.

Similar restrictions and forms may be required of those firms doing business with the County Pool through retained financial advisors or managers. Certain selected firms may be chosen or appointed by the Treasurer to render specific services the Treasurer determines they are uniquely qualified to provide, wherein some of the requirements of this section may be waived.

Neither the Treasurer, nor any member of the Treasurer's staff, may accept any gift, honoraria, gratuity or service of value in violation of the regulations set forth by the Fair Political Practices Commission, the Government Code, additional limitations set forth by County ordinance, or internal requirements of the Treasurer. The Treasurer and all members of the Treasury staff are prohibited from conducting any business with any broker, dealer, or securities firm that has made a political contribution within any consecutive 48 month period beginning January 1,

1996, in an amount exceeding the limitation contained in Rule G 37 of the Municipal Securities Rulemaking Board, to the County Treasurer or any member of the Board of Supervisors, or any candidate for these offices.

TREASURY OVERSIGHT

Oversight of treasury operations and pooled investments shall be achieved through the following measures:

1. A Report of Investment will be prepared by the Treasurer and distributed to the Board of Supervisors', the Chief Administrative Officer, and the County Auditor-Controller quarterly. The report will be available to pool participants and the public on request.
2. Pooled investments will be audited annually as to their compliance with government standards and investment regulations.
3. The Treasurer will present a report of investments to the public, pool participants and the Board of Supervisors annually.

TERMS FOR FUNDS INVESTED WITH THE COUNTY INVESTMENT POOL

The Government Code requires the County Treasurer to define the limits and conditions under which local agencies having their money in the Investment Pool may deposit and withdraw their funds. The Government Codes confer upon the Treasurer the final authority as to how funds for which the Treasurer is responsible for overseeing, are to be invested. The Treasurer must take into consideration the current financial condition of the sum total of the Pool's agencies, the conditions of the market place, as well as the cash flow projections and the potential for changes in the Pool's cash needs. The Treasurer must protect the earnings of each individual local agency in the Pool, and also see that no decision will reward a particular agency or group of agencies within the Pool at the expense of another or others within the Pool. If the Treasurer determines that a request for a withdrawal of funds for a specific or outside investment is not, in the Treasurer's opinion, in the best interest of a particular agency, or is overly detrimental to the pool as a whole, the Treasurer must legally deny the request, or find a means of neutralizing the harm to all others affected.

Any funds deposited in accounts that are consolidated into the County Investment Pool that are not immediately required to meet cash flows of the Pool will be invested by the Treasurer or the Treasurer's staff. All Pool entities agree that by placing funds in such accounts that they agree to proportionately participate in all investments within the Investment Pool.

FUNDS OF AGENCIES REQUIRED TO INVEST WITHIN THE POOL

Funds will be accepted at all times, in the manner prescribed, from those local agencies where the County Treasurer is also the Treasurer for the local agency, or from any agencies that by statute must place their money in the County Pool. Funds will earn interest based on the average daily balance, paid on a quarterly basis.

Should a legislative body of a local agency determine that certain funds will not be required by the local agency for a period of at least two years, the local agency may petition the County Treasurer to invest that portion of the local agency's excess funds in a specific investment under the control of the County Treasurer. Such a petition should state the nature of the funds the legislative body wishes to invest specifically, and the reasons why the legislative body believes a specific investment is a preferable and viable alternative to general Pool participation. Should the Treasurer determine that the request for a specific investment is valid and not counter-productive to the Pool as a whole, the Treasurer will consult with the local agency's legislative body, or its appointed representative, to suggest and determine exactly what investment(s) should be purchased to fulfill the needs of the local agency. The Treasurer will then purchase the specific investment(s) upon receipt of a written resolution, issued by the legislative body of the local agency, requesting the specific investment. The resolution must acknowledge that the local agency's legislative body takes full responsibility for the decision to purchase the specific investment(s), and that should conditions change requiring a sale prior to maturity of the specific investment(s), any loss that might be suffered as a result, will be solely that of the local agency, and that this loss shall not be shared by the Pool as a whole, nor by the County.

Under language added to the Government Code in 1995, it is not permissible for local agency legislative bodies, required to have their funds within the Pool, to withdraw funds from the Pool in order to invest outside the County Pool in any manner, at any time, without the specific permission of the Treasurer. Any such investments shall either be terminated and all funds returned to the Pool, or the securities so purchased shall be transferred to the custody of the County Treasurer immediately. Upon receipt of any such securities by the Treasurer, the Treasurer shall at the Treasurer's option, place the investment in the Pool, terminate the investment at the current market value

and credit the local agency with the proceeds, or place the security in the name of the local agency as a specific investment.

