

**Meeting of the  
Financial Oversight Committee  
Yolo County  
Tuesday, November 5, 2019  
3:00 P.M.**

625 Court Street, Atrium Training Room,  
Basement, Woodland, CA 95695

Meetings are accessible to people with disabilities. Individuals who need special assistance or a disability-related modification or accommodation to participate in this meeting, or who have a disability and wish to request an alternative format for the meeting materials, should contact Chad Rinde, Chief Financial Officer at least two (2) working days before the meeting at 530-666-8050 or [chad.rinde@yolocounty.org](mailto:chad.rinde@yolocounty.org).

If you have anything that you wish to be distributed to the Committee and included in the official record, please hand it to a member of County staff who will distribute the information to the members and other staff.

**Committee Members:**

Chair Duane Chamberlain	(Board of Supervisors - Voting)
Gary Sandy	(Board of Supervisors - Voting)
Vice-Chair Richard Horan	(Public Member- Voting)
Crissy Huey	(County Superintendent of Education - Voting)
Vacant	(Public Member – Voting)
Paul Navazio	(Cities Member – Voting)
Kristin Sicke	(Special District Member – Voting)
Patrick Blacklock	(County Administrator – Non-voting)
Chad Rinde	(Chief Financial Officer – Non-voting)

**3:00 p.m. Call to Order**

- 1. Welcome - New Chief Budget Officer (Mubeen Qader)**
- 2. Approval of Agenda**
- 3. Introductions**
- 4. Follow-up of items from prior meeting - Receive verbal report of follow-up on restatement of June 30, 2018 HHSA revenue receivable (Tiriboyi).**

**5. Public Comment**

This item is reserved for persons wishing to address the Committee on any related matters that are not otherwise on this meeting agenda. Public comments on matters listed on the agenda shall be heard at the time the matter is called. As with all public comment, members of the public who wish to address the Committee are customarily limited to three minutes per speaker, but an extension can be provided at the discretion of the Chair.

## CONSENT AGENDA

6. Approval of the prior meeting minutes 8/20/2019.

## REGULAR AGENDA

7. Receive verbal report on status of the Division of Internal Audit Activity (Eldredge) – update on status of current engagements and the release of audit reports since last meeting.
8. Receive verbal report on status of recruitment for the Internal Audit Manager (Rinde).
9. Receive verbal report and update from the Independent Auditor's (LSL/Tiriboyi) – update on status of the CAFR.
10. Receive verbal report on Countywide Budget (Qader/Haynes).
11. Receive completed Treasury audit reports and verbal update on the status of pending audits (Burnham) – For quarters ended 6/30/2019 and 9/30/2019.
12. Receive report on the Treasury Pool Investment Activity for the Third Quarter ended September 30, 2019 (PFM/Burnham).
13. Receive educational presentation regarding Socially Responsible Investing and provide input (PFM/Burnham).
14. Receive and discuss the 2020 Investment policy (Rinde/Burnham).
15. Accept resignation letter from Eric Will, Public Member and direct staff to begin recruiting for vacancy (Rinde).
16. Select FOC Chair and Vice Chair to serve for the following calendar year 2020.
17. Approval of meeting calendar for year 2020.
18. Confirm next meeting date: To be determined
19. **Committee Member and Staff Announcements**  
Action items and reports from members of the Committee, including announcements, questions to be referred to staff, future agenda items, and reports on meetings and information which would be of interest to the Committee or the public.
20. **Adjournment (Approximately 4:30 pm)**  
Public records that relate to any item on the open session agenda for a regular meeting are available for public inspection. Those records that are distributed less than 72 hours prior to the meeting are available for public inspection at the same time they are distributed to all members, or a majority of the members of the Committee. Public records are available for inspection by contacting Chad Rinde, Chief Financial Officer at 530-666-8050 or [chad.rinde@yolocounty.org](mailto:chad.rinde@yolocounty.org) and meeting materials can be inspected at County offices located at 625 Court Street, Woodland, CA 95695; those interested in inspecting these materials are asked to call 530-666-8050 to make arrangements. The documents are also available on the County of Yolo Financial Oversight Committee website located at: <https://www.yolocounty.org/general-government/general-government-departments/financial-services/financial-oversight-committee>

**YOLO COUNTY FINANCIAL OVERSIGHT COMMITTEE**

**MINUTES OF MEETING AUGUST 20, 2019**

County Administration Building, County Admin Room  
625 Court Street  
Woodland, CA 95695

Members present: Duane Chamberlain (Chair – Supervisor), Gary Sandy (Supervisor), Crissy Huey (Education), Kristin Sicke (Special District), and Eric Will (Public).

Members excused: Paul Navazio (Cities) and Richard Horan (Public),

Others present: Patrick Blacklock (CAO), Chad Rinde (CFO), Edward Burnham (Treasury Manager), Marilyn Tiriboyi (Accounting Manager), Lesley Murphy (PFM), Brandon Young (LSL), and Kim Eldredge, Noemy Mora-Beltran, David Estrada (Internal Audit).

Recorded by Kim Eldredge

- 1) Duane Chamberlain called the meeting to order at 3:03 PM with Gary, Eric and Crissy in attendance. Kristin arriving at 3:41 PM. Quorum was formed with five voting members present.
- 2) The agenda was reviewed and approved; agenda adopted (Sandy/Will).
- 3) Introductions: members above in attendance. Richard Horan (Public) and Paul Navazio were noted as absent.
- 4) There were no follow-up items open from prior meeting.
- 5) Public comments: There were no public comments.
- 6) Approval of the 6/25/19 meeting minutes was accepted and approved (Sandy/Huey).
- 7) Kim Eldredge provided an update on the Internal Audit Activity. (a) released audit reports from last meeting (Landfill Cash Audit, Placer Peer Review and Treasury Cash Count QE 3/31 & 6/30/19 and status of current engagements, (b) summary of audit reports received for County, JPAs and other entities for FYE 6/30/2018 and Special Districts for FYE 2018 & 2019 were provided, and 3) the Draft 2019-2020 Annual Audit Plan for committee feedback. No requests for change on the plan were noted.
- 8) Chad Rinde provided an update on the status of the recruitment of the Internal Audit Manager. The position closes September 6, 2019 with interviews planned for the third week

of September. He asked if any FOC members are interested in being part of the interview panel to contact him directly.

- 9) Chad Rinde reported that the Single Audit Report for June 30, 2018 was completed. The auditors identified four (4) significant deficiencies in internal control; the County's bank reconciliations not performed timely, Property tax for Prop 8 adjustment not formally documented, Segregation of duties within the County's financial system (INFOR) were noted in several areas within the procurement, disbursements and payroll modules.
- 10) Edward Burnham verbally reported an update on the status of the treasury for quarters ended 9/30/2018, 12/31/2018 (completed) and 3/31/2019 and 6/30/2019 (pending) due to bank reconciliations not completed for a variety of reasons - transitioning to a new financial institution-banking system and new account coding for each entity within the Treasury Pool, training of new treasury staff and processing of fiscal year end transactions.
- 11) Brandon Young of LSL CPAs, county's new external audit firm, provided an update on the status of the CAFR progress and timeline for single audit planned for February/March 2020. Chad explained in detail the restatement of HHSA revenue receivable for the June 30, 2018 financial statements. The committee asked for a follow-up on the restatement and department's efforts at next quarters meeting.
- 12) Review Treasury and Cash Investments for Quarter Ending June 30, 2019 (PFM)- Leslie Murphy provided an economic update and overview of the investment portfolio performance for the Second Quarter of 2019. Crissy requested an overview of how securities are selected as part of the portfolio. The committee asked PFM to provide an overview of Socially Responsible Investing at next quarters meeting.
- 13) Members requested a different time set for next meeting. Kim Eldredge to work with Board Deputies of best available dates and times for next quarters meeting.
- 14) Meeting Adjourned at 4:13 PM.



**pfm**

# Yolo County

## Investment Review Third Quarter 2019

**Sarah Meacham, Managing Director**

November 5, 2019

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50 California Street  
Suite 2300  
San Francisco, CA 94111  
415-982-5544

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213 Market Street  
Harrisburg, PA 17101  
717-232-2723

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PFM Asset  
Management LLC  
**pfm.com**

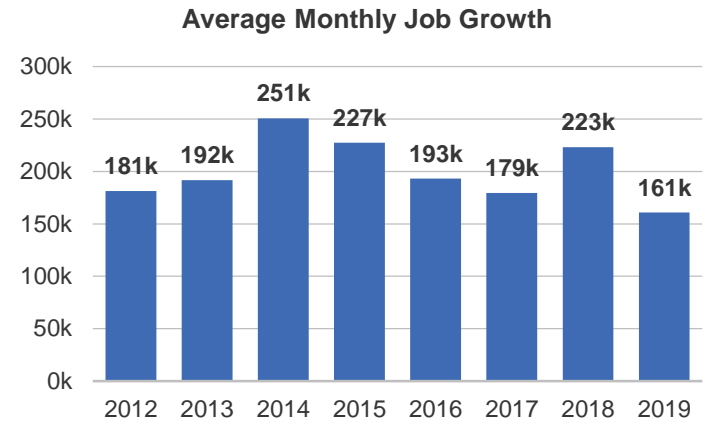


# **Economic and Interest Rate Update**

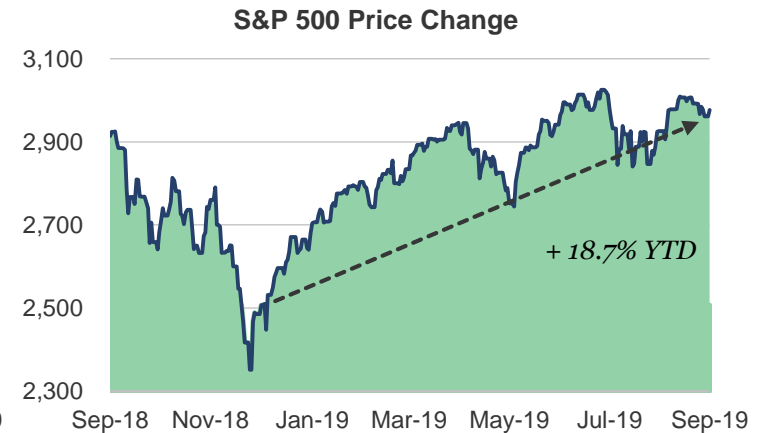
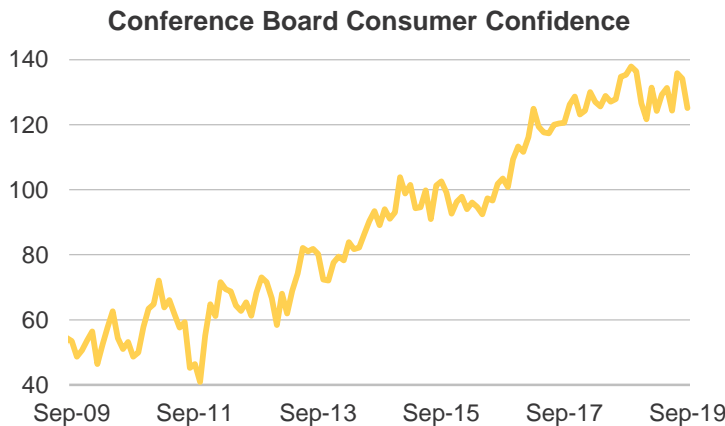


# Market Indicators Mixed, but Recession Does Not Appear Imminent

*Recession fears growing as manufacturing slows and job growth moderates...*



*...but consumers remain confident and financial markets seem optimistic*

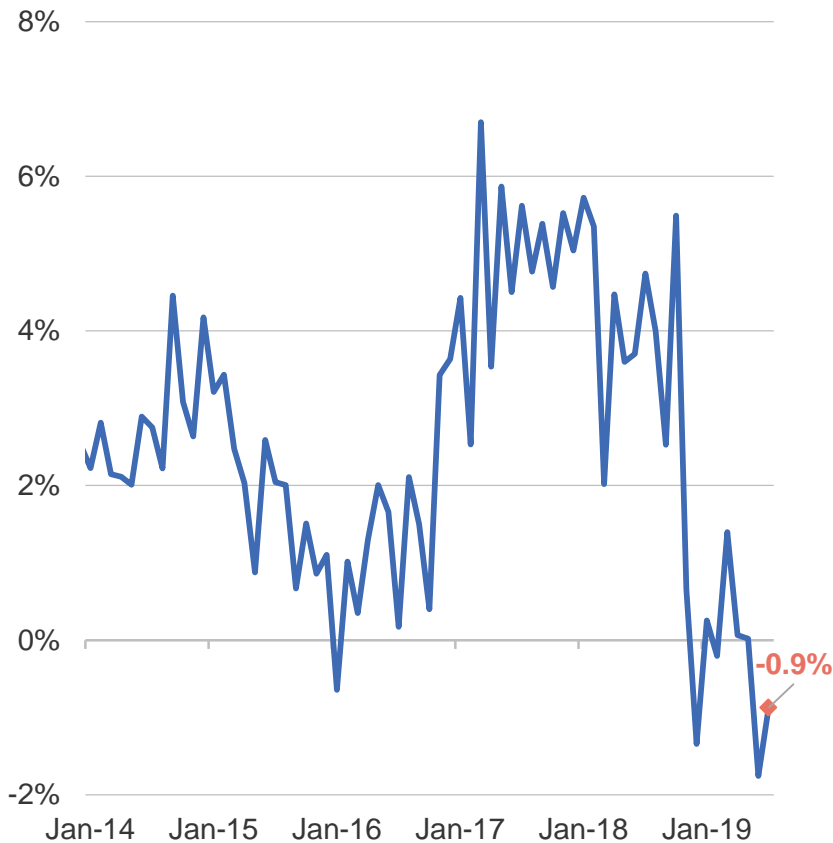


Source: Bloomberg, data available as of 9/30/19.



# Tariffs Take a Toll on Global Trade Volume, Especially U.S. Agriculture

### Global Trade Volume YoY



### U.S. Agricultural Exports to China



Source: CPB (left); Wall Street Journal & USDA Foreign Agricultural Service (right).





## The OECD Follows World Bank & IMF in Lowering Growth Projections

- The world growth outlook was cut to **2.9%** for 2019, down from the **3.2%** projection from 4 months ago.
- This rate is the slowest pace since the global financial crisis.

*“The global economy has become increasingly fragile and uncertain, with growth slowing and downside risks continuing to mount.”*

*-OECD, 9/19/19*

### OECD GDP Growth Projections September 2019

Region	2019	2020
World	2.9% ↓	3.0% ↓
U.S.	2.4% ↓	2.0% ↓
China	6.1% ↓	5.7% ↓
United Kingdom	1.0% ↓	0.9% ↓
Euro Area	1.1% ↓	1.0% ↓
Germany	0.5% ↓	0.6% ↓
France	1.3%	1.2% ↓
Italy	0.0%	0.4% ↓
Japan	1.0% ↑	0.6%
Canada	1.5% ↑	1.6% ↓

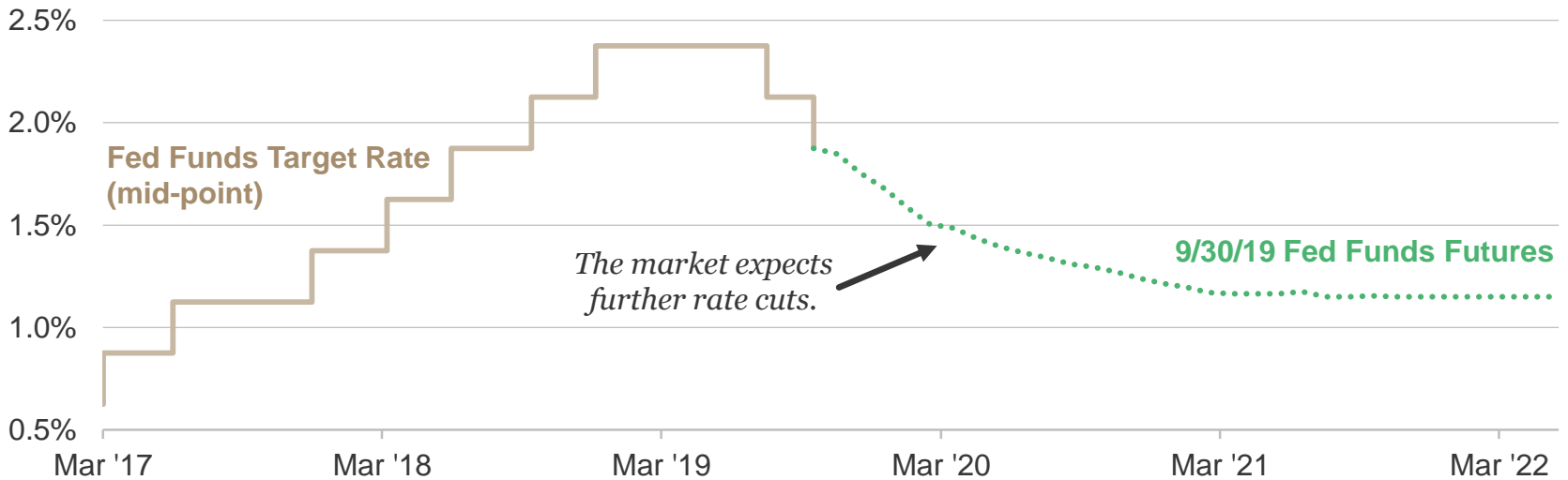
Source: The Organisation for Economic Co-operation and Development. Arrows indicate change from prior projection.



