

C/CAG

City/County Association of Governments of San Mateo County

Atherton • Belmont • Brisbane • Burlingame • Colma • Daly City • East Palo Alto • Foster City • Half Moon Bay • Hillsborough • Menlo Park
Millbrae • Pacifica • Portola Valley • Redwood City • San Bruno • San Carlos • San Mateo • San Mateo County • South San Francisco • Woodside

C/CAG FINANCE COMMITTEE AGENDA

Date: Wednesday, August 24, 2022

Time: 12:00 P.M. Noon

On September 16, 2021, the Governor signed AB 361, which amended certain provisions of the Ralph M. Brown Act in order to allow for local legislative bodies to conduct their meetings remotely via telephonically or by other electronic means under specified circumstances. Thus, pursuant to Government Code section 54953(e), the C/CAG Board and Committee meetings will be conducted via remote conferencing. Members of the public may observe or participate in the meeting remotely via one of the options below.

Join by Zoom:

<https://us02web.zoom.us/j/84794094906?pwd=c2RybE5XUGFueXIUWEFEbWpacXl3dz09>

Meeting ID: 847 9409 4906

Password: 776441

Join by Phone: 669-900-6833

Meeting ID: 847 9409 4906

Password: 776441

Persons who wish to address the C/CAG Finance Committee on an item to be considered at this meeting, or on items not on this agenda, are asked to submit written comments to kwever@smcgov.org. Spoken public comments will also be accepted during the meeting through Zoom. Please see instructions for written and spoken public comments at the end of this agenda.

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|--|--------------|--------------|
| 1. CALL TO ORDER | Chair Colson | No materials |
| 2. BRIEF OVERVIEW OF TELECONFERENCE MEETING PROCEDURES | Wever | No materials |
| 3. By motion, find that, as a result of the continuing COVID-19 pandemic state of emergency declared by Governor Newsom, meeting in person would present imminent risks to the health or safety of attendees. (Action) | Charpentier | Page 1-5 |
| 4. PUBLIC COMMENT ON RELATED ITEMS NOT ON THE AGENDA
<i>Note: Public comment is limited to two minutes per speaker.</i> | Chair Colson | No materials |
| 5. Approval of minutes of May 11, 2022 meeting. (Action) | Wever | Page 6-7 |

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|--|------------------------|------------|
| 6. Receive copies of monthly investment statements for April, May, and June 2022. (Information) | Wever | Page 8-26 |
| 7. Review of the quarterly investment report and recommend modifications to the C/CAG investment portfolio as needed. (Action) | Wever/Charpentier /Tam | Page 27-32 |
| 8. Review and recommend approval of the C/CAG Investment Policy annual update. (Action) | Charpentier/Tam | Page 33-48 |
| 9. Review and recommend C/CAG Board approval of proposed revisions to the C/CAG Procurement Policy. (Action) | Charpentier | Page 49-55 |

ADJOURN

The next regularly scheduled meeting will be on November 30, 2022.

PUBLIC NOTICING: All notices of C/CAG regular Board meetings, standing committee meetings, and special meetings will be posted at the San Mateo County Court Yard, 555 County Center, Redwood City, CA, and on C/CAG's website at: <http://www.ccag.ca.gov>.

PUBLIC RECORDS: Public records that relate to any item on the open session agenda for a regular Finance Committee meeting, standing committee meeting, or special meeting are available for public inspection. Those public records that are distributed less than 72 hours prior to a regular Finance Committee meeting are available for public inspection at the same time they are distributed to all members, or a majority of the members, of the Finance Committee. The Finance Committee has designated the City/County Association of Governments of San Mateo County (C/CAG), located at 555 County Center, 5th Floor, Redwood City, CA 94063, for the purpose of making public records available for inspection. Such public records are also available on C/CAG's website at: <http://www.ccag.ca.gov>. Please note that C/CAG's office is temporarily closed to the public; please contact Kim Wever at (650) 599-1451 to arrange for inspection of public records.

PUBLIC PARTICIPATION DURING VIDEOCONFERENCE MEETINGS: Persons with disabilities who require auxiliary aids or services to participate in this meeting should contact Kim Wever at (650) 599-1451, five working days prior to the meeting date.