MONEY VOLUNTARILY INVESTED WITH THE COUNTY INVESTMENT POOL

By Government Code, the County Treasurer shall set conditions under which money from local agencies, not required to have their funds in the Investment Pool, may deposit and withdraw voluntarily invested funds.

Local agencies from outside the County will not be permitted to deposit funds in the County Pool. Funds from local agencies within the County, voluntarily wishing to participate in the Pool, shall be accepted under the terms existing in this Policy, along with any additional terms the Treasurer deems prudent, given the entity's particular situation. Voluntary money may be withdrawn under conditions set forth in Sections 27133 and 27136 of the Government Codes and as previously specified in any agreements made with the Treasurer. Specific investments are not normally permitted with voluntary funds, though on a cost recovery basis and under circumstances that dictate such activity, exceptions may be permitted.

OVERDRAFTS AND BORROWING

The Government Codes set certain requirements for overdrafts. Participants may overdraw their accounts on a temporary basis, but only when such overdrafts are due to cash flow differences, and not the result of indeterminate budget shortfalls. **All overdrafts existing longer than one month must be repaid no later than the end of the fiscal year.**

APPORTIONING OF COSTS AND INTEREST

All costs related to investing, maintaining and accounting for the investments purchased for the Investment Pool, as authorized by Section 27013, shall be apportioned equally on the average daily balance method quarterly to all participants with funds in the Investment Pool, including those held in specific investments. Interest earning shall be apportioned on the same basis and also distributed quarterly.

REPORTING

The Treasurer generally makes adjustments to the County Pool Investment Policy near the beginning of the calendar year and makes the revised document available to those requesting it. Other reports on the holdings, status and earnings of the portfolio may also be available during the year.

Addendum

Legal Pool Investments *

<u>Investment Type</u>	<u>Max. % of Portfolio</u>	<u>Max. Maturity</u>	<u>Quality Requirements</u>
a) Bonds issued by a local agency	None	None	None
b) Treasury obligations	None	None	None
c) State of California Obligations	None	None	None
d) Obligation of Calif. local agency	None	None	None
e) Obligations issued by Federal Agencies and U.S. Government Sponsored Enterprises	None	None	None
f) Bankers Acceptances	40%	180 days max.	None
g) Commercial Paper	40%	270 days max.	U.S. entity with credit enhancements resulting in paper rating A1/P1 or better; with \$500MM in assets; A or higher long term rating if any; max. 10% of portfolio per issuer.
h) Negotiable C.D.s	30%	5 years	None
i) Repurchase Agreements	None	1 year	Collateral must be a legal investment
Reverse Repurchase Agreements	20% of base	92 days max., or to maturity	None
j) Medium Term Note	30%	5 years	U.S. Corporations, or Banks licensed within any State of the U.S., "A" or better rating by major rating service.
k) Mutual Funds	20%, 10% per fund	NA	A defined money market fund; or invest only in a-j, m, n, of this list, as restricted; Highest letter and number ranking of 2 of 3 rating services; or a SEC Registered Advisor with 5 Yrs. experience, managing assets of \$500MM or more; No load.
l) Investments as permitted by provision in agreements of indebtedness	As per bond documentation	NA	Not contrary to 53601 & 35 and other pertinent law.
m) Asset secured indebtedness	None	None	As required by 53652
o) Collaterallized Mortgage obligations	20%	5 years	Issuer must be rated "A" minimum, security must be "AA" by national rating service.
p) Contracted Non-Neg. Time Deposits	None	None	None
635.8) Deposited Pooled small C.D.s	30%	None	Insured as to principle and interest

These tables are not meant to be a replacement for the Government Code. Involved parties should obtain a valid, updated copy of the pertinent Code sections to fully understand all the details included within these Codes.