## The Federal Reserve Cut Rates in July and September



The Fed cited “...weak global growth ...trade policy uncertainty ...and muted inflation...”

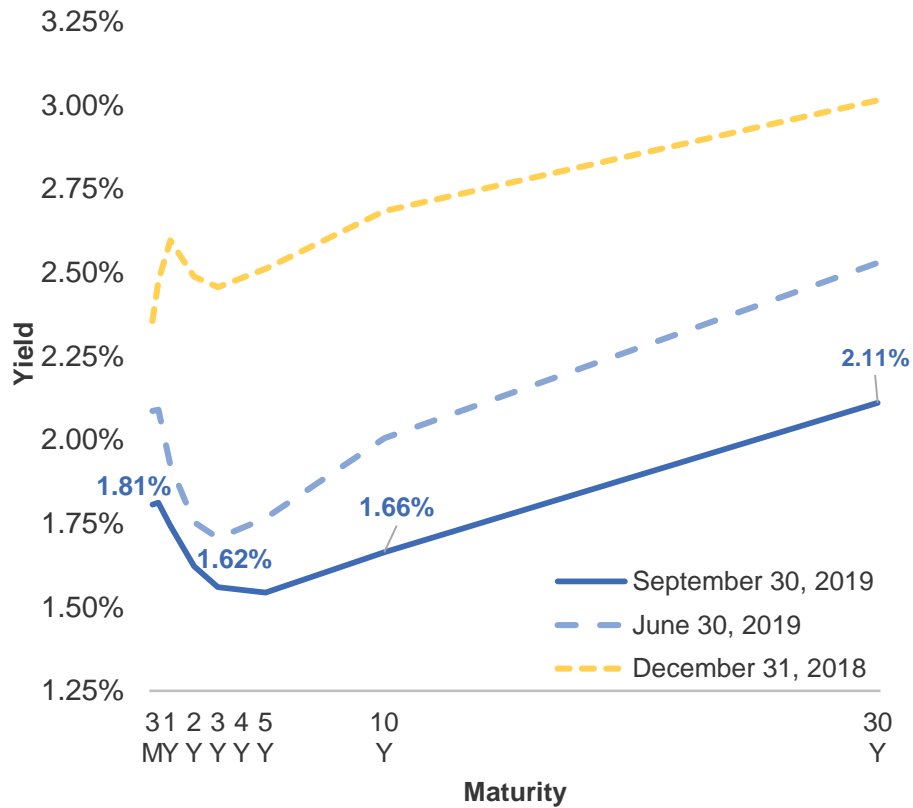


Source: Federal Reserve and Bloomberg.

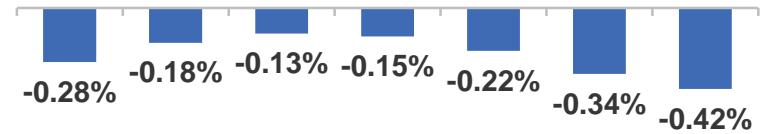


# Yields Continued to Decline in the Third Quarter

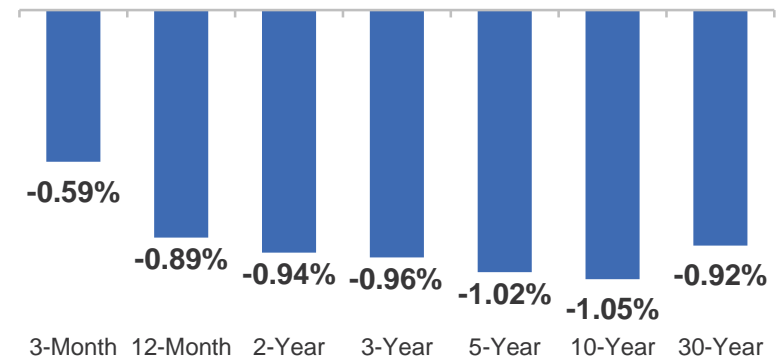
### U.S. Treasury Yield Curve



### Q3 Change in Yield



### YTD Change in Yield



Source: Bloomberg, as of 9/30/19.



# Portfolio Update



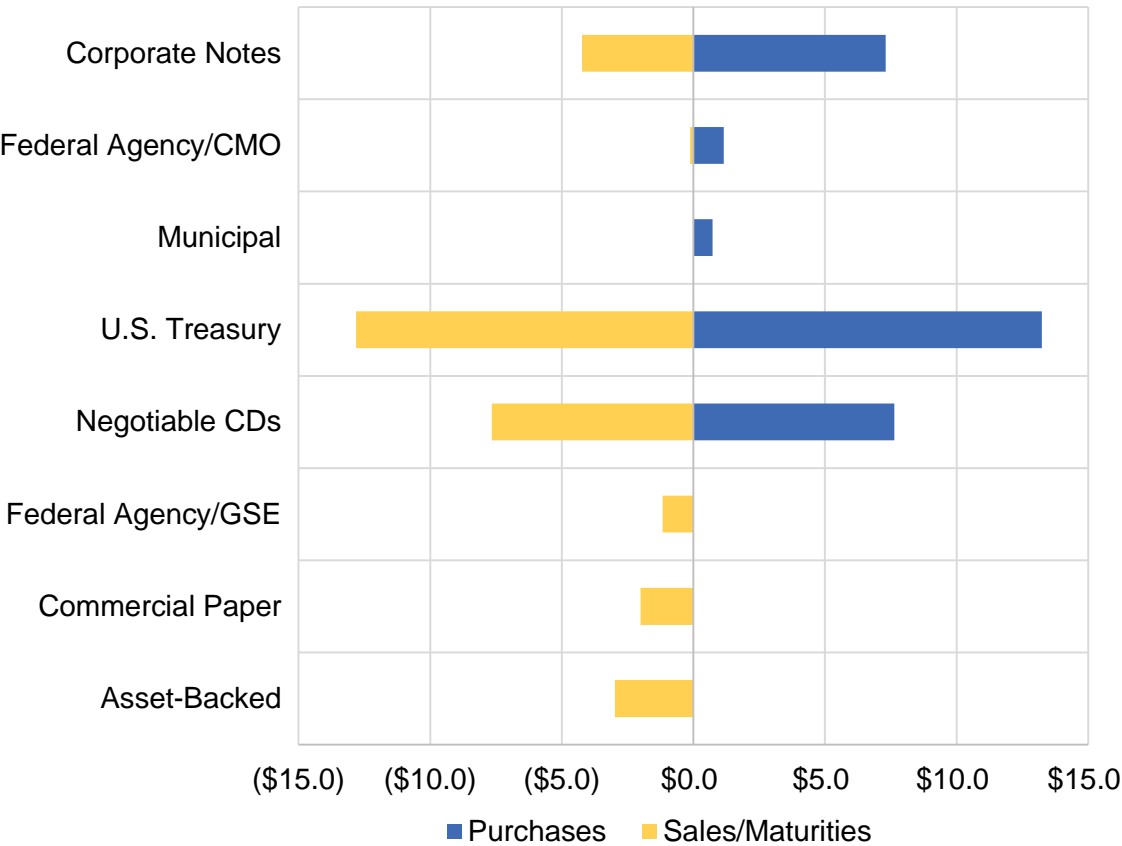
## Third Quarter Portfolio Strategy

- Maintained a portfolio duration in line with the benchmark.
- Portfolio strategy continued to favor broad diversification, generally including the widest range of permitted investments.
- During the quarter we found value in:
  - Corporate Notes
    - Our strategy in the third quarter was to make purchases a bit farther out on the yield curve within the sector and selectively take advantage of new issues. Our focus remained on those issuers with less relative exposure to international trade risks.
  - Agency MBS
    - Wider yield spreads in the Agency MBS sector provided a good buying opportunity, positioning the portfolio to benefit from incremental income in future quarters.
  - Municipal Obligations
    - Taxable issuance increased substantially in the third quarter as issuers began to take advantage of low interest rates, offering new opportunities to capture incremental yield relative to Treasuries.
  - U.S. Treasuries
    - We continued to prefer Treasuries over agencies and supranationals as yield spreads between the sectors remained near historic lows.



# Summary of Trade Activity

## Summary of Portfolio Trade Activity June 30, 2019 – September 30, 2019



## Net Transactions by Sector (\$ millions)

Corporate Notes	+ \$3.07
Federal Agency/CMO	+ \$1.02
Municipal	+ \$0.73
U.S. Treasury	+ \$0.42
Negotiable CDs	(\$0.03)
Commercial Paper	(\$2.01)
Federal Agency/GSE	(\$1.17)
Asset-Backed	(\$2.98)
<b>Total</b>	<b>(\$0.94)</b>

Based on par value of purchases, sells, maturities, and pay downs.

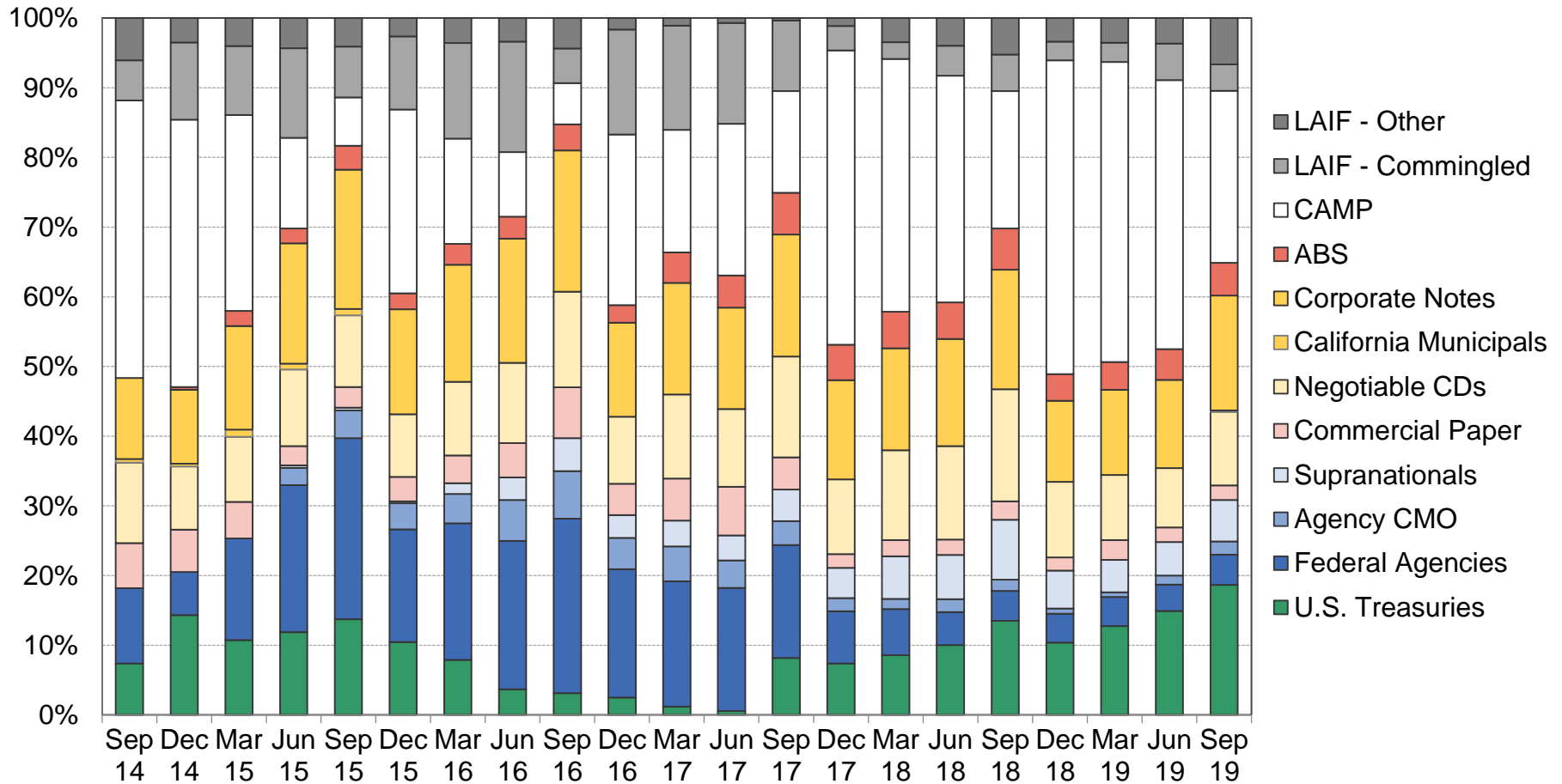


## Portfolio Composition

Security Type	Market Value as of 9/30/19	% of Portfolio	% Change vs. 6/30/19	Permitted by Policy	In Compliance
U.S. Treasury	\$70,729,073	18.6%	+3.7%	100%	✓
Federal Agency	\$16,545,845	4.4%	+0.6%	100%	✓
Federal Agency CMOs	\$7,163,936	1.9%	+0.6%	100%	✓
CA Municipal Obligations	\$729,618	0.2%	+0.2%	30%	✓
Supranationals	\$22,584,128	6.0%	+1.1%	30%	✓
Negotiable CDs	\$40,136,876	10.6%	+2.0%	30%	✓
Corporate Notes	\$62,637,198	16.5%	+3.9%	30%	✓
Commercial Paper	\$7,853,862	2.1%	-	40%	✓
Asset-Backed Securities	\$17,702,597	4.7%	+0.3%	20%	✓
<b>Securities Sub-Total</b>	<b>\$246,083,134</b>	<b>64.9%</b>			
Accrued Interest	\$1,106,637				
<b>Securities Total</b>	<b>\$247,189,771</b>				
CAMP	\$93,648,697	24.7%	-13.9%	100%	✓
LAIF – Total	\$39,666,039	10.5%	+1.6%	\$65 million per account	✓
<b>Total Investments</b>	<b>\$380,504,507</b>	<b>100.0%</b>			



## Adding Value through Sector Allocation







## Portfolio Issuer Distribution

U.S. Treasury	28.7%	JP Morgan Chase	1.2%
Fannie Mae	4.7%	U.S. Bancorp	1.2%
IBRD	4.6%	MUFG Bank	1.1%
International Finance Corporation	2.5%	Visa	1.1%
American Express	2.4%	IBM	1.1%
FHLMC	2.4%	Citigroup Inc	1.1%
Toyota Motor Credit	2.2%	Bank of America	1.1%
Swedbank AB	2.2%	Credit Suisse Group	1.1%
Inter-American Development Bank	2.1%	BB&T Corporation	1.1%
American Honda Finance	2.1%	Ally Auto Receivables Trust	1.1%
Bank of New York	2.0%	Credit Agricole SA	1.0%
Federal Home Loan Bank	1.9%	Goldman Sachs Group Inc	1.0%
Westpac Banking Corp (NY)	1.8%	Cisco Systems	1.0%
Credit Agricole	1.8%	Sumitomo Mitsui Bank	1.0%
Bank Of Montreal	1.8%	Toyota Auto Receivables	0.8%
Wal-Mart Stores Inc	1.8%	Chevron Corp.	0.7%
Exxon Mobil	1.7%	United Parcel Service Inc	0.6%
Hyundai Auto Receivables	1.7%	FNMA	0.6%
Nordea Bank Ab	1.6%	National Rural Utilities Co Finance Corp	0.4%
UBS AG	1.6%	Carmax Auto Owner Trust	0.4%
Skandinaviska Enskilda Banken Ab	1.5%	Bank of Nova Scotia Houston	0.3%
Honda Auto Receivables	1.5%	San Diego Community College District	0.3%
Apple Inc	1.4%	John Deere Owner Trust	0.3%
ING Funding LLC	1.4%	Capital One Prime Auto Rec Trust	0.3%
Canadian Imperial Bank	1.3%	FHLB	0.2%
Nissan Auto Receivables	1.2%	Unilever Capital Corp.	0.2%

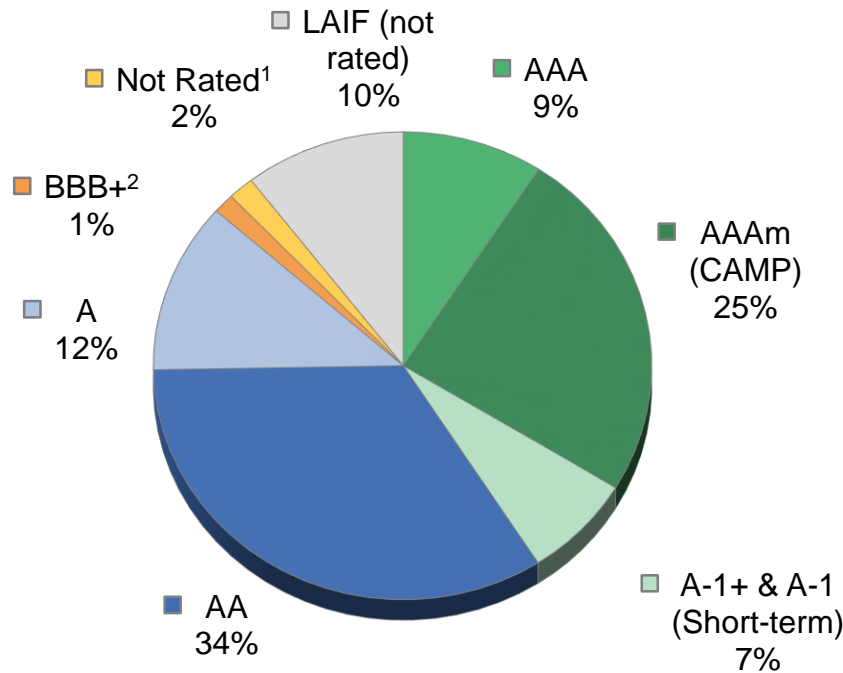
Percentages exclude the portfolio's CAMP and LAIF holdings.