Written comments should be emailed in advance of the meeting. Please read the following instructions carefully:

1. Your written comment should be emailed to kwever@smcgov.org.
2. Your email should include the specific agenda item on which you are commenting or note that your comment concerns an item that is not on the agenda.
3. Members of the public are limited to one comment per agenda item.
4. The length of the emailed comment should be commensurate with the two minutes customarily allowed for verbal comments, which is approximately 250-300 words.
5. If your emailed comment is received at least 2 hours prior to the meeting, it will be provided to the C/CAG Finance Committee members and made publicly available on the C/CAG website along with the agenda. We cannot guarantee that emails received less than 2 hours before the meeting will be made publicly available on the C/CAG website prior to the meeting, but such emails will be included in the administrative record of the meeting.

Spoken comments will be accepted during the meeting through Zoom. Please read the following instructions carefully:

1. The C/CAG Finance Committee meeting may be accessed through Zoom at the online location indicated at the top of this agenda.
2. You may download the Zoom client or connect to the meeting using an internet browser. If using your browser, make sure you are using a current, up-to-date browser: Chrome 30+, Firefox 27+, Microsoft Edge 12+, Safari 7+. Certain functionality may be disabled in older browsers including Internet Explorer.
3. You will be asked to enter an email address and name. We request that you identify yourself by your name as this will be visible online and will be used to notify you that it is your turn to speak.

4. When C/CAG Staff or Chair calls for the item on which you wish to speak, click on “raise hand”, and if you joined the meeting by phone, dial *9 to raise hand. Staff will activate and unmute speakers in turn. Speakers will be notified shortly before they are called on to speak. When called, please limit your remarks to the time allotted.

If you have any questions about this agenda, please contact Sean Charpentier at scharpentier@smcgov.org or Kim Wever at kwever@smcgov.org

C/CAG AGENDA REPORT

Date: August 24, 2022

To: C/CAG Finance Committee

From: Sean Charpentier, Executive Director

Subject: By motion, find that, as a result of the continuing COVID-19 pandemic state of emergency declared by Governor Newsom, meeting in person would present imminent risks to the health or safety of attendees.

(For further information contact Sean Charpentier at scharpentier@smcgov.org)

RECOMMENDATION

That the C/CAG Finance Committee finds, by motion, that, as a result of the continuing COVID-19 pandemic state of emergency declared by Governor Newsom, meeting in person would present imminent risks to the health or safety of attendees.

FISCAL IMPACT

There is no fiscal impact.

SOURCE OF FUNDS

Not applicable

BACKGROUND

On June 11, 2021, Governor Newsom issued Executive Order N-08-21, which rescinded his prior Executive Order N-29-20 and set a date of October 1, 2021 for public agencies to transition back to public meetings held in full compliance with the Brown Act. The original Executive Order provided that all provisions of the Brown Act that required the physical presence of members or other personnel as a condition of participation or as a quorum for a public meeting were waived for public health reasons. If these waivers fully sunset on October 1, 2021, legislative bodies subject to the Brown Act would have to contend with a sudden return to full compliance with in-person meeting requirements as they existed prior to March 2020, including the requirement for full physical public access to all teleconference locations from which board members were participating.

On September 16, 2021, the Governor signed AB 361, a bill that formalizes and modifies the teleconference procedures implemented by California public agencies in response to the Governor's Executive Orders addressing Brown Act compliance during the COVID-19 emergency. AB 361 allows a local agency legislative body to continue to use teleconferencing under the same basic rules as provided in the Executive Orders when certain circumstances occur or when certain findings have been made and adopted by the legislative body.

AB 361 provides that Brown Act legislative bodies must return to in-person meetings on October 1, 2021, unless they choose to continue with fully teleconferenced meetings because a specific declaration of a state or local health emergency is appropriately made. AB 361 allows legislative bodies to continue to conduct virtual meetings as long as there is a gubernatorially-proclaimed public emergency in combination with (1) local health official recommendations for social distancing or (2) adopted findings that meeting in person would present an imminent risk to health or safety. AB 361 is effective immediately as urgency legislation and will sunset on January 1, 2024.