*See Temporary Constraints & Restrictions document for conditions on these permitted investments in effect at the annual review of this Policy

Temporary Constraints and Restrictions on Investments*

- a. **Bonds issued by the County or County Agencies.** The Treasurer may purchase debt issued by the County or its agencies, but any such debt purchased will normally be obtained only directly from the issuing agency and not in the secondary market. The purchase of appropriate issues of local agencies existing within the County, maturing beyond five years, may also be purchased after consultation and the proper approval of the Board of Supervisors. Such issues, along with issues from 'c' and 'd' below, shall not exceed 10% of the total portfolio. LAIF investments shall not be included when calculating this percentage.
- b. **U.S. Treasury obligations.** The Treasurer may purchase U.S. Treasury obligations for the liquidity and availability they provide when investing in issues beyond two years. However, the spread available on issues with less availability or quality may suggest that other issues be substituted. Treasury issues will not be limited in quantity, though the cash flow requirements of the Pool shall be considered when purchasing all longer term maturities.
- c. **State of California Obligations.** The Treasurer does not currently invest in State obligations, though participation in the Local Agency Investment Fund is part of the overall investment strategy. The holding of interest bearing State issued warrants as an investment alternative is permissible under some occasions, though the purchase of such warrants will not be considered under normal circumstances. State issued obligations, along with issues from 'a' and 'd', shall not exceed 10% of the overall portfolio. LAIF investments shall not be included when calculating this percentage.
- d. **Obligations of another California local agency.** The Treasurer does not currently purchase many of these securities when issued by individual agencies due to tax considerations, but may occasionally purchase taxable issues should the issues meet liquidity and safety requirements. The total of all such individual local agency issues, along with issues from 'a' and 'c' above, shall not exceed 10% of the overall portfolio. LAIF investments shall not be included when calculating this percentage, nor shall investments in joint power authorities that resemble money market mutual funds such as CAMP. Maximum investments in LAIF shall be governed by the maximum permitted by the State. Investments in joint powers authority investment funds shall not exceed 25% of the Pool's portfolio under normal conditions. Neither of these limits shall include specific investments or individual local agency's investments of bond proceeds not made through the Pool.
- e. **Obligations of the various Federal agencies and enterprises.** The Treasurer currently does not invest in any long term pooled securities issued by GNMA, FHLMC, SBA, or any Federal Agency or Enterprise-with a maturity based on average life calculations. Due to the frequent concerns for the safety and liquidity levels many agency and enterprise obligations, the Treasurer monitors their debt and may restrict the purchase of any such securities at any time. Agency obligations are expected to yield a reasonable spread over Treasury issues of the same maturity. No single agency shall account for more that 15% of the portfolio at this time, nor will the total of all Federal agencies exceed 25% of the portfolio under normal circumstances..
- f. **Bankers Acceptances.** The Treasurer is currently willing to purchases B.A.s from those banks with a proven record of dependability and market participation when offered at competitive rates relative to other types of securities. Foreign banks shall be headquartered in certain Western European countries, Canada, or Japan. For additional potential restrictions see section 'p' below.
- g. **Commercial Paper.** Given the current state of the credit markets in general, purchases of Commercial Paper will remain very limited and be restricted to the financially strongest and most liquid issuers. Under normal market conditions, the Treasurer currently does not impose any additional restrictions on commercial paper, though as a rule will maintain an inverted ratio that results in the percentage of commercial paper in the portfolio decreasing as the weighted average maturity of the commercial paper within the portfolio increases. The percentage in commercial paper will not approach the maximum unless all maturities are under thirty days, nor will the percentage of commercial paper generally exceed 30% of the total portfolio unless the

average weighted maturity of commercial paper investments is under 60 days. See section 'p' below for additional potential restrictions on particular Commercial Paper issues:

- h. Negotiable Certificates of Deposit.** The Treasurer currently purchases those types of Negotiable C.D.s permitted by the Government Codes from issuers with a proven record of dependability and market participation. The Treasurer monitors, and therefore may possibly eliminate those banks whose marketability and liquidity may be considered suspect due to their liquidity and pricing within the secondary markets. Negotiable S&L, credit union, and savings bank C.D.s are not currently purchased. Foreign banks shall be headquartered in certain Western European countries, Canada, or Japan and shall be further limited to the largest and most stable banks of any one country. The Treasurer does not purchase any type of C.D. with a maturity beyond five years. Any C.D.s purchased with a maturity longer than thirteen months normally must pay interest no less frequently than semiannually, or yield accordingly. Please see section 'p' below for additional potential restrictions on C.D. purchases.
- i. [a] Repurchase Agreements.** Repurchase agreements (Repos) will only be entered into with Primary Dealers, and shall require additional collateral if the market value falls to a level of 100% of the cash value invested, when Treasury Notes and Bonds are the collateral, and at higher levels for other types of collateral. Treasury Notes and Bonds will be collateralized at a minimum of 102% of market at the start of the repo, for short term repos, and possibly at higher levels for longer term repos, (percentage determined by market conditions, etc.). Repo agreements with Treasury Bills or other discounted securities as collateral will be priced to market and collateralized at a minimum of 102% of market, (actual percentage to be determined by collateral type, conditions, etc.) Collateral with maturities beyond five years are not acceptable, (except in certain limited cases where unrestricted 'puts' are included with the issue), and all collateral must meet the same requirements as purchased securities. Repurchase Agreements will not be entered into for periods longer than 90 days. Repurchase Agreement contracts will be on file for any dealer with which the County does repos. See section 'p' below for other potential restrictions on Repo collateral.
- [b] Reverse Repurchase Agreements.** [The Treasurer currently does not invest in Reverse Repurchase Agreements.] or [Reverses Repurchase agreements will be done only in one specific instance: When the Treasurer determines that due to an emergency or unanticipated cash need, it is more advantageous to reverse a security, rather than sell it, to raise needed cash. This type of Reverse Repo shall not exceed thirty days, and shall match a known cash inflow sufficient to cover principal and interest payments due on the Reverse. These types of Reverse Repos may not be extended, rolled or reinvested. Reverse Repurchase Agreements are expected to be entered into only in very rare circumstances..
- The Treasurer will monitor the value of the collateral on all Reverse Repos as to current market value versus cash received, and request or make adjustments if appropriate. The percentage of the total portfolio engaged in Reverse Repo Agreements shall not exceed 5% of the base portion of the Investment Pool. Repurchase Agreement contracts will be on file for any dealer which the County does Reverse Repos. All Reverse Repos must be done directly with Primary Dealers, and will never be done as a means of financing the security involved, or as a means of financing the purchase of another security with a maturity longer than the term of the Reverse Repurchase Agreement.]
- [c] Securities Lending Agreements.** The Treasurer currently does not participate in securities lending.
- j. Medium Term Notes.** The Treasurer normally only purchases Medium Term Notes with a minimum rating of "A" or better for a maturity up to two years. Maturities beyond two years generally require a rating of "AA" or better by at least one of the rating agencies. However, given current market conditions, many other factors other than the rating will be included in any investment decision on an MTN. See section 'p' below for additional potential restrictions on Medium Term Notes.
- k. Mutual Funds.** The Treasurer currently imposes no additional restrictions on Mutual Fund purchases beyond those in the Codes.

- l. Investment of Bond indebtedness.** The Treasurer will consider GICs and other similar investments as bond documentation permits.
- m. Asset backed securities.** The Treasurer normally purchases only asset backed securities where the presence of asset backing is not a deciding factor for investing in the security.
- n. CMO investments.** Under the terms of the Investment Policy, the Treasurer does not currently purchase any CMO investments.
- o. 1) Contracted Non-negotiable Time Deposits.** The Treasurer will enter into contracts for Time Deposits of amounts greater than \$240,000, only with those banks that meet the requirements for investment in Negotiable C.D.s, or with those banks headquartered or with a branch within the County, that are rated "A-" or better by a recognized rating agency. Time Deposits for amounts of \$240,000 or less shall be with California institutions rated "A" or better by a recognized rating agency, having assets of at least \$25,000,000 and shall require at least quarterly interest payments. Issuers of all Time Deposits shall agree to early withdrawal, under a bona fide emergency circumstance, with penalties not exceeding an interest adjustment to the level of the yield available to the investor on the original settlement date, for the shorter time period actually held. The maximum maturity on any Time Deposit shall usually not exceed 1 year, nor shall the total of all Time Deposits exceed 5% of the total portfolio. Mandated deposits or investments specifically invested by pool participant's request are not included in this percentage restriction. See section 'p' below for additional potential restrictions.
- 2) Pooled CDs in Depository Custody as per 53635.8.** The Treasurer does not invest in these instruments.
- p. Exposure Limits.** Presently the total exposure to any one issuer, when totaling all types of securities, shall not exceed { 10% of the total portfolio on date of purchase. Possible exceptions to this rule shall include U.S. Treasury issues, Federal Agency issues, local agency issues, and funds in LAIF. Repurchase Agreement collateral shall not be excluded from this calculation unless the Repurchase Agreement is for 5 business days or less. Exposure to the overall credit of individual foreign countries shall be monitored and maintained at prudent levels.
- q. Futures and Options.** Under the terms of the Investment Policy the Treasurer does not currently invest in futures or options.
- r. Maturities over one year.** Any investment made with a maturity exceeding one year, not made by the Treasurer, shall require approval of the Treasurer.
- s. Permitted Percentages.** State law states that all required percentages included within investment related sections of the Government Codes are only binding on the day the investment is made, and that future changes in the size of the portfolio do not require the Treasurer to readjustment the total percentage of each security type within the portfolio to reflect the change in size. Neither is it necessary to sell an investment when changes occur such that the security no longer meets the minimum requirements of the Codes, or the Codes are changed such as to no longer include certain current holdings. The Treasurer shall weigh any Code changes to determine whether or not a security should be sold or retained within the Portfolio after a change in conditions or the Codes result in a particular security no longer meeting existing or new regulations.