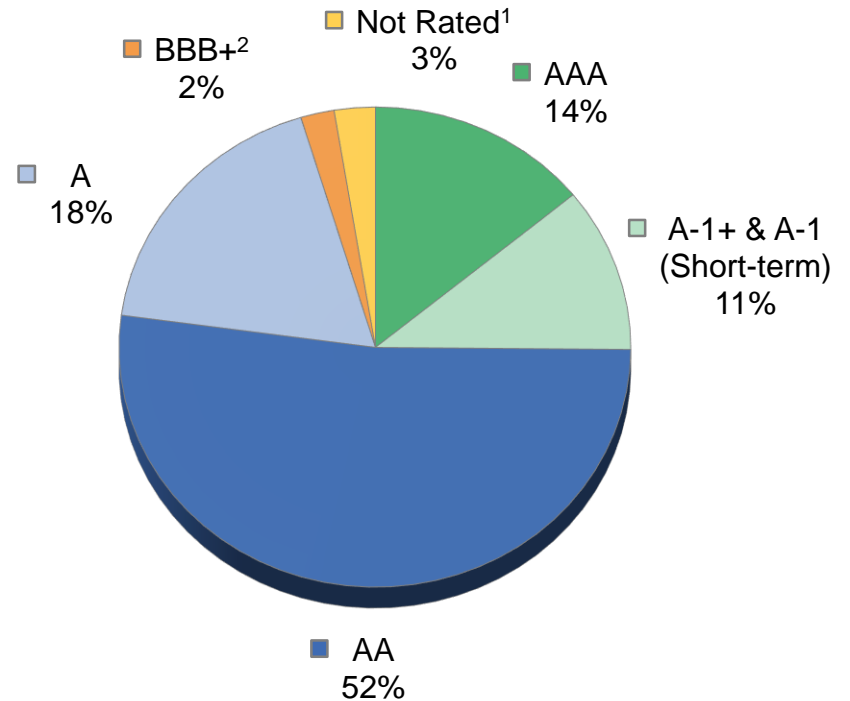
# Portfolio Credit Quality

◆ The County's portfolio comprises high-quality securities.

### Including Liquid Accounts



### Excluding Liquid Accounts



As of September 30, 2019. Percentages may not sum to 100% due to rounding.

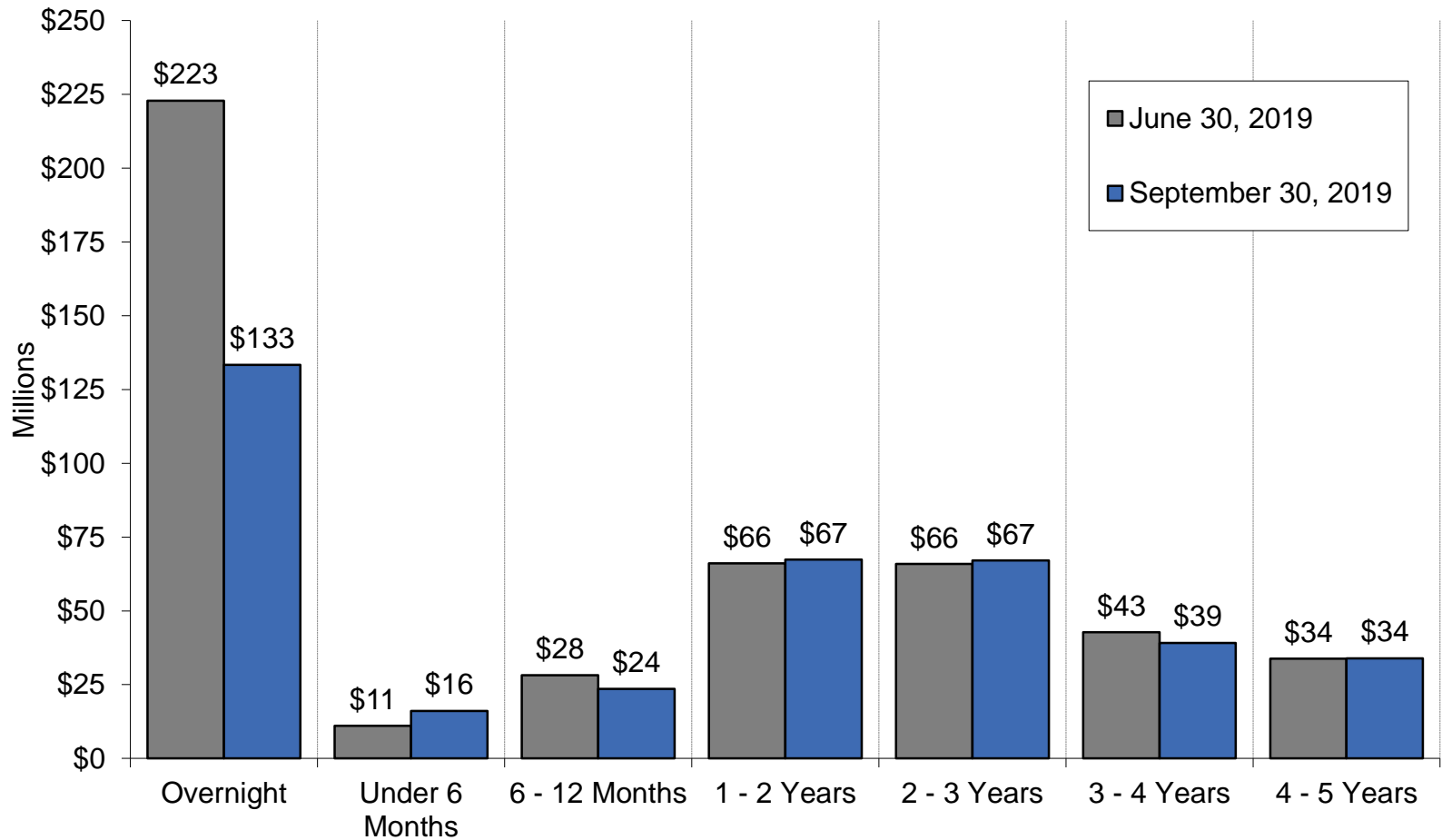
Ratings are based on Standard & Poor's.

1. The "Not Rated" category comprises asset-backed securities rated Aaa by Moody's.

2. The "BBB+" category comprises securities rated in a rating category of A or better by at least one NRSRO.



## Portfolio Maturity Distribution



Callable and floating-rate securities are included in the maturity distribution analysis to their stated maturity date.

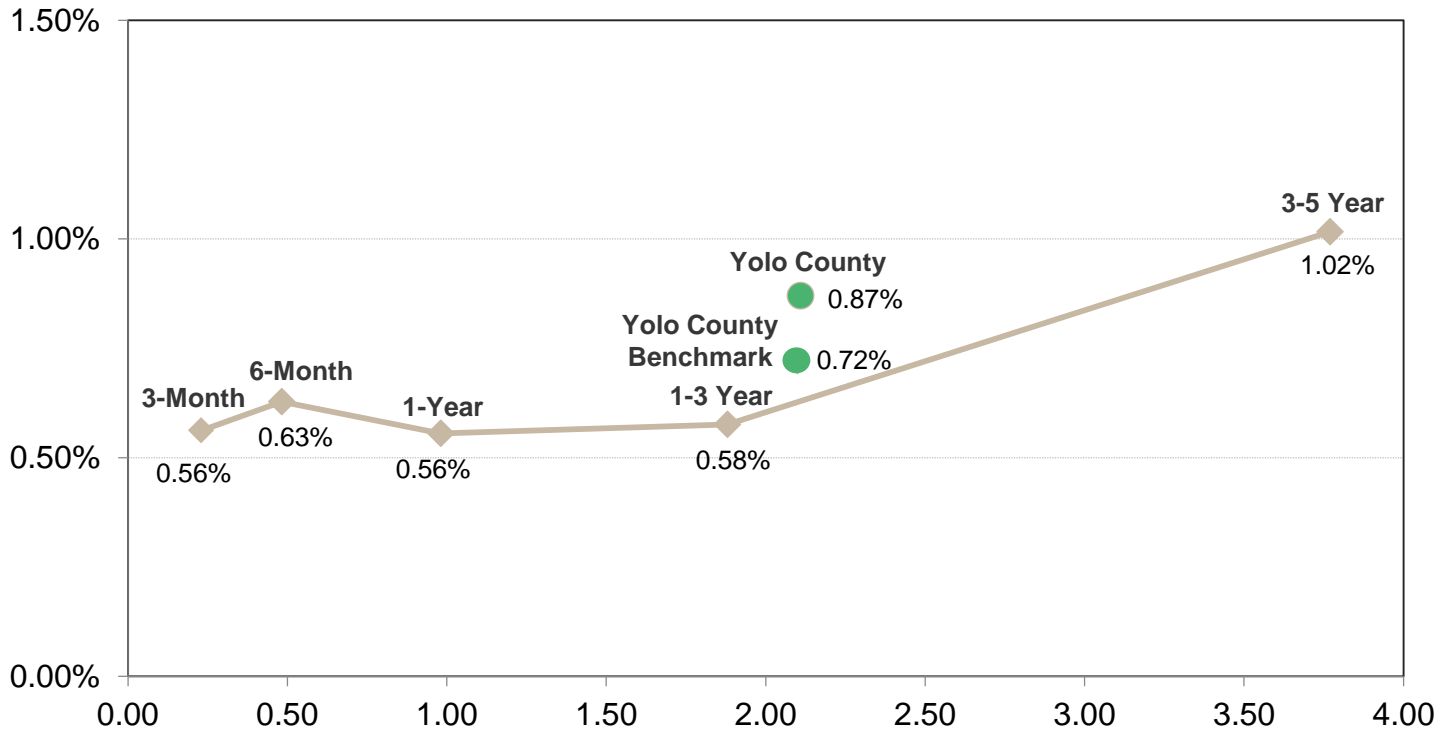


# Longer-Duration Strategies Outperformed as Rates Fell in Third Quarter

## Quarterly Total Returns

## Yields

*Yolo County, Yolo County Benchmark, and Various ICE BofA Merrill Lynch Treasury Indices*



Portfolio Yield and LAIF Quarterly Apportionment Rate	
Yolo County	2.37%
LAIF	2.45%

- For periods ending September 30, 2019.
- Yolo County yield is the weighted average yield at cost.
- Source: Bloomberg, LAIF website.
- The County's benchmark is the ICE Bank of America Merrill Lynch (BAML) 0-5 Year U.S. Treasury Index. From March 31, 2015, to September 30, 2017, the benchmark was a blend of 30% ICE BAML 3-month Treasury index and 70% ICE BAML 1-3 year U.S. Treasury Index. From March 31, 2002, to March 31, 2015, the benchmark was a blend of 50% ICE BAML 1-3 Year U.S. Treasury index and 50% ICE BAML 3-month Treasury Bill index. Prior to March 31, 2002, the benchmark was the ICE BAML 1-3 Year U.S. Treasury index.



## Total Return Performance

- During the quarter, the portfolio benefitted from a diversified sector allocation as most fixed-income sectors drove strong market-value returns due to the rise in prices as yields fell.
- Historically, the portfolio continues to outperform the benchmark by a wide margin.

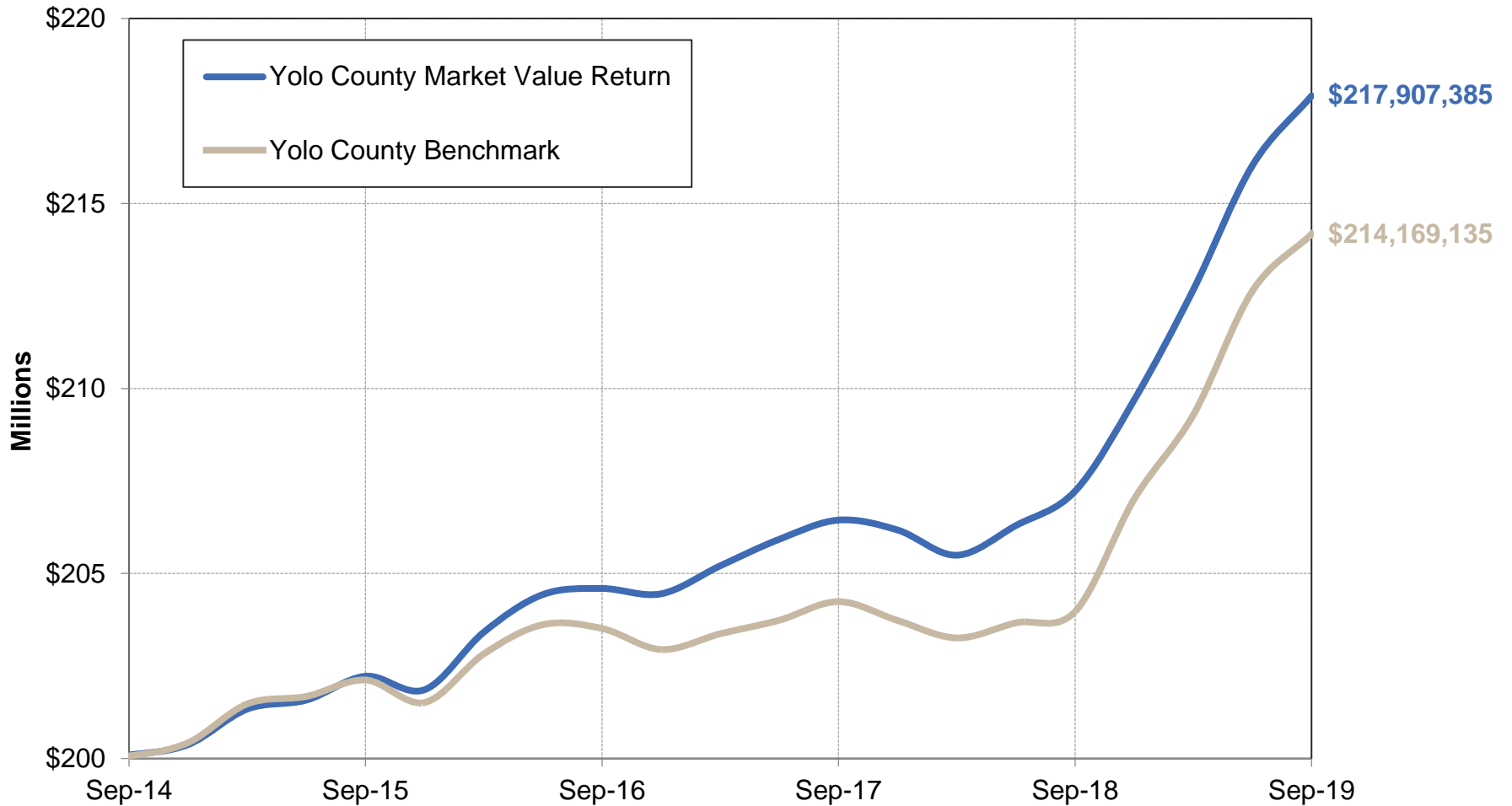
### Total Return For periods ended September 30, 2019

	Duration (years)	Past Quarter	Past 1 Year	Past 5 Years	Past 10 Years	Since Inception
<b>Yolo County</b>	<b>2.11</b>	<b>0.87%</b>	<b>5.16%</b>	<b>1.72%</b>	<b>1.42%</b>	<b>3.17%</b>
Treasury Benchmark	2.10	0.72%	4.98%	1.30%	0.93%	2.53%

- Performance on a trade-date basis, gross (i.e., before fees), in accordance with the CFA Institute's Global Investment Performance Standards (GIPS).
- Bank of America Merrill Lynch indices provided by Bloomberg Financial Markets.
- Inception date is June 30, 1998.
- Performance, yield, and duration calculations exclude holdings in CAMP, LAIF, and the money market fund.
- The County's benchmark is the ICE Bank of America Merrill Lynch (BAML) 0-5 Year U.S. Treasury Index. From March 31, 2015, to September 30, 2017, the benchmark was a blend of 30% ICE BAML 3-month Treasury index and 70% ICE BAML 1-3 year U.S. Treasury Index. From March 31, 2002, to March 31, 2015, the benchmark was a blend of 50% ICE BAML 1-3 Year U.S. Treasury index and 50% ICE BAML 3-month Treasury Bill index. Prior to March 31, 2002, the benchmark was the ICE BAML 1-3 Year U.S. Treasury index.