AB 361 also requires that, if the state of emergency remains active for more than 30 days, the legislative body must make findings by majority vote every 30 days to continue using the bill's exemption to the Brown Act teleconferencing rules. Specifically, the legislative body must find that the need for teleconferencing persists due to risks posed by the ongoing state of emergency. Effectively, this means that local agencies must either agendaize a Brown Act meeting once every thirty days to make these findings, or, **if a local agency has not made such findings within the prior 30 days, the local agency must re-adopt the initial findings if it wishes to conduct a remote meeting.**

Cities throughout San Mateo County and San Mateo County have made the findings required to continue remote meetings. On July 14, 2022, the C/CAG Board of Directors approved Resolution 22-59, which made the findings necessary for remote meetings for both the Board of Directors and its standing Committees, including the C/CAG Finance Committee.

Unfortunately, August 24, 2022 is 41 days after the C/CAG Board of Directors approved Resolution 22-59. See Attachment 1. There is no August C/CAG Board of Directors meeting.

The September C/CAG Board meeting will include a resolution similar to 22-59 that would make the findings necessary to continue with remote meetings for both the C/CAG Board and standing C/CAG Committees for another 30 days.

DISCUSSION

The County's high vaccination rate, successfully implemented local health measures (such as indoor masking), and best practices by the public (such as voluntary social distancing) have proven effective, in combination, at controlling the local spread of COVID-19.

However, the California Department of Public Health and the federal Centers for Disease Control and Prevention have cautioned that the Delta variant of COVID-19, currently the dominant strain in the country, is more transmissible than prior variants of the virus, that it may cause more severe illness, and that even fully vaccinated individuals can spread the virus to others, resulting in rapid and alarming rates of COVID-19 cases and hospitalizations (<https://www.cdc.gov/coronavirus/2019-ncov/variants/delta-variant.html>).

Reducing the circumstances under which people come into close contact remains a vital component of the County's COVID-19 response strategy. While local agency public meetings are an essential government function, the last 18 months have demonstrated that conducting such meetings virtually is feasible.

Public meetings pose high risks for COVID-19 spread for several reasons. These meetings bring together people from throughout a geographic region, increasing the opportunity for COVID-19

transmission. Further, the open nature of public meetings makes it is difficult to enforce compliance with vaccination, physical distancing, masking, cough and sneeze etiquette, or other safety measures. Moreover, some of the safety measures used by private businesses to control these risks may be less effective for public agencies.

These factors combine to make in-person public meetings imminently risky to health and safety.

Given that the Finance Committee meeting is occurring 41 days after the approval of C/CAG Resolution 22-59, staff recommend that in order to continue to have remote meetings, the Committee finds, by motion, that conducting in-person meetings at the present time would present an imminent risk to the health and safety of attendees. Staff do not anticipate a need to agendize a similar item at future Finance Committee meetings, because Finance Committee meetings should occur within 30 days of the C/CAG Board of Directors approval of a resolution making the necessary findings.

ATTACHMENT

1. Resolution 22-59

RESOLUTION 22-59

RESOLUTION OF THE BOARD OF DIRECTORS OF THE CITY/COUNTY ASSOCIATION OF GOVERNMENTS OF SAN MATEO COUNTY FINDING THAT, AS A RESULT OF THE CONTINUING COVID-19 PANDEMIC STATE OF EMERGENCY, MEETING IN PERSON FOR MEETINGS OF THE C/CAG BOARD OF DIRECTORS AND ALL OTHER C/CAG LEGISLATIVE BODIES WOULD PRESENT IMMINENT RISKS TO THE HEALTH OR SAFETY OF ATTENDEES, AND THAT THE STATE OF EMERGENCY CONTINUES TO DIRECTLY IMPACT THE ABILITY OF MEMBERS OF THE BOARD OF DIRECTORS AND C/CAG LEGISLATIVE BODIES TO MEET SAFELY IN PERSON.