*These are the constraints in place at the onset of the year – changes are possible on a regular and constant basis.

California State Treasurer
Fiona Ma, CPA



Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

September 30,
2020

[LAIF Home](#)
[PMIA Average](#)
[Monthly Yields](#)

LAKE COUNTY

TREASURER/TAX COLLECTOR
255 N. FORBES STREET, ROOM 215
LAKEPORT, CA 95453

[Tran Type](#)
[Definitions](#)

Account Number: XXXXXXXXXX

August 2020 Statement

Account Summary

Total Deposit:	0.00	Beginning Balance:	65,756,881.84
Total Withdrawal:	0.00	Ending Balance:	65,756,881.84

California State Treasurer
Fiona Ma, CPA



Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

October 14, 2020

LAIF Home
PMIA Average
Monthly Yields

LAKE COUNTY

TREASURER/TAX COLLECTOR
255 N. FORBES STREET, ROOM 215
LAKEPORT, CA 95453

Tran Type
Definitions

Account Number: ██████████

September 2020 Statement

Account Summary

Total Deposit:	0.00	Beginning Balance:	65,756,881.84
Total Withdrawal:	0.00	Ending Balance:	65,756,881.84



GLOBAL CUSTODY SERVICES
 350 CALIFORNIA STREET, H-17002
 SAN FRANCISCO, CA 94104

----- manifest line -----

COUNTY OF LAKE

COURTHOUSE-255 N. FORBES ST #215
 LAKEPORT, CA 95453

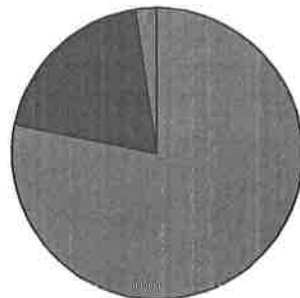


Overview of Total Account Value

Closing Value on 12/31/2019	\$179,860,841.43
Opening Value on 09/01/2020	\$217,934,592.62
Closing Value on 09/30/2020	\$217,924,061.40
Net Change For Period	(\$10,531.22)

Overview of Account by Investment Category

Your Current Portfolio Mix



% of Total Account	Market Value	Description
78.15%	170,314,157.55	Cash & Cash Equivalents
19.49%	42,472,367.85	Corporate Obligations
2.36%	5,137,536.00	Non-US Securities
100.00%	\$217,924,061.40	Total Account Value

Account Statement

Statement Period

September 1, 2020 through September 30, 2020

Account Number

Account Name

COUNTY OF LAKE

Relationship Manager

JORGE PRISCO
 415-705-7266

Investment Manager

ABALONE COVE ADVISORS

Online Access

unionbank.com/trustandcustody

Contents

- Overview of Total Account Value
- Principal Portfolio Summary
- Unrealized Gain/Loss Summary
- Cash Transactions Summary
- Asset Detail
- Bond Maturity Summary
- Transaction Detail





Account Number

Account Name
LAKE COUNTY

Account Statement

Statement Period

September 1, 2020 through September 30, 2020

Principal Portfolio Summary

Description	Market Value	Percentage of Portfolio	Current Yield
Cash & Cash Equivalents	170,314,157.55	78.15%	0.01%
Corporate Obligations	42,472,367.85	19.49%	0.91%
Non-US Securities	5,137,536.00	2.36%	2.29%
Total Principal Portfolio	\$217,924,061.40	100.00%	0.24%

Unrealized Gain/Loss Summary

Description	Cost Basis	Market Value	Gain/Loss
Cash & Cash Equivalents	170,314,157.55	170,314,157.55	0.00
Corporate Obligations	42,091,990.50	42,472,367.85	380,377.35
Non-US Securities	5,197,767.00	5,137,536.00	(60,231.00)
Total Gain/Loss	\$217,603,915.05	\$217,924,061.40	\$320,146.35