## County's Strategy Continues to Be Effective



- Source: Bloomberg.
- Hypothetical growth of \$200 million.
- Past performance is not indicative of future performance.



## Projected vs Actual Fiscal Year Accrual Basis Earnings

INVESTMENT PORTFOLIO						
Date	Month-End Amortized Cost Value	Portfolio YTM at Cost	Actual Accrual Basis Earnings	Earnings Rate <sup>1</sup>	Assumed Reinvestment Rate <sup>2</sup>	Projected Accrual Basis Earnings <sup>3,4</sup>
Jul-19	\$243,966,601	2.41%	\$490,269	2.41%	-	\$490,269
Aug-19	\$242,948,135	2.37%	\$535,288	2.37%	-	\$535,288
Sep-19	\$242,971,239	2.37%	\$502,150	2.37%	-	\$502,150
Oct-19	-	-	-	2.33%	1.60%	\$480,951
Nov-19	-	-	-	2.33%	1.58%	\$465,436
Dec-19	-	-	-	2.33%	1.57%	\$480,951
Jan-20	-	-	-	2.33%	1.55%	\$480,951
Feb-20	-	-	-	2.31%	1.53%	\$447,555
Mar-20	-	-	-	2.29%	1.52%	\$472,790
Apr-20	-	-	-	2.27%	1.51%	\$453,548
May-20	-	-	-	2.26%	1.50%	\$467,673
Jun-20	-	-	-	2.26%	1.49%	\$451,625
<b>Projected FY 19-20 Total</b>						<b>\$5,729,186</b>

1. Earnings rates calculated based on the yield to maturity at cost through 9/30/2019 and the assumed reinvestment rates of maturities for each period thereafter.

2. Assumed reinvestment rates based on the 2-year Fed Funds Forward Rate Curve as of 9/30/2019.

3. Earnings for the periods 7/31/2019, 8/31/2019, & 9/30/2019 are actual earnings and include realized gains/losses; periods thereafter are projected.

4. Earnings assume no sales or realized gains/losses for periods after 9/30/2019.



## Fixed Income Sector Outlook – October 2019

Sector	Our Investment Preferences	Comments
<b>COMMERCIAL PAPER / CD</b>		<ul style="list-style-type: none"> <li>CP/negotiable CD spreads are near historic tights, though securities appear cheap relative to corporate notes.</li> </ul>
<b>TREASURIES</b>		
<b>T-Bill</b>		<ul style="list-style-type: none"> <li>Treasury bill supply is expected to increase by over \$100 billion during the fourth quarter.</li> <li>The Treasury yield curve remains inverted, providing little opportunities to benefit from roll-down.</li> </ul>
<b>T-Note</b>		
<b>FEDERAL AGENCIES</b>		
<b>Bullets</b>		<ul style="list-style-type: none"> <li>Federal agency spreads remain near historic tights. Treasuries continue to be attractive relative to agencies.</li> <li>Callables have been underperforming duration-matched bullets as redemption activity has been elevated, especially in short lock-out structures.</li> </ul>
<b>Callables</b>		
<b>SUPRANATIONALS</b>		<ul style="list-style-type: none"> <li>Spreads remain near historical tights; Treasuries have better value.</li> <li>There may be opportunities to sell at single-digit yield spreads before a possible demand-side technical decay into year-end.</li> </ul>
<b>CORPORATES</b>		
<b>Financials</b>		<ul style="list-style-type: none"> <li>Tighter credit spreads and a cloudy economic outlook have reduced the attractiveness of the corporate sector.</li> <li>Steady demand from foreign investors and a lower interest rate environment, supported by recent FOMC action, are both positives for the sector.</li> </ul>
<b>Industrials</b>		
<b>SECURITIZED</b>		
<b>Asset-Backed</b>		<ul style="list-style-type: none"> <li>The AAA-rated ABS sector offers a defensive outlet to credit exposure but has tightened to near multi-year tights.</li> <li>As interest rates have fallen and supply has increased, MBS spreads have widened significantly to a more historic norm. We view this as a buying opportunity.</li> <li>Agency CMBS are an attractive alternative to other government sectors due to their incremental income potential.</li> </ul>
<b>Agency Mortgage-Backed</b>		
<b>Agency CMBS</b>		
<b>MUNICIPALS</b>		<ul style="list-style-type: none"> <li>The low interest rate environment should spur refunding activity and increase taxable municipal supply.</li> </ul>





**Managed Account Detail of Securities Held**

For the Month Ending **September 30, 2019**

**YOLO COUNTY - TREASURY POOL**

<b>Security Type/Description Dated Date/Coupon/Maturity</b>	<b>CUSIP</b>	<b>Par</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Trade Date</b>	<b>Settle Date</b>	<b>Original Cost</b>	<b>YTM at Cost</b>	<b>Accrued Interest</b>	<b>Amortized Cost</b>	<b>Market Value</b>
<b>U.S. Treasury Bond / Note</b>											
US TREASURY NOTES DTD 01/31/2017 1.875% 01/31/2022	912828V72	2,340,000.00	AA+	Aaa	07/06/17	07/11/17	2,335,703.90	1.92	7,391.98	2,337,760.39	2,352,979.98
US TREASURY N/B NOTES DTD 02/28/2017 1.875% 02/28/2022	912828W55	1,500,000.00	AA+	Aaa	04/02/19	04/04/19	1,483,183.59	2.28	2,395.26	1,485,956.09	1,508,788.50
US TREASURY NOTES DTD 03/31/2017 1.875% 03/31/2022	912828W89	1,500,000.00	AA+	Aaa	01/03/18	01/04/18	1,481,660.16	2.18	76.84	1,488,997.10	1,510,195.50
US TREASURY NOTES DTD 03/31/2017 1.875% 03/31/2022	912828W89	2,765,000.00	AA+	Aaa	07/17/17	07/17/17	2,769,644.34	1.84	141.65	2,767,530.33	2,783,793.71
US TREASURY NOTES DTD 03/31/2017 1.875% 03/31/2022	912828W89	4,050,000.00	AA+	Aaa	12/01/17	12/06/17	4,009,341.80	2.12	207.48	4,026,052.23	4,077,527.85
US TREASURY NOTES DTD 03/31/2017 1.875% 03/31/2022	912828W89	4,515,000.00	AA+	Aaa	08/01/18	08/03/18	4,366,851.56	2.82	231.30	4,412,282.98	4,545,688.46
US TREASURY NOTES DTD 03/31/2015 1.750% 03/31/2022	912828J76	5,150,000.00	AA+	Aaa	08/30/17	08/31/17	5,162,875.00	1.69	246.24	5,157,154.69	5,169,714.20
US TREASURY NOTES DTD 07/31/2015 2.000% 07/31/2022	912828X08	5,100,000.00	AA+	Aaa	08/30/17	08/31/17	5,164,546.88	1.73	17,184.78	5,137,857.30	5,158,767.30
US TREASURY NOTES DTD 09/30/2015 1.750% 09/30/2022	912828L57	2,025,000.00	AA+	Aaa	10/03/17	10/06/17	2,007,755.86	1.93	96.82	2,014,433.29	2,035,046.03
US TREASURY NOTES DTD 09/30/2015 1.750% 09/30/2022	912828L57	5,115,000.00	AA+	Aaa	06/04/18	06/06/18	4,906,204.10	2.76	244.57	4,967,482.84	5,140,375.52
US TREASURY N/B NOTES DTD 10/31/2017 2.000% 10/31/2022	9128283C2	5,990,000.00	AA+	Aaa	05/02/18	05/04/18	5,790,177.34	2.80	50,133.70	5,850,201.43	6,063,706.95
US TREASURY NOTES DTD 02/01/2016 1.750% 01/31/2023	912828P38	3,395,000.00	AA+	Aaa	10/02/18	10/04/18	3,232,941.80	2.93	10,009.71	3,268,405.98	3,412,901.84
US TREASURY NOTES DTD 02/29/2016 1.500% 02/28/2023	912828P79	5,675,000.00	AA+	Aaa	07/02/18	07/05/18	5,369,082.03	2.74	7,249.66	5,446,905.12	5,660,148.53
US TREASURY NOTES DTD 03/31/2016 1.500% 03/31/2023	912828O29	2,525,000.00	AA+	Aaa	02/08/19	02/12/19	2,431,989.26	2.44	103.48	2,445,644.00	2,519,179.88



**Managed Account Detail of Securities Held**

For the Month Ending **September 30, 2019**

**YOLO COUNTY - TREASURY POOL**

<b>Security Type/Description Dated Date/Coupon/Maturity</b>	<b>CUSIP</b>	<b>Par</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Trade Date</b>	<b>Settle Date</b>	<b>Original Cost</b>	<b>YTM at Cost</b>	<b>Accrued Interest</b>	<b>Amortized Cost</b>	<b>Market Value</b>
<b>U.S. Treasury Bond / Note</b>											
US TREASURY NOTES DTD 08/01/2016 1.250% 07/31/2023	912828S92	2,000,000.00	AA+	Aaa	04/02/19	04/04/19	1,915,312.50	2.28	4,211.96	1,924,602.66	1,975,860.00
US TREASURY NOTES DTD 08/01/2016 1.250% 07/31/2023	912828S92	2,575,000.00	AA+	Aaa	02/08/19	02/12/19	2,446,149.41	2.44	5,422.89	2,463,660.01	2,543,919.75
UNITED STATES TREASURY NOTES DTD 10/01/2018 2.875% 09/30/2023	9128285D8	2,000,000.00	AA+	Aaa	05/01/19	05/01/19	2,050,312.50	2.27	157.10	2,045,781.84	2,100,468.00
US TREASURY NOTES DTD 11/15/2013 2.750% 11/15/2023	912828WE6	4,150,000.00	AA+	Aaa	03/06/19	03/08/19	4,191,986.33	2.52	43,107.00	4,187,247.66	4,343,883.85
US TREASURY N/B DTD 12/31/2018 2.625% 12/31/2023	9128285U0	490,000.00	AA+	Aaa	01/30/19	01/31/19	491,454.69	2.56	3,250.58	491,272.55	511,131.25
US TREASURY N/B NOTES DTD 05/01/2017 2.000% 04/30/2024	912828X70	270,000.00	AA+	Aaa	06/26/19	06/27/19	272,773.83	1.78	2,259.78	272,632.10	275,136.21
US TREASURY N/B NOTES DTD 06/30/2017 2.000% 06/30/2024	912828XX3	2,400,000.00	AA+	Aaa	07/26/19	07/30/19	2,415,187.50	1.86	12,130.43	2,414,686.37	2,446,593.60
US TREASURY N/B DTD 07/31/2017 2.125% 07/31/2024	9128282N9	2,980,000.00	AA+	Aaa	08/01/19	08/06/19	3,027,610.16	1.79	10,668.89	3,026,215.24	3,056,013.84
US TREASURY N/B NOTES DTD 08/31/2017 1.875% 08/31/2024	9128282U3	1,515,000.00	AA+	Aaa	09/03/19	09/05/19	1,554,472.85	1.33	2,419.21	1,553,924.32	1,537,252.32

<b>Security Type Sub-Total</b>		<b>70,025,000.00</b>					<b>68,877,217.39</b>	<b>2.30</b>	<b>179,341.31</b>	<b>69,186,686.52</b>	<b>70,729,073.07</b>
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<b>Supra-National Agency Bond / Note</b>											
INTL BANK OF RECONSTRUCTION AND DEV NOTE DTD 09/19/2017 1.561% 09/12/2020	45905UP32	5,000,000.00	AAA	Aaa	09/12/17	09/19/17	4,988,000.00	1.64	4,119.31	4,996,121.60	4,988,990.00
INTER-AMERICAN DEVELOPMENT BANK DTD 11/08/2013 2.125% 11/09/2020	4581X0CD8	5,260,000.00	AAA	Aaa	10/02/17	10/10/17	5,308,755.49	1.81	44,089.03	5,277,816.78	5,276,263.92
INTERNATIONAL FINANCE CORPORATION NOTE DTD 01/25/2018 2.250% 01/25/2021	45950KCM0	2,115,000.00	AAA	Aaa	01/18/18	01/25/18	2,108,781.90	2.35	8,724.38	2,112,218.58	2,127,076.65



**Managed Account Detail of Securities Held**

For the Month Ending **September 30, 2019**

**YOLO COUNTY - TREASURY POOL**

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Supra-National Agency Bond / Note</b>											
INTERNATIONAL FINANCE CORPORATION NOTE DTD 03/16/2018 2.635% 03/09/2021	45950VLQ7	3,890,000.00	AAA	Aaa	03/09/18	03/16/18	3,887,082.50	2.66	6,263.98	3,888,557.00	3,918,856.02
INTL BANK OF RECONSTRUCTION AND DEV NOTE DTD 07/25/2018 2.750% 07/23/2021	459058GH0	3,685,000.00	AAA	Aaa	07/18/18	07/25/18	3,676,377.10	2.83	19,141.53	3,679,698.13	3,753,209.35
INTL BANK OF RECONSTRUCTION AND DEV NOTE DTD 01/26/2017 2.000% 01/26/2022	459058FY4	2,500,000.00	AAA	Aaa	09/06/17	09/08/17	2,528,050.00	1.73	9,027.78	2,515,113.95	2,519,732.50

<b>Security Type Sub-Total</b>		<b>22,450,000.00</b>					<b>22,497,046.99</b>	<b>2.13</b>	<b>91,366.01</b>	<b>22,469,526.04</b>	<b>22,584,128.44</b>
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<b>Municipal Bond / Note</b>											
<b>SAN DIEGO CCD, CA TXBL GO BONDS</b> DTD 10/16/2019 1.996% 08/01/2023	<b>797272QN4</b>	<b>725,000.00</b>	<b>AAA</b>	<b>Aaa</b>	<b>09/18/19</b>	<b>10/16/19</b>	<b>725,000.00</b>	<b>2.00</b>	<b>0.00</b>	<b>725,000.00</b>	<b>729,618.25</b>

<b>Security Type Sub-Total</b>		<b>725,000.00</b>					<b>725,000.00</b>	<b>2.00</b>	<b>0.00</b>	<b>725,000.00</b>	<b>729,618.25</b>
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<b>Federal Agency Collateralized Mortgage Obligation</b>											
FNA 2018-M5 A2 DTD 04/01/2018 3.560% 09/25/2021	3136B1XP4	1,351,478.16	AA+	Aaa	04/11/18	04/30/18	1,378,360.43	2.27	4,009.39	1,366,785.22	1,376,509.56
FHLMC MULTIFAMILY STRUCTURED P DTD 05/01/2015 2.791% 01/25/2022	3137BHY8	2,215,000.00	AA+	Aaa	05/16/19	05/21/19	2,228,843.75	2.20	5,151.72	2,226,874.08	2,247,160.69
FHLMC MULTIFAMILY STRUCTURED P DTD 11/01/2015 2.716% 06/25/2022	3137BLUR7	1,000,000.00	AA+	Aaa	04/02/19	04/05/19	1,002,500.00	2.46	2,263.33	1,001,894.59	1,014,836.50
FHLMC MULTIFAMILY STRUCTURED P DTD 12/01/2012 2.307% 08/25/2022	3137AWQH1	1,135,000.00	AA+	Aaa	09/04/19	09/09/19	1,151,758.98	1.25	2,182.04	1,151,522.82	1,144,770.42
FHLMC SERIES K721 A2 DTD 12/01/2015 3.090% 08/25/2022	3137BM6P6	1,350,000.00	AA+	Aaa	04/04/18	04/09/18	1,361,496.09	2.61	3,476.25	1,356,936.58	1,380,658.91