RESOLVED, by the Board of Directors of the City/County Association of Governments of San Mateo County (C/CAG); that,

WHEREAS, on March 4, 2020, pursuant to California Government Code section 8550, *et seq.*, Governor Newsom proclaimed a state of emergency related to the COVID-19 novel coronavirus, and subsequently, the San Mateo County Board of Supervisors declared a local emergency related to COVID-19, and the proclamation by the Governor and declaration by the Board of Supervisors remain in effect; and

WHEREAS, on March 17, 2020, Governor Newsom issued Executive Order N-29-20, which suspended certain provisions in the California Open Meeting law, Government Code section 54950 *et seq.* (the “Brown Act”), related to teleconferencing by local agency legislative bodies, provided certain requirements were met and followed; and

WHEREAS, on June 11, 2021, the Governor issued Executive Order N-08-21, which extended provisions of Executive Order N-29-20 that waive otherwise-applicable Brown Act requirements related to remote/teleconference meetings by local agency legislative bodies through September 30, 2021; and

WHEREAS, on September 16, 2021, Governor Newsom signed AB 361 into law, and AB 361 provides that a local agency legislative body subject to the Brown Act may continue to meet without complying with the otherwise-applicable requirements in the Brown Act related to remote/teleconference meetings by local agency legislative bodies, provided that a state of emergency has been declared and the legislative body determines that meeting in person would present imminent risks to the health or safety of attendees, and provided that the legislative body makes such findings at least every thirty (30) days during the term of the declared emergency; and

WHEREAS, the C/CAG Board of Directors concludes that there is a continuing threat of COVID-19 to the community, and that Board meetings have characteristics that give rise to risks to health and safety of meeting participants (such as the increased mixing associated with bringing together people from across the community, the need to enable those who are immunocompromised or unvaccinated to be able to safely continue to participate fully in public governmental meetings, and the challenges with fully ascertaining and ensuring compliance with vaccination and other safety recommendations at such meetings); and

WHEREAS, the C/CAG Board of Directors has an important governmental interest in protecting the health and safety of those who participate in its meetings; and

WHEREAS, on October 14, 2021, the C/CAG Board of Directors approved Resolution 21-79

making the findings necessary to continue holding remote meetings of the C/CAG Board of Directors and all other C/CAG legislative bodies; and

WHEREAS, at subsequent meetings, the C/CAG Board of Directors adopted resolutions making the findings necessary to continue remote meetings for both the C/CAG Board of Directors and all other C/CAG legislative bodies; and

WHEREAS, in the interest of public health and safety, as affected by the emergency caused by the spread of COVID-19, the C/CAG Board of Directors deems it necessary to find that meeting in person would present imminent risks to the health or safety of attendees, and that the COVID-19 state of emergency continues to directly impact the ability of members of the Board of Directors and all other C/CAG legislative bodies to meet safely in person, and thus intends to continue to invoke the provisions of AB 361 related to teleconferencing;

NOW, THEREFORE, IT IS HEREBY DETERMINED AND ORDERED that

1. The recitals set forth above are true and correct.
2. The C/CAG Board of Directors has reconsidered the circumstances of the state of emergency caused by the spread of COVID-19.
3. The C/CAG Board of Directors finds that the state of emergency caused by the spread of COVID-19 continues to directly impact the ability of members of the Board of Directors and all other C/CAG legislative bodies to meet safely in person.
4. The C/CAG Board of Directors further finds that holding meetings of the C/CAG Board Directors and all other C/CAG legislative bodies in person would present imminent risks to the health or safety of attendees.
5. Staff is directed to take such other necessary or appropriate actions to implement the intent and purposes of this resolution.

PASSED, APPROVED, AND ADOPTED, THIS 14TH DAY OF JULY 2022.



Davina Hurt, Chair

**CITY/COUNTY ASSOCIATION OF GOVERNMENTS
FINANCE COMMITTEE
MEETING MINUTES
May 11, 2022**

In compliance with the provisions of the Government Code section 54953(e), this meeting was conducted via remote conferencing

Committee Members Attending:

Davina Hurt (City of Belmont)
Ricardo Ortiz (City of Burlingame)
Carlos Romero (City of East Palo Alto)
Donna Colson (City of Burlingame)
Adam Rak (City of San Carlos)

Guests or Staff Attending:

Tammy Mak– City of San Carlos Finance Staff
Sean Charpentier, Kaki Cheung, Kim Wever – C/CAG Staff

1. Call to order

At 11:02 A.M. Chair Colson called the Finance Committee meeting to order.