Cash Transactions Summary

	Principal Cash
Receipts	
Dividend	2,983.43
Other Receipts	671.00
Total Receipts	\$3,654.43
Disbursements	
Purchases	(2,983.43)
Fees	(671.00)
Total Disbursements	(\$3,654.43)
Total Net Transactions	\$0.00



Account Number

Account Name
LAKE COUNTY

Account Statement

Statement Period

September 1, 2020 through September 30, 2020

Asset Detail - Principal Portfolio

Cash & Cash Equivalents

Asset Name	Asset Identifier	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
Money Market Funds								
FIDELITY INSTL CASH PORTFOLIOS U S GOVT PORTFOLIO CL-I #57 ***CASH MANAGEMENT SWEEP*** 316175108	31617510S	170,314,157.5500	170,314,157.55	170,314,157.55	1.0000 09/30/2020	78.15%	0.01%	17,033.12
Total Cash & Cash Equivalents			\$170,314,157.55	\$170,314,157.55		78.15%	0.01%	\$17,033.12

Corporate Obligations

Asset Name	Asset Identifier	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
Corporate Bonds								
JACKSON NATL LIFE GBL FDG 14 2.13125% 10/15/20 FLOATING RATE	46849LTD3	7,435,000.0000	7,407,490.50	7,435,617.85	100.0110 09/30/2020	3.41%	2.13%	158,458.44
HUNTINGTON NB COLUMBUS OH 2.2910% 2/5/2021 FLOATING RATE	44644AAG2	10,000,000.0000	9,872,000.00	10,013,800.00	100.1380 09/30/2020	4.60%	2.29%	229,100.00
CITIBANK NA N Y SR FLTG RT 02/12/2021	17325FAM0	25,000,000.0000	24,812,500.00	25,022,750.00	100.0910 09/30/2020	11.48%	0.00%	250.00
Total Corporate Obligations			\$42,091,990.50	\$42,472,367.85		19.49%	0.91%	\$387,808.44

3 / 5





Account Number

Account Name
LAKE COUNTY

Account Statement

Statement Period

September 1, 2020 through September 30, 2020

Asset Detail - Principal Portfolio (continued)

Non-US Securities

Asset Name	Asset Identifier	Shares/ Units Held	Cost Basis	Market Value	Price/ Date Priced	Percentage of Portfolio	Current Yield	Estimated Annual Income
Non - US Corporate Bonds								
NATIONAL AUSTRALIA BK LTD 14 FLTG RT 7/12/2021	6325C0DF5	5,100,000.0000	5,197,767.00	5,137,536.00	100.7360 09/30/2020	2.36%	2.29%	117,509.61
Total Non-US Securities			\$5,197,767.00	\$5,137,536.00		2.36%	2.29%	\$117,509.61
Total Principal Portfolio			\$217,603,915.05	\$217,924,061.40		100.00%	0.24%	\$522,351.17
Total Account Values			\$217,603,915.05	\$217,924,061.40		100.00%	0.24%	\$522,351.17

Bond Maturity Summary

	Face Value	Par Value	Cost Basis	Market Value	Percentage of Bond Market Value
2020		7,435,000.000	7,407,490.50	7,435,817.85	15.62%
2021		40,100,000.000	39,882,267.00	40,174,086.00	84.38%
2022					
2023					
2024					
2025					
2026					
2027					
2028					
2029					
Ten-to-Fourteen Years					
Fifteen-to-Nineteen Years					
Twenty Years and Over					
Total	\$0.00	47,535,000.000	\$47,289,757.50	\$47,609,903.85	100.00%



Account Number

Account Name
LAKE COUNTY

Account Statement

Statement Period

September 1, 2020 through September 30, 2020

Transaction Detail

Date	Activity	Description	Asset Identifier	Principal Cash	Cost Basis
Beginning Balance				\$0.00	\$217,600,931.62
09/01/20	Purchases	PURCHASED 2,983.43 UNITS OF FIDELITY GOVT MMKT INST CL-I #57 TRADE DATE 09/01/20	31617510S	(2,983.43)	2,983.43
09/01/20	Dividend	CASH RECEIPT OF DIVIDEND EARNED ON FIDELITY GOVT MMKT INST CL-I #57 DIVIDEND FROM 8/1/20 TO 8/31/20	31617510S	2,983.43	
09/03/20	Other Receipts	CASH RECEIPT PAYMENT OF FEES For Period Ending 20200731		671.00	
09/03/20	Fees	UB FEE COLLECTED For Period Ending 20200731		(671.00)	
Net Activity				\$0.00	\$2,983.43
Ending Balance				\$0.00	\$217,603,915.05

5 / 5