<b>Security Type Sub-Total</b>		<b>7,051,478.16</b>					<b>7,122,959.25</b>	<b>2.18</b>	<b>17,082.73</b>	<b>7,104,013.29</b>	<b>7,163,936.08</b>
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**Managed Account Detail of Securities Held**

For the Month Ending **September 30, 2019**

**YOLO COUNTY - TREASURY POOL**

<b>Security Type/Description Dated Date/Coupon/Maturity</b>	<b>CUSIP</b>	<b>Par</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Trade Date</b>	<b>Settle Date</b>	<b>Original Cost</b>	<b>YTM at Cost</b>	<b>Accrued Interest</b>	<b>Amortized Cost</b>	<b>Market Value</b>
<b>Federal Agency Bond / Note</b>											
FHLB NOTES DTD 09/08/2017 1.375% 09/28/2020	3130ACE26	390,000.00	AA+	Aaa	01/03/18	01/04/18	382,999.50	2.05	44.69	387,416.25	388,223.16
FANNIE MAE NOTES DTD 04/13/2018 2.500% 04/13/2021	3135G0U27	2,545,000.00	AA+	Aaa	04/12/18	04/13/18	2,541,207.95	2.55	29,691.67	2,543,026.07	2,575,318.59
FANNIE MAE NOTES DTD 01/11/2019 2.625% 01/11/2022	3135G0U92	195,000.00	AA+	Aaa	01/09/19	01/11/19	194,859.60	2.65	1,137.50	194,892.43	199,165.59
FANNIE MAE NOTES DTD 09/14/2018 2.875% 09/12/2023	3135G0U43	5,480,000.00	AA+	Aaa	12/03/18	12/06/18	5,468,930.40	2.92	8,315.14	5,470,840.29	5,743,007.12
FEDERAL HOME LOAN BANKS NOTES DTD 12/09/2013 3.375% 12/08/2023	3130A0F70	3,620,000.00	AA+	Aaa	01/30/19	01/31/19	3,726,695.48	2.72	38,349.38	3,712,912.04	3,873,121.26
FANNIE MAE NOTES DTD 02/08/2019 2.500% 02/05/2024	3135G0V34	2,825,000.00	AA+	Aaa	02/07/19	02/08/19	2,814,491.00	2.58	10,986.11	2,815,777.11	2,931,508.15
FHLB BONDS DTD 02/15/2019 2.500% 02/13/2024	3130AFW94	805,000.00	AA+	Aaa	02/14/19	02/15/19	802,150.30	2.58	2,683.33	802,488.52	835,500.65
<b>Security Type Sub-Total</b>		<b>15,860,000.00</b>					<b>15,931,334.23</b>	<b>2.72</b>	<b>91,207.82</b>	<b>15,927,352.71</b>	<b>16,545,844.52</b>

<b>Corporate Note</b>											
AMERICAN EXPRESS CREDIT (CALLABLE) NOTE DTD 03/03/2017 2.200% 03/03/2020	0258M0EE5	1,605,000.00	A-	A2	02/28/17	03/03/17	1,603,330.80	2.24	2,746.33	1,604,758.50	1,605,250.38
TOYOTA MOTOR CREDIT CORP DTD 04/17/2017 1.950% 04/17/2020	89236TDU6	1,985,000.00	AA-	Aa3	04/11/17	04/17/17	1,984,086.90	1.97	17,633.42	1,984,830.34	1,985,150.86
UNILEVER CAPITAL CORP BONDS DTD 05/05/2017 1.800% 05/05/2020	904764AV9	375,000.00	A+	A1	05/02/17	05/05/17	373,803.75	1.91	2,737.50	374,757.66	374,586.00
AMERICAN EXP CREDIT CORP NT (CALLABLE) DTD 05/26/2015 2.375% 05/26/2020	0258M0DT3	2,875,000.00	A-	A2	09/07/17	09/11/17	2,914,617.50	1.85	23,708.77	2,883,729.19	2,878,749.00
IBM CREDIT CORP NOTE DTD 09/08/2017 1.800% 01/20/2021	44932HAB9	2,700,000.00	A	A2	09/08/17	09/12/17	2,692,062.00	1.89	9,585.00	2,696,851.96	2,694,786.30



**Managed Account Detail of Securities Held**

For the Month Ending **September 30, 2019**

**YOLO COUNTY - TREASURY POOL**

<b>Security Type/Description Dated Date/Coupon/Maturity</b>	<b>CUSIP</b>	<b>Par</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Trade Date</b>	<b>Settle Date</b>	<b>Original Cost</b>	<b>YTM at Cost</b>	<b>Accrued Interest</b>	<b>Amortized Cost</b>	<b>Market Value</b>
<b>Corporate Note</b>											
BRANCH BANKING & TRUST (CALLABLE) NOTES DTD 10/26/2017 2.150% 02/01/2021	05531FAZ6	1,375,000.00	A-	A2	10/23/17	10/26/17	1,374,367.50	2.17	4,927.08	1,374,728.14	1,377,261.88
JP MORGAN CHASE & CO CORP NT (CALLABLE) DTD 03/01/2016 2.550% 03/01/2021	46625HOJ2	3,025,000.00	A-	A2	07/10/17	07/13/17	3,043,936.50	2.37	6,428.13	3,032,332.51	3,041,979.33
EXXON MOBIL CORPORATE (CALLABLE) NOTES DTD 03/03/2016 2.222% 03/01/2021	30231GAV4	4,255,000.00	AA+	Aaa	09/06/17	09/08/17	4,314,910.40	1.80	7,878.84	4,278,962.80	4,277,287.69
BANK OF NEW YORK MELLON CORP (CALLABLE) DTD 02/19/2016 2.500% 04/15/2021	06406FAA1	5,000,000.00	A	A1	09/07/17	09/11/17	5,088,600.00	1.99	57,638.89	5,037,513.15	5,038,305.00
BANK OF AMERICA CORP NOTE DTD 04/19/2016 2.625% 04/19/2021	06051GFW4	2,635,000.00	A-	A2	11/01/17	11/03/17	2,654,736.15	2.40	31,125.94	2,644,045.32	2,658,533.19
AMERICAN EXPRESS CREDIT (CALLABLE) NOTES DTD 05/05/2016 2.250% 05/05/2021	0258M0EB1	1,375,000.00	A-	A2	08/08/17	08/11/17	1,377,956.25	2.19	12,546.88	1,376,266.54	1,379,877.13
AMERICAN HONDA FINANCE DTD 07/12/2016 1.650% 07/12/2021	02665WBF7	2,000,000.00	A	A2	08/08/17	08/11/17	1,968,900.00	2.06	7,241.67	1,985,571.28	1,990,132.00
GOLDMAN SACHS GROUP CORP NOTES DTD 07/27/2011 5.250% 07/27/2021	38141GGO1	2,380,000.00	BBB+	A3	11/03/17	11/07/17	2,608,218.20	2.53	22,213.33	2,494,401.15	2,508,217.74
AMERICAN HONDA FINANCE CORP NOTES DTD 09/09/2016 1.700% 09/09/2021	02665WBG5	635,000.00	A	A2	02/21/19	02/25/19	615,295.95	2.98	659.69	619,825.18	632,188.22
AMERICAN HONDA FINANCE CORP NOTES DTD 09/09/2016 1.700% 09/09/2021	02665WBG5	2,500,000.00	A	A2	09/06/17	09/08/17	2,476,050.00	1.95	2,597.22	2,488,168.43	2,488,930.00
CISCO SYSTEMS INC CORP (CALLABLE) NOTES DTD 09/20/2016 1.850% 09/20/2021	17275RBJ0	2,500,000.00	AA-	A1	01/10/19	01/14/19	2,430,325.00	2.94	1,413.19	2,448,367.20	2,499,215.00
CITIGROUP INC CORP (CALLABLE) NOTE DTD 12/08/2016 2.900% 12/08/2021	172967LC3	2,635,000.00	BBB+	A3	11/20/17	11/22/17	2,652,997.05	2.72	23,985.82	2,644,817.25	2,673,876.79



**Managed Account Detail of Securities Held**

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**YOLO COUNTY - TREASURY POOL**

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<b>Corporate Note</b>											
APPLE INC CORP NOTES DTD 02/09/2017 2.500% 02/09/2022	037833CM0	3,505,000.00	AA+	Aa1	01/07/19	01/09/19	3,452,985.80	3.01	12,656.94	3,464,882.75	3,557,788.81
NATIONAL RURAL UTIL COOP CORP NOTES DTD 02/02/2012 3.050% 02/15/2022	637432MQ5	540,000.00	A	A1	04/03/18	04/05/18	539,325.00	3.08	2,104.50	539,583.94	551,396.16
CHEVRON CORP (CALLABLE) NOTES DTD 03/03/2017 2.498% 03/03/2022	166764BN9	1,650,000.00	AA	Aa2	08/08/17	08/11/17	1,671,136.50	2.20	3,205.77	1,661,309.97	1,674,654.30
BB&T CORP (CALLABLE) NOTES DTD 03/21/2017 2.750% 04/01/2022	05531FAX1	1,225,000.00	A-	A2	04/03/18	04/05/18	1,202,251.75	3.25	16,843.75	1,210,404.42	1,243,165.53
NATIONAL RURAL UTIL COOP CORP NOTES DTD 04/25/2017 2.400% 04/25/2022	637432NM3	540,000.00	A	A1	04/03/18	04/05/18	525,231.00	3.12	5,616.00	530,443.50	545,265.00
TOYOTA MOTOR CREDIT CORP NOTES DTD 09/08/2017 2.150% 09/08/2022	89236TEC5	3,400,000.00	AA-	Aa3	09/08/17	09/12/17	3,391,840.00	2.20	4,670.28	3,395,093.19	3,420,451.00
VISA INC (CALLABLE) NOTE DTD 09/11/2017 2.150% 09/15/2022	92826CAG7	2,700,000.00	AA-	Aa3	09/21/17	09/25/17	2,684,070.00	2.28	2,580.00	2,690,321.69	2,727,650.70
UNITED PARCEL SERVICE CORP NOTES DTD 09/27/2012 2.450% 10/01/2022	911312AO9	1,480,000.00	A	A2	03/01/18	03/05/18	1,443,162.80	3.04	18,130.00	1,455,272.77	1,496,904.56
US BANK NA CINCINNATI CORP NOTES DTD 02/04/2019 3.375% 02/05/2024	91159HHV5	2,855,000.00	A+	A1	07/18/19	07/22/19	2,982,104.60	2.33	14,988.75	2,977,002.03	3,002,948.96
WALMART INC CORPORATE NOTES DTD 04/23/2019 2.850% 07/08/2024	931142EL3	4,150,000.00	AA	Aa2	07/10/19	07/12/19	4,274,998.00	2.21	27,268.96	4,269,770.41	4,312,646.80
<b>Security Type Sub-Total</b>		<b>61,900,000.00</b>					<b>62,341,299.40</b>	<b>2.31</b>	<b>343,132.65</b>	<b>62,164,011.27</b>	<b>62,637,198.33</b>
<b>Commercial Paper</b>											
ING (US) FUNDING LLC COMM PAPER DTD 01/10/2019 0.000% 10/07/2019	4497W1X76	3,360,000.00	A-1	P-1	01/16/19	01/17/19	3,292,987.60	2.79	0.00	3,358,471.20	3,358,541.76
CREDIT AGRICOLE CIB NY COMM PAPER DTD 01/22/2019 0.000% 10/18/2019	22533UXJ7	4,500,000.00	A-1	P-1	01/22/19	01/22/19	4,407,867.50	2.80	0.00	4,494,177.50	4,495,320.00
<b>Security Type Sub-Total</b>		<b>7,860,000.00</b>					<b>7,700,855.10</b>	<b>2.79</b>	<b>0.00</b>	<b>7,852,648.70</b>	<b>7,853,861.76</b>



**Managed Account Detail of Securities Held**

For the Month Ending **September 30, 2019**

**YOLO COUNTY - TREASURY POOL**

<b>Security Type/Description Dated Date/Coupon/Maturity</b>	<b>CUSIP</b>	<b>Par</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Trade Date</b>	<b>Settle Date</b>	<b>Original Cost</b>	<b>YTM at Cost</b>	<b>Accrued Interest</b>	<b>Amortized Cost</b>	<b>Market Value</b>
<b>Certificate of Deposit</b>											
CREDIT SUISSE NEW YORK CERT DEPOS DTD 02/08/2018 2.670% 02/07/2020	22549LFR1	2,620,000.00	A-1	P-1	02/07/18	02/08/18	2,620,000.00	2.67	115,229.78	2,620,000.00	2,626,751.74
UBS AG STAMFORD CT LT CD DTD 03/06/2018 2.900% 03/02/2020	90275DHG8	3,890,000.00	A-1	P-1	03/02/18	03/06/18	3,890,000.00	2.93	8,774.11	3,890,000.00	3,905,836.19
CANADIAN IMP BK COMM NY FLT CERT DEPOS DTD 04/10/2018 2.738% 04/10/2020	13606BVF0	3,105,000.00	A-1	P-1	04/06/18	04/10/18	3,105,000.00	2.78	19,598.87	3,105,000.00	3,110,946.08
BANK OF NOVA SCOTIA HOUSTON CD DTD 06/07/2018 3.080% 06/05/2020	06417GU22	725,000.00	A-1	P-1	06/05/18	06/07/18	724,724.50	3.10	7,195.22	724,904.27	731,208.18
BANK OF MONTREAL CHICAGO CERT DEPOS DTD 08/03/2018 3.190% 08/03/2020	06370REU9	4,450,000.00	A-1	P-1	08/01/18	08/03/18	4,450,000.00	3.23	22,476.21	4,450,000.00	4,487,776.05
WESTPAC BANKING CORP NY CD DTD 08/07/2017 2.050% 08/03/2020	96121T4A3	4,490,000.00	A-1+	P-1	08/03/17	08/07/17	4,490,000.00	2.05	13,806.75	4,490,000.00	4,499,397.57
SUMITOMO MITSUI BANK NY CERT DEPOS DTD 10/18/2018 3.390% 10/16/2020	86565BPC9	2,455,000.00	A	A1	10/16/18	10/18/18	2,451,661.20	3.46	38,838.10	2,454,633.22	2,495,193.26
SWEDBANK (NEW YORK) CERT DEPOS DTD 11/17/2017 2.270% 11/16/2020	87019U6D6	5,315,000.00	AA-	Aa2	11/16/17	11/17/17	5,315,000.00	2.30	46,249.36	5,315,000.00	5,324,976.26
MUFG BANK LTD/NY CERT DEPOS DTD 02/28/2019 2.970% 02/26/2021	55379WZT6	2,700,000.00	A	A1	02/27/19	02/28/19	2,700,000.00	2.99	47,891.25	2,700,000.00	2,744,031.60
CREDIT AGRICOLE CIB NY CERT DEPOS DTD 04/04/2019 2.830% 04/02/2021	22535CDU2	2,545,000.00	A+	Aa3	04/03/19	04/04/19	2,545,000.00	2.85	36,011.75	2,545,000.00	2,571,294.94
SKANDINAV ENSKILDA BANK LT CD DTD 09/03/2019 1.860% 08/26/2022	83050PDR7	3,720,000.00	A+	Aa2	08/29/19	09/03/19	3,720,000.00	1.88	5,381.60	3,720,000.00	3,725,159.64
NORDEA BANK ABP NEW YORK CERT DEPOS DTD 08/29/2019 1.850% 08/26/2022	65558TLL7	3,910,000.00	AA-	Aa3	08/27/19	08/29/19	3,910,000.00	1.87	6,630.71	3,910,000.00	3,914,304.91
<b>Security Type Sub-Total</b>		<b>39,925,000.00</b>					<b>39,921,385.70</b>	<b>2.59</b>	<b>368,083.71</b>	<b>39,924,537.49</b>	<b>40,136,876.42</b>

**Asset-Backed Security**



**Managed Account Detail of Securities Held**

For the Month Ending **September 30, 2019**

**YOLO COUNTY - TREASURY POOL**

<b>Security Type/Description Dated Date/Coupon/Maturity</b>	<b>CUSIP</b>	<b>Par</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Trade Date</b>	<b>Settle Date</b>	<b>Original Cost</b>	<b>YTM at Cost</b>	<b>Accrued Interest</b>	<b>Amortized Cost</b>	<b>Market Value</b>
<b>Asset-Backed Security</b>											
TOYOTA ABS 2016-C A3 DTD 08/10/2016 1.140% 08/15/2020	89237WAD9	28,583.19	AAA	Aaa	08/01/16	08/10/16	28,582.43	1.14	14.48	28,583.06	28,571.37
NISSAN ABS 2016-B A3 DTD 04/27/2016 1.320% 01/15/2021	65478VAD9	81,286.14	NR	Aaa	04/18/16	04/27/16	81,273.54	1.33	47.69	81,283.29	81,205.81
TOYOTA ABS 2017-A A3 DTD 03/15/2017 1.730% 02/15/2021	89238MAD0	227,870.57	AAA	Aaa	03/07/17	03/15/17	227,843.75	1.74	175.21	227,860.74	227,645.48
JOHN DEERE ABS 2017-A A3 DTD 03/02/2017 1.780% 04/15/2021	47787XAC1	200,943.00	NR	Aaa	02/22/17	03/02/17	200,914.39	1.79	158.97	200,930.43	200,753.43
ALLY ABS 2017-1 A3 DTD 01/31/2017 1.700% 06/15/2021	02007PAC7	270,163.71	NR	Aaa	01/24/17	01/31/17	270,140.10	1.70	204.12	270,155.32	269,825.79
HONDA ABS 2017-1 A3 DTD 03/28/2017 1.720% 07/21/2021	43814TAC6	478,947.72	NR	Aaa	03/21/17	03/28/17	478,919.22	1.72	228.83	478,933.29	478,327.39
ALLY ABS 2017-2 A3 DTD 03/29/2017 1.780% 08/15/2021	02007HAC5	800,564.26	NR	Aaa	03/21/17	03/29/17	800,469.88	1.79	633.34	800,526.85	799,640.17
HONDA ABS 2017-2 A3 DTD 06/27/2017 1.680% 08/15/2021	43811BAC8	1,512,040.53	AAA	Aaa	06/20/17	06/27/17	1,511,909.74	1.68	1,128.99	1,511,979.19	1,509,024.77
HYUNDAI ABS 2017-A A3 DTD 03/29/2017 1.760% 08/16/2021	44931PAD8	584,293.05	AAA	NR	03/22/17	03/29/17	584,245.77	1.76	457.05	584,272.07	583,531.42
JOHN DEERE ABS 2017-B A3 DTD 07/15/2017 1.820% 10/15/2021	47788BAD6	523,133.37	NR	Aaa	07/11/17	07/18/17	523,095.08	1.82	423.16	523,113.03	522,322.57
HAROT 2017-4 A3 DTD 11/29/2017 2.050% 11/21/2021	43813FAC7	1,060,105.87	NR	Aaa	11/22/17	11/29/17	1,059,956.50	2.06	603.67	1,060,023.35	1,060,583.34
TAOT 2017-D A3 DTD 11/15/2017 1.930% 01/15/2022	89238KAD4	1,650,000.00	AAA	Aaa	11/07/17	11/15/17	1,649,847.87	2.26	1,415.33	1,649,914.56	1,649,175.33
HYUNDAI ABS 2017-B A3 DTD 08/16/2017 1.770% 01/18/2022	44932GAD7	1,635,430.45	AAA	Aaa	08/09/17	08/16/17	1,635,147.03	1.78	1,286.54	1,635,279.94	1,632,380.86
ALLYA 2017-5 A3 DTD 11/22/2017 1.990% 03/15/2022	02007YAC8	1,530,602.58	AAA	Aaa	11/14/17	11/22/17	1,530,483.81	1.99	1,353.73	1,530,533.50	1,530,065.80





**Managed Account Detail of Securities Held**

For the Month Ending **September 30, 2019**

**YOLO COUNTY - TREASURY POOL**

<b>Security Type/Description</b> <b>Dated Date/Coupon/Maturity</b>	<b>CUSIP</b>	<b>Par</b>	<b>S&amp;P Rating</b>	<b>Moody's Rating</b>	<b>Trade Date</b>	<b>Settle Date</b>	<b>Original Cost</b>	<b>YTM at Cost</b>	<b>Accrued Interest</b>	<b>Amortized Cost</b>	<b>Market Value</b>
<b>Asset-Backed Security</b>											
HART 2018-A A3 DTD 04/18/2018 2.790% 07/15/2022	44891KAD7	850,000.00	AAA	Aaa	04/10/18	04/18/18	849,871.99	2.80	1,054.00	849,914.39	856,770.08
HAROT 2019-1 A3 DTD 02/27/2019 2.830% 03/20/2023	43814WAC9	665,000.00	AAA	NR	02/19/19	02/27/19	664,982.18	2.83	679.59	664,984.94	676,729.94
HYUNDAI AUTO RECEIVABLES TRUST DTD 04/10/2019 2.660% 06/15/2023	44932NAD2	1,040,000.00	AAA	NR	04/03/19	04/10/19	1,039,863.14	2.67	1,229.51	1,039,878.81	1,052,379.33
NAROT 2019-A A3 DTD 02/13/2019 2.900% 10/15/2023	65479KAD2	1,570,000.00	NR	Aaa	02/05/19	02/13/19	1,569,762.15	2.91	2,023.56	1,569,793.65	1,595,524.28
COPAR 2019-1 A3 DTD 05/30/2019 2.510% 11/15/2023	14042WAC4	690,000.00	AAA	Aaa	05/21/19	05/30/19	689,860.21	2.52	769.73	689,869.58	697,823.01
NAROT 2019-B A3 DTD 05/28/2019 2.500% 11/15/2023	65479HAC1	1,365,000.00	NR	Aaa	05/21/19	05/28/19	1,364,691.37	2.51	1,516.67	1,364,712.67	1,381,516.50
CARMX 2019-2 A3 DTD 04/17/2019 2.680% 03/15/2024	14316LAC7	855,000.00	AAA	NR	04/09/19	04/17/19	854,912.62	2.90	1,018.40	854,920.47	868,800.30
<b>Security Type Sub-Total</b>		<b>17,618,964.44</b>					<b>17,616,772.77</b>	<b>2.23</b>	<b>16,422.57</b>	<b>17,617,463.13</b>	<b>17,702,596.97</b>
<b>Managed Account Sub-Total</b>		<b>243,415,442.60</b>					<b>242,733,870.83</b>	<b>2.37</b>	<b>1,106,636.80</b>	<b>242,971,239.15</b>	<b>246,083,133.84</b>
<b>Securities Sub-Total</b>		<b>\$243,415,442.60</b>					<b>\$242,733,870.83</b>	<b>2.37%</b>	<b>\$1,106,636.80</b>	<b>\$242,971,239.15</b>	<b>\$246,083,133.84</b>
<b>Accrued Interest</b>											<b>\$1,106,636.80</b>
<b>Total Investments</b>											<b>\$247,189,770.64</b>

Bolded items are forward settling trades.



## Disclosures

*This material is based on information obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management LLC cannot guarantee its accuracy, completeness, or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some but not all of which are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.*



# Yolo County

## *PFM's Fixed Income ESG Investment Solution*

**November 5, 2019**

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601 South Figueroa  
Suite 4500  
Los Angeles, CA 90017

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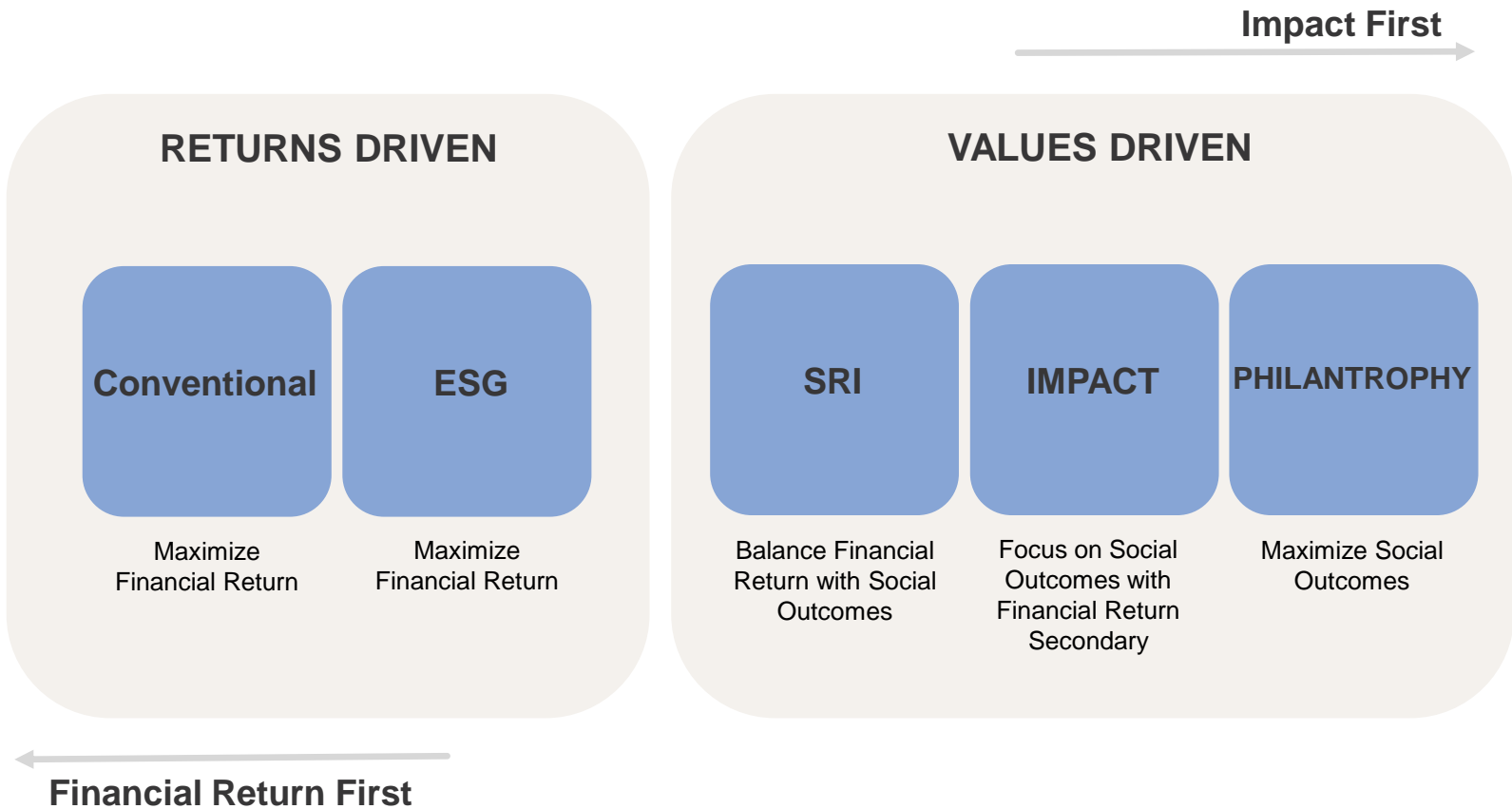
213 Market Street  
Harrisburg, PA 17101

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PFM Asset Management LLC  
[pfm.com](http://pfm.com)



# Sustainable Investing





# What is ESG Investing?

## ENVIRONMENTAL

How a company limits its environmental impact and carbon footprint

## SOCIAL

How a company treats its employees, customers, community, and other companies with which it interacts

## GOVERNANCE

How a company is led, including executive pay and any internal controls



Climate Change



Air Pollution



Deforestation



Water Pollution



Data Protection



Human Rights



Gender & Diversity



Community Relations



Board Composition



Bribery and Corruption



Lobbying



Executive Compensation



## Benefits of Considering ESG in the Investment Decision Process

### Alignment of objectives with values

Adoption of ESG initiatives allows investors to align investment objectives with values.

### Competitive Returns

Good ESG quality can help a company to develop a competitive advantage, which can then drive outperformance.

### Public Scrutiny

ESG investing is of particular concern for entities who control taxpayers' dollars as they may be under public scrutiny if they invest in a highly controversial company.

### Risk Management

Rewarding ESG values may be seen as a way to help mitigate overall risk.

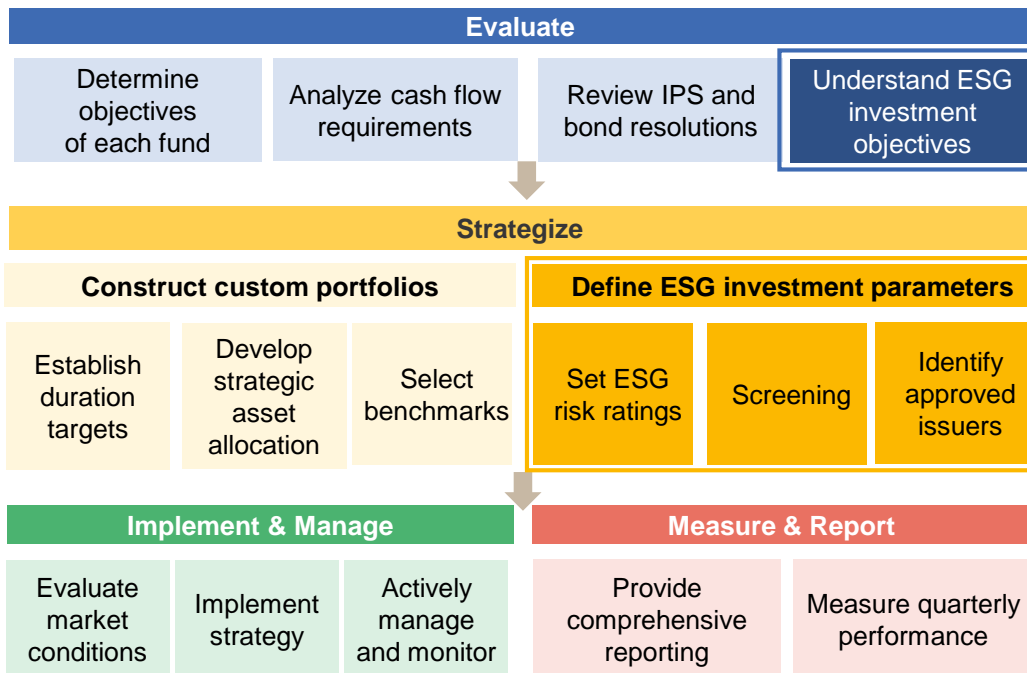




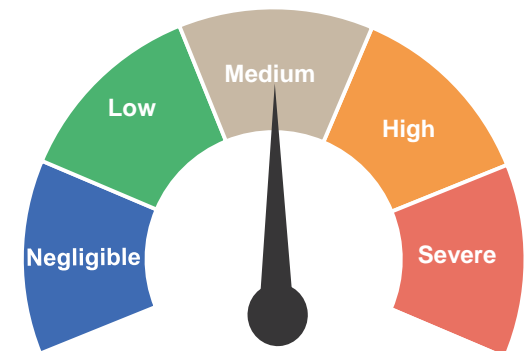
## PFM's Fixed Income ESG Investment Solution offers many advantages

Our approach provides our clients with the tools and methodology to implement a customized ESG fixed income investment solution

- Flexibility to implement customized ESG strategies (based on Sustainalytics framework)
- Transparent, practical, not overly complicated
- “Rules-based” approach eliminates ambiguity by setting defined ESG parameters (based on Sustainalytics framework)



### Maximum ESG Risk Exposure





## Using Specialized ESG Analytics

- ◆ A firm dedicated to independent ESG and corporate governance research, ratings, and analysis
- ◆ Supports investors around the world with the development and implementation of responsible investment strategies
- ◆ Largest firm dedicated to responsible investment and ESG research with over 25 years experience
- ◆ Conducts in-depth research and analysis on over 10,000 public and private companies
- ◆ Updates research and ratings continuously to ensure informed decisions throughout the investment process







## Measuring ESG Risk based on Risk Ratings

- ◆ What is the Sustainalytics ESG Risk Rating?
  - **Single metric** that enables investors to evaluate organizations using a consistent methodology.
  - ESG risk ratings are scored on a scale of 0-100, with lower scores reflecting lower risk.
- ◆ Measures economic value at risk based on exposure to **unmanaged ESG Risks based on:**
  - Exposure to and management of **Material ESG issues (MEIs)**
  - **Corporate Governance**
  - **Idiosyncratic Risk**
  - **Unmanageable Risk**

**Unmanageable  
industry specific risks  
(carbon for oil  
companies)**

**Manageable  
ESG Risk that is not  
being managed**

***ESG Risk Rating = Unmanageable ESG Risk + Unmanaged ESG Risk***



## Example ESG Focused Investment Strategies

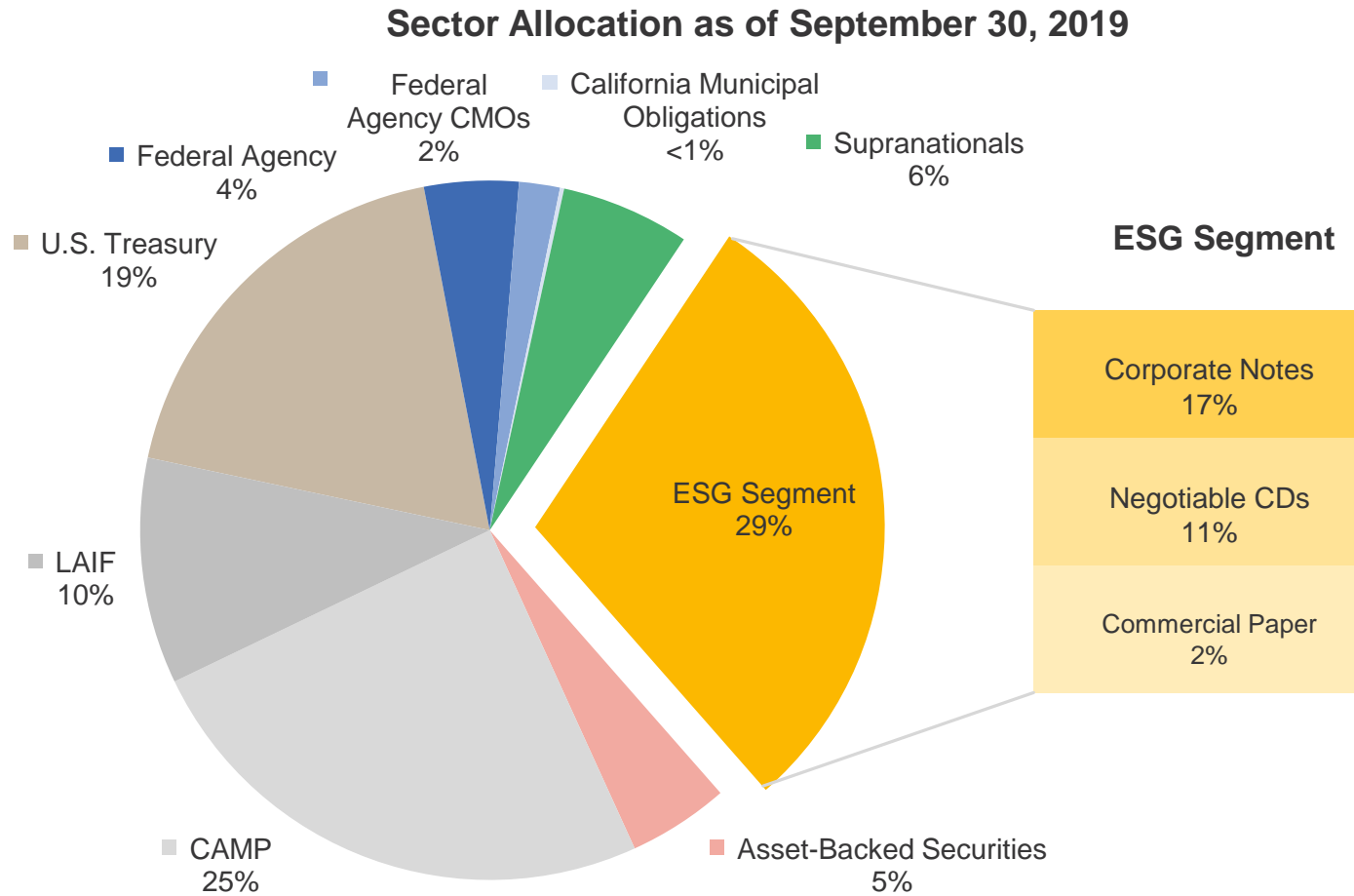
### ESG Risk Rating Scale

Negligible	Low	Medium	High	Severe
0-9.99	10-19.99	20-29.99	30-39.99	40-100

- Approaches and strategies can vary depending on client preference. Examples include:
  - **ESG Risk Rating Limit**
    - All rated issuers must have an ESG Risk Rating lower than 30 (medium risk or lower).
  - **ESG Risk Rating Limit + Best-in-Class**
    - All rated issuers must have an ESG Risk Rating lower than 40 (high risk or lower).
    - Companies with an ESG Risk Rating > 30 must be ranked in the top 25-50% of their subindustry.
  - **ESG Risk Rating Limit + Additional Exclusion Criteria**
    - All rated issuers must have an ESG Risk Rating lower than 40.
    - Potential to add exclusion criteria for issuers that generate revenue from certain activities.



# ESG Analysis Is Applicable to Certain Credit Sectors



As of 9/30/2019. Excludes accrued interests.



# Yolo County ESG Risk Rating Summary



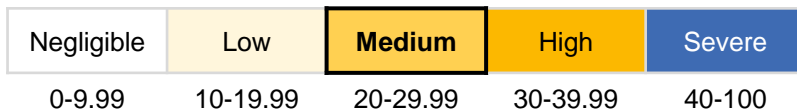
There are **33 issuers** in the portfolio across various industries.



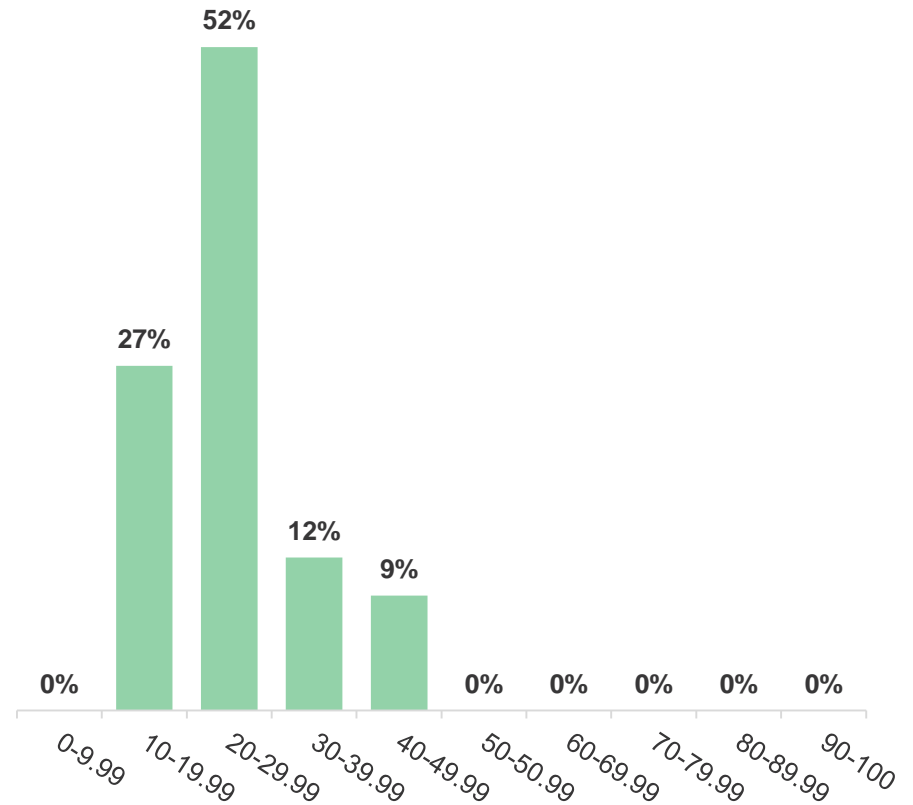
The portfolio has a **medium risk** of material financial impacts driven by ESG factors, as well as, a **medium exposure** (sensitivity or vulnerability) to ESG risks.

## Average ESG Risk Rating

**25.2**/<sub>100</sub>



## ESG Risk Score by Aggregate Portfolio Weighting



Source: Sustainalytics. Based on ESG risk assessments and credit ratings on or prior to September 30, 2019. Not an endorsement.



## Yolo ESG Constituents Summary

Issuer Name (Low)	ESG Risk Score
Cisco Systems Inc	12.30
IBM Corp	13.76
Nordea Bank	17.86
Bank of Montreal	17.91
Visa, Inc.	18.55
Canadian Imperial Bank of Commerce	18.57
ING Bank N.V.	18.75
The Bank Of Nova Scotia	19.82

Issuer Name (High)	ESG Risk Score
Honda Motor Co Ltd	30.19
Toyota Motor Corporation	32.76
Credit Suisse Group	34.26
UBS Group AG	36.11

Issuer Name (Severe)	ESG Risk Score
Exxon Mobil Corporation	40.50
Chevron Corporation	41.78
National Rural Utilities Cooperative Finance Corporation	44.86

Issuer Name (Medium)	ESG Risk Score
Mitsubishi UFJ Financial Group Inc.	20.07
JPMorgan Chase & Co.	20.47
Skandinaviska Enskilda Banken AB	21.13
Bank of New York Mellon Corp	22.40
Apple Inc.	22.69
Westpac Banking Corporation	23.04
BB&T Corp	23.15
American Express Company	23.26
Unilever N.V.	23.41
Bank of America Corporation	25.19
U.S. Bancorp	25.25
Swedbank AB	25.36
Citigroup, Inc.	25.78
Sumitomo Mitsui Financial Group Inc	27.03
Credit Agricole S.A.	27.10
Walmart Inc.	28.28
The Goldman Sachs Group, Inc.	29.72

Source: Sustainalytics. Based on ESG risk assessments on or prior to September 30, 2019. Not an endorsement.



## Disclosures

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# County of Yolo

## Administrative Policies and Procedures Manual

TITLE: INVESTMENT POLICY <del>—2020</del>	DEPARTMENT: FINANCIAL SERVICES
TYPE: POLICY	DATE: <del>DECEMBER 11, 2018</del> <u>DECEMBER 17, 2019</u>

### A. Purpose

This document is known as the annual investment policy and represents the policies of the Board of Supervisors of the County of Yolo related to the investment of funds under the control of the Chief Financial Officer. The office of the Auditor-Controller and the Treasurer-Tax Collector have been consolidated. All statutory duties, responsibilities, and budgets of the Auditor-Controller and Treasurer-Tax Collector are consolidated into the office known as the Chief Financial Officer as per Yolo County code section 2-5.113 effective January 5, 2015.

The Department of Financial Services was established to consolidate and perform all functions of the offices of the Auditor, Controller, Tax Collector~~ion~~, and Treasurer, and any other county-wide fiscal functions directed by the board as per county code sec. 2-5.2001.

This policy is prepared annually by the Chief Financial Officer in accordance with the California Government Code and prudent asset management principles. Pursuant to Government Code sections 27133 and 53646 this policy has been reviewed by the Financial Oversight Committee and approved by the Board of Supervisors at a public meeting.

### B. Applicability

This policy will cover the period of January 1, 2020 through December 31, 2020.

This policy applies to the cash management and investment activities performed by County personnel and officials for any local agency, public agency, public entity or public official that has funds on deposit in the county treasury pool. The terms "County" and "county treasury pool" are used interchangeably and include all such funds so invested.

The investment of bond proceeds will be governed by the provisions of relevant bond and related legal documents.

The investment of endowment funds will be governed by the underlying laws, regulations and specific governmental approvals under those laws pursuant to which the endowments were created. Endowment fund investments will primarily focus on the preservation of principal and use of investment income for operational purpose.

The investment of the Section 115 Trusts related to OPEB and Pension will be invested in compliance with the County Policies on "Accounting, Funding and Recovery of OPEB Costs" and the "Pension Funding Policy" and legal documents associated with the Section 115 Trusts.

### C. Standard of Care

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The standard of prudence to be used by investment officials shall be the "prudent investor" standard which states that "when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.

This standard shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

**County of Yolo**  
**Administrative Policies and Procedures Manual**

TITLE: INVESTMENT POLICY <del>2020</del>	DEPARTMENT: FINANCIAL SERVICES
TYPE: POLICY	DATE: <del>DECEMBER 11, 2018</del> <u>DECEMBER 17, 2019</u>

**E.D. Public Trust**

All participants in the investment process shall seek to act responsibly as custodians of the public trust. Investment officials shall avoid any transaction that might impair public confidence in the County's ability to govern effectively



**County of Yolo**  
**Administrative Policies and Procedures Manual**

TITLE: INVESTMENT POLICY <del>—2020</del>	DEPARTMENT: FINANCIAL SERVICES
TYPE: POLICY	DATE: <del>DECEMBER 11, 2018</del> <u>DECEMBER 17, 2019</u>

**F.E. Objectives**

The primary objectives, in descending priority order, of the investment activities of the County shall be:

Safety. Safety of principal is the foremost objective of the investment program. Investments of the County shall be undertaken in a manner that seeks to ensure preservation of capital in the portfolio.

Liquidity. The investment portfolio shall be maintained in such a manner as to provide sufficient liquidity to meet the operating requirements of any of the participants.

Return on Investment. The investment portfolio of the County shall be designed with the objective of attaining a market rate of return on its investments consistent with the constraints imposed by its safety objective and ~~cash flow~~ liquidity considerations.

**G.F. Delegation of Authority**

Subject to Section 53607 the authority of the Board of Supervisors to invest or to reinvest funds of the pooled investments, or to sell or exchange securities so purchased, may be delegated for a one-year period by ordinance in accordance with Government Code Sections 27000.1 and 27000.3.

The Board of Supervisors has designated the Chief Financial Officer as its agent authorized to make investment decisions in consultation with the Finance and Investment Committee of the Board after considering the strategy proposed by the investment advisor.

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**I.G. Ethics and Conflict of Interest**

Individuals performing the investment function and members of the Financial Oversight Committee (FOC) shall maintain the highest standards of conduct.

County Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions. These individuals should follow the Code of Ethics for Procurement approved by the Board of Supervisors and comply with all relevant provisions of the Political Reform Act, especially the requirements of Chapter 7 – Conflict of Interest and Chapter 9.5 – Ethics. The key requirements are listed below:

1. Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could affect their ability to make impartial decisions.
2. Officers and employees shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the County.
3. Officers and employees shall not accept gifts or gratuities with a value exceeding \$~~460~~500 in any one year from any bank, broker, dealer, or any other person, firm, or organization who conducts business with the Department of Financial Services.
4. No person with investment decision-making authority in the County Administrator’s office or the Department of Financial Services may serve on the board of directors or any committee appointed by the board or the credit committee or supervisory committee of a state or federal credit union which is a depository for County funds.

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The Financial Oversight Committee Charter includes the following requirements for members of the committee:

- ~~1.~~—A member shall disclose to the committee at a regular meeting any activities that directly or indirectly raised money for ~~;~~
- ~~3.~~—A member of the governing board of any local agency that has deposited funds in the Ceounty Treasury ~~Division~~ while a member of the committee.
- ~~5.~~1. For purposes of this subsection, raising money includes soliciting, receiving, or controlling campaign funds of a candidate, but not the member's individual campaign contributions or non-financial support. This section does not apply to a member raising money for his or her own campaign.
- ~~6.~~—A member shall disclose to the Committee at a regular meeting any contributions, in the previous three years or during the period that the employee is a member of the committee, by an employer to:  
~~\_\_\_\_\_~~
- ~~8.~~2. ~~to~~ the campaign of a candidate to be a member of a legislative body of any local agency that has deposited funds in the Ceounty Treasury ~~Division~~.
- ~~9.~~3. A member cannot secure employment with, or be employed by, bond underwriters, bond counsel, security brokerages or dealers, financial services firms, financial institutions, and municipal advisors with whom the County is doing business during the member's Financial Oversight Committee membership period or for one year after leaving the Financial Oversight Committee. This subsection only applies to employment or soliciting employment, and not other relationships with such companies with whom the County is doing business.
- ~~10.~~4. \_\_\_\_\_ A member shall disclose to the Committee any honoraria, gifts, and gratuities from advisors, brokers, dealers, bankers, or other persons who conduct business with the Department of Financial Services while a member of the Committee. All members shall also comply with the requirements of the Political Reform Act or any other law or regulation regarding to receipt and disclosure of financial benefits and conflicts.

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### **K.H. Internal Controls**

Internal control procedures shall be established and maintained by the Department of Financial Services that provide reasonable assurance that the investment objectives are met and to ensure that the assets are protected from loss, theft, misuse, or mismanagement. The internal controls shall be reviewed as part of the regular annual independent audit. The controls and procedures shall be designed to prevent employee error, misrepresentations by third parties, and imprudent or illegal actions by employees or officers of the County.

### **L.I. Cash Management**

In determining the amount that can be invested County personnel shall take into account the liquidity needs of the County and the agencies in the Treasury pool, and shall take reasonable steps to ensure that cash flow requirements of the County and pool participants are met for the next six months, barring unforeseen actions from the State Controller or other funding sources, such as deferrals of cash payments.

County personnel shall maintain separate accounting for cash funds and monitor aggregate cash balances of the County and each agency in the Treasury pool, and shall notify the County Administrator or agency management of unhealthy trends in aggregate cash balances. Unhealthy trends may include but are not limited to deferral of cash payments from State, Federal grantors, or other funding sources, significant declines in available aggregate cash balances, or near-deficit aggregate balances. Agencies that are so notified are expected to take immediate action to cure any deficit and improve cash balances. Continuing deficits shall be reported to the Board of Supervisors for further action.

The Chief Financial Officer shall provide quarterly reports on total cash flows and balances of the Treasury Pool to the Financial Oversight Committee.

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**M.J. Authorized Financial Dealers and Qualified Institutions**

The County may secure the services of an Investment Advisor. Precautionary contractual language with such an adviser shall include: delivery versus payment methods, third-party custody arrangements, prohibitions against self-dealings, independent audits, and other appropriate internal control measures as deemed necessary by the Chief Financial Officer.

The County or the County's Investment Advisor shall maintain a list of authorized broker/dealers and financial institutions which are approved for investment transaction purposes, and it shall be the policy of the County to purchase securities only from those authorized institutions or firms. Authorized brokers/dealers must either (i) be classified as Reporting Dealers affiliated with the New York Federal Reserve Bank as Primary Dealers or (ii) be registered to conduct business in the State of California and be licensed by the state as a broker-dealer, as defined in Section 25004 of the Corporations Code.

No broker/dealer shall be selected which has within any consecutive 48-month period made a political contribution to ~~to~~ any member of the Board of Supervisors or to any candidate for these offices in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board.

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### ~~O~~.K. Permitted Investment Instruments

1. **United States Treasury Obligations.** Government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest.
2. **Federal Agency Obligations.** Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
3. **California Municipal Obligations.** Obligations of the State of California, this local agency or any local agency within the state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled or operated by the state, this local agency or any local agency or by a department, board, agency or authority of the state or any local agency that is rated in a rating category of “A” long term or “A-1” short term, the equivalent or higher by a nationally recognized statistical rating organization (NRSRO). Any investment in obligations of this local agency shall be in a ratio proportionate to the County’s share of the pooled investments.
4. **Other 49 State Municipal Securities.** Registered treasury notes or bonds issued by any of the other 49 states, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any state that is rated in a rating category of “A” long term or “A-1” short term, the equivalent or higher by a NRSRO.
5. **Repurchase Agreements.** Agreements to be used solely as short-term investments not to exceed 90 days.

The County may enter into Repurchase Agreements with primary dealers in U.S. Government securities who are eligible to transact business with, and who report to, the Federal Reserve Bank of New York.

The following collateral restrictions will be observed: Only U.S. Treasury securities or Federal Agency securities, as described above in ~~(K)(-1)~~ and ~~(K)(-2)~~, will be acceptable collateral.

All securities underlying Repurchase Agreements must be delivered to the County's custodian bank versus payment or be handled under a properly executed tri-party repurchase agreement. The total market value of all collateral for each Repurchase Agreement must equal or exceed, 102 percent of the total dollar value of the money invested by the County for the term of the investment. For any Repurchase Agreement with a term of more than one day, the value of the underlying securities must be reviewed at least weekly.

Market value must be calculated each time there is a substitution of collateral.

The County or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to Repurchase Agreement. The County will have properly executed a PSA agreement with each counter party with which it enters into Repurchase Agreements.

6. **Banker's Acceptances.** Issued by domestic or foreign banks, the short-term paper of which is rated in the highest category by a nationally recognized statistical rating organization (NRSRO).

Purchases of Banker's Acceptances may not exceed 180 days maturity or 40 percent of the County's investment portfolio.

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7. **Commercial Paper.** Of prime quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization (NRSRO). The entity that issues the commercial paper shall meet all of the following conditions shown in either paragraph (A~~a~~) or paragraph (B~~b~~):

A. The entity meets the following criteria:

- ~~ii~~.i. Is organized and operating in the United States as a general corporation.
- ~~ii~~.ii. Has total assets in excess of five hundred million dollars ~~————~~(\$500,000,000).
- ~~iv~~.iii. Has debt other than commercial paper, if any, that is rated in a rating category of “A”, the equivalent or higher by a nationally recognized statistical-rating organization (NRSRO).

B. The entity meets the following criteria:

- ~~ii~~.i. Is organized within the United States as a special purpose corporation, trust, or limited liability company.
- ~~ii~~.ii. Has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond.
- ~~iv~~.iii. Has commercial paper that is rated in a rating category “A-1”, the equivalent or higher by a nationally recognized statistical-rating organization (NRSRO).

Purchases of eligible commercial paper may not exceed 270 days maturity.

~~—~~No more than 40 percent of the County’s investment portfolio may be invested in eligible commercial paper.

8. **Medium-Term Corporate Notes.** Notes issued by corporations organized and operating within the United States or by depository institutions licensed by the U.S. or any state and operating within the U.S. Medium-term corporate notes shall be rated in a rating category “A”, the equivalent or higher by a nationally recognized statistical rating organization (NRSRO).~~—~~

~~—~~Purchase of medium-term corporate notes may not exceed 30 percent of the County's investment portfolio.

9. **Non-Negotiable Certificates of Deposit.** FDIC insured or fully collateralized time certificates of deposit in financial institutions located in California, including U.S. branches of foreign banks licensed to do business in California. All time deposits must be collateralized in accordance with California Government Code Section 53651, either at 150% by promissory notes secured by first mortgages and first trust deeds upon improved residential property in California eligible under section (m) or at 110% by eligible marketable securities listed in subsections (a) through (l) and (n) and (o). The County, at its discretion and by majority vote of the Board of Supervisors, on a quarterly basis, may waive the collateralization requirements for any portion of the deposit that is covered by federal insurance. Alternatively, the County may invest in deposits, including certificates of deposit, at a commercial bank, savings bank, savings and loan association, or credit union that uses a private sector entity that assists in the placement of certificates of deposit as provided for in Government Code section 53635.8.
10. **Negotiable Certificates of Deposit.** Negotiable certificates of deposit issued by a nationally or state-chartered bank or a state or federal savings and loan association or by a federally-licensed or a state-licensed branch of a foreign bank that is rated in a rating category of “A” long-term or “A-1 short-term, the equivalent or higher by a nationally recognized statistical rating organization (NRSRO). Purchases of all negotiable certificates of deposit may not exceed 30 percent of the County’s investment portfolio.
11. **Local Government Investment Pools.** (Either state-administered or through joint powers statutes and other intergovernmental agreement legislation.) Investments may be maximized to the level allowed by the State and should be reviewed periodically. Investment objectives, limitations, and controls of each pool must be consistent with this policy.
12. **Money Market Funds.** Shares of beneficial interest issued by diversified management companies that are money market mutual funds registered with Securities and Exchange Commission under the Investment Company Act of 1940. To be eligible for investment pursuant to this subdivision these companies shall either: (1) attain the highest ranking letter or numerical rating provided by not less than two of the largest nationally recognized statistical rating organizations or (2) have retained an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years experience investing in securities and obligations authorized by Government Code Section 53601 and with assets under management in excess of \$500,000,000. Money Market Funds shall not exceed 20 percent of the investment portfolio of the County as recorded at purchase price on date of purchase.

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13. **Asset-Backed Securities.** Any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-back certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond. Eligible securities must be rated, by a nationally recognized statistical rating organization, as "AAA", and have a maximum remaining maturity of five years or less . No more than 20 percent of the County's investment portfolio may be invested in this type of security.
14. **Reverse Repurchase Agreements.** Reverse repurchase agreements shall be used primarily as a cash flow management tool and subject to all the following conditions:
- A. The security to be sold using a reverse repurchase agreement has been owned and fully paid for by the County for a minimum of 30 days prior to sale.
  - B. The total of all reverse repurchase agreements on investments owned by the County does not exceed 20 percent of the base value of the portfolio. The base value of the County's portfolio for this section is defined as that dollar amount obtained by totaling all cash balances placed in the portfolio by all participants, excluding any amounts obtained through selling securities by way of reverse repurchase agreements, securities lending agreements, or other similar borrowing methods.
  - C. The agreement does not exceed a term of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement and the final maturity date of the same security.
  - D. Funds obtained or funds within the pool of an equivalent amount to that obtained from selling a security to a counterparty using a reverse repurchase agreement shall not be used to purchase another security with a maturity longer than 92 days from the initial settlement date of the reverse repurchase agreement, unless the reverse repurchase agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of a security using a reverse repurchase agreement and the final maturity date of the same security.
  - E. Investments in reverse repurchase agreements or similar investments in which the County sells securities prior to purchase with a simultaneous agreement to repurchase the security shall be made only with primary dealers of the Federal Reserve Bank of New York or with a nationally or state-chartered bank that has or has had a significant banking relationship with a local agency. A significant banking relationship is defined by any of the following activities of a bank:
    - i. Involvement in the creation, sale, purchase, or retirement of the County's bonds, warrants, notes, or other evidence of indebtedness.
    - ii. Financing of the County's activities.
    - iii. Acceptance of the County's securities or funds as deposits.



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15. **Supranationals.** United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development (IBRD), International Finance Corporation (IFC), or Inter-American Development Bank (IADB), with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of “AA”, the equivalent or higher by a NRSRO. Purchases of these securities shall not exceed 30 percent of the County’s portfolio.

The Chief Financial Officer may make permitted investments (as described above) pursuant to the California Government Code (including Section 53601 et. seq.) or deposit funds for safekeeping in state or national banks, savings association, credit unions, or federal insured industrial loan companies (as described in Section 53635.2).

Credit criteria listed in this section refers to the credit of the issuing organization at the time the security is purchased. Should a security owned by the County be downgraded below “A” the Investment Advisor shall immediately notify the Chief Financial Officer who will report to the Board of Supervisors, at their next regularly scheduled meeting, the circumstances of the downgrade and any action taken or recommended.

### P.L. Ineligible Investments

The County shall not invest any funds in inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages, or in any security that could result in zero interest accrual if held to maturity. Any other security not specifically permitted by Section K is prohibited.

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**R.M. Maximum Maturity**

Investment maturities shall be based on a review of cash flow forecasts. Maturities will be scheduled so as to permit the County to meet all projected obligations.

Unless otherwise specified in this policy or authorized by the Board of Supervisors, no investment shall be made in any security, other than a security underlying a repurchase agreement as authorized by this policy that at the time of the investment has a term remaining to maturity in excess of five years.

The Board of Supervisors has specifically approved investment maturities beyond five years for certain three long-term portfolios: Yolo County Landfill Closure Trust Fund, the Yolo County Cache Creek Maintenance and Remediation Fund, and the Demeter Endowment (funds deallocated from the Ceres Tobacco Endowment Fund).

**S.N. Diversification & Percentage Limitations**

The County shall limit the County's investments in any one issuer to no more than 5 percent of the County's total investments at the time of purchase, except for U.S. Treasuries, Federal Agencies, supranationals, repurchase and reverse repurchase agreements, and pooled investments such as local government investment pools, LAIF, and money market funds

All percentage limitations apply at the time of the investment (purchase date).

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### T.O. Reporting Requirements

The Chief Financial Officer shall render a quarterly investment report to the Board of Supervisors that includes, at a minimum, the following information for each investment:

- Type of investment instrument (e.g., U.S. Treasury note, Federal Agency note)
- Issuer name (e.g., General Electric Capital Corp.)
- Credit quality
- Purchase date
- Maturity date
- Par value
- Purchase price
- Current market value and the source of the valuation
- Current amortized or book value
- Accrued interest
- Original yield to maturity
- Overall portfolio yield based on cost
- New investment transactions

The quarterly report shall (i) state compliance of the portfolio to the statement of investment policy, or manner in which the portfolio is not in compliance, (ii) include a description of any of the County's funds, investments or programs that are under the management of contracted parties, including lending programs, and (iii) include a statement explaining the ability of the County to meet its cash flows requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

This quarterly report shall be available within 30 days following the end of the quarter, and submitted to the Board of Supervisors at the earliest reasonable opportunity, with copies published and available to all pool participants.

### U.P. Annual Review of Investment Policy

The Chief Financial Officer shall annually prepare an investment policy that will be reviewed by the County Financial Oversight Committee and submitted to the Board of Supervisors for approval in a public meeting. Any change to the investment policy shall be reviewed and approved by the Board in a public meeting.

### V.Q. Safekeeping and Custody

All securities, whether negotiable, bearer, registered or non-registered shall be delivered either by book entry or physical delivery to the County's third party custodian.

Monthly safekeeping statements are received from custodians where securities are held. Authorized personnel, other than the person handling daily investments, shall review the statements to confirm that investment transactions have settled and been delivered to the County's third party custodian.

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### W.R. Apportionment of Earnings and Costs

The manner of calculating and apportioning the cost of investing, depositing, banking, auditing, reporting, or otherwise handling or managing funds is as follows:

Investment earnings shall be apportioned to all pool participants quarterly based upon the ratio of the average daily balance of each individual fund to the average daily balance of all funds in the investment pool. Earnings are computed on an accrual basis and the effective date that earnings are deposited into each fund is the first day of the following quarter (January 1, April 1, July 1, and October 1).

Direct and Administrative (including indirect) costs associated with investing, depositing, banking, auditing, reporting, safekeeping, or otherwise handling or managing funds shall be netted against any moneys received pursuant to state mandated reimbursements and deducted from the gross investment earnings in the quarter received.

### X.S. Criteria for Considering Requests to Withdraw Funds

Withdrawal of funds from county treasurer pool may occur pursuant to Government Code Section 27136 and approval of the Board of Supervisors.

Assessment of the effect of a proposed withdrawal on the stability and predictability of the investment in the County Pool will be based on the following criteria:

- Size of withdrawal
- Size of remaining balances of:
  - Pool
  - Agency
- Current market conditions
- Duration of withdrawal
- Effect on predicted cash flows
- A determination if there will be sufficient balances remaining to cover costs
- Proof that adequate information has been supplied in order to make a proper finding that other pool participants will not be adversely affected.

The Chief Financial Officer reserves the right to mark a fund balance to market value prior to allowing a withdrawal if it is deemed necessary to be equitable to the remaining funds.

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**Z.T. Terms and Conditions for Non-Statutory Combined Pool Participants**

All entities qualifying under California Government Code Section 27133 (g) may deposit funds for investment purposes providing all of the following has been accomplished: (1) the agency's administrative body has requested the privilege, (2) has agreed to terms and conditions of an investment agreement as prescribed by the County's Board of Supervisors, (3) has by resolution identified the authorized officer acting on behalf of the agency; and (4) the Chief Financial Officer has prescribed the appropriate accounting procedures.

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### AA.U. Audit

Annual Compliance Audit - The Financial Oversight Committee is not designated a Treasury Oversight Committee however the FOC may cause an annual audit pursuant to Government Code section 27134 at its discretion which may include issues relating to the structure of the investment portfolio and risk.

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

Quarterly Review and Annual Financial Audit – The Chief Financial Officer shall cause quarterly reviews to be made of the Treasury Division records relative to the type and amount of assets in the treasury, pursuant to Government Code sections 26920 - ~~269~~23. The Chief Financial Officer shall also cause an annual financial audit to be made of the Treasury Division’s records as of June 30. In addition to an opinion on the statement of assets held in the treasury this audit shall include a review of the adequacy of internal controls.

The annual compliance audit and the annual financial audit may be combined.

The Chief Financial Officer shall report audits that contain significant audit findings to the Audit Committee of the Board of Supervisors immediately and to the full Board at the earliest reasonable opportunity. Copies of the audit reports shall be provided to the Financial Oversight Committee.

All audit recommendations shall be addressed timely and in a manner acceptable to the Board of Supervisors’ Audit Committee, ~~(Financial Oversight Committee).~~