2. Brief overview of teleconference meeting procedures

C/CAG staff Kim Wever described how the Finance Meeting would run virtually.

3. Public comment on related items not on the agenda.

There were no public comments regarding items not on the agenda.

4. Approval of minutes of February 23, 2022 meeting. (Action)

Motion – To approve the minutes of the February 23, 2022 Finance Committee meeting, Romero/Hurt. Roll Call was taken. All members in attendance voted to approve. Motion passed 5-0

5. Receive copies of monthly investment statements for January, February, and March 2022. (Information)

Committee members reviewed the investment statements, cash flow reports, and the new investment summary page.

Committee requested the addition of duration/maturities to the agenda packet.

6. Review of the quarterly investment report and recommend modifications to the C/CAG investment portfolio as needed. (Action)

C/CAG Executive Director Sean Charpentier provided a summary of the quarterly investment report. Sean also shared that C/CAG submitted a letter of support for the 2022 County Investment Policy update adding Environmental, Social, and Governance (ESG) principles to the County pool investment policy.

Motion – To recommend no change to the C/CAG investment portfolio. The Committee guided staff to continue monitoring the interest rates, Ortiz/Rak. Roll Call was taken. All members in attendance voted to approve. Motion passed 5-0

7. Review the initial draft, assumptions, and input on the C/CAG Fiscal Year 2022/23 Program Budget and Member Fees. (Action)

C/CAG Executive Director Sean Charpentier presented the draft C/CAG Fiscal Year 2022/23 Program Budget and Member Fees.

Chair Colson suggested showing the beginning balance to show that there is not a deficit. Vice Chair Rak recommended showing the FYE 2020/21 budget as a reference. Member Hurt agreed so that new Board members can better understand the budget process.

Member Romero had concerns about extending the JPA operating loan. He understood the need to extend the operating loan but recommended that C/CAG reevaluates their risks.

Motion – To recommend the proposed C/CAG Fiscal Year 2022/23 Program Budget and Member Fees, Romero/Ortiz. Roll Call was taken. All members in attendance voted to approve. Motion passed 5-0

8. Adjournment.

The meeting adjourned at approximately 12:15 P.M.

C/CAG AGENDA REPORT

Date: August 24, 2022

To: C/CAG Finance Committee

From: Sean Charpentier, Executive Director

Subject: Receive copies of monthly investment statements for April, May, and June 2022

(For further information contact Kim Wever at kwever@smcgov.org)

RECOMMENDATION

That the C/CAG Finance Committee receives copies of monthly investment statements for April, May, and June 2022.

FISCAL IMPACT

None

SOURCE OF FUNDS

C/CAG funds are held by the C/CAG Financial Agent (City of San Carlos)

BACKGROUND

The current C/CAG Investment Policy states that the C/CAG Finance Committee shall analyze investment portfolio at least every quarter. Attached are the monthly statements for C/CAG investment funds for the quarter ending on June 30, 2022.

ATTACHMENTS

1. C/CAG's Monthly Major Cash Inflows and Outflows, LAIF, and SMC Investment Fund Summary for April, May, and June 2022.
2. LAIF Performance Report Quarter Ending June 30, 2022.
3. San Mateo County Treasurer's Office Pool Participants Distribution June 30, 2022.
4. County Summary of Pool Earnings for April, May, and June 2022.
5. Overview of Market and Investment Statements Quarter Ending June 30, 2022.

CITY & COUNTY ASSOCIATION OF GOVERNMENTS
Recap of Monthly Major Cash Inflows and Outflows
for Quarter Ended June 30, 2022

April Cash Flow

Major Cash Inflows and Outflows

Month	Program	From/To	Amount - In/(Out)
April 2022	Beginning book balance (Checking)		1,852,296
	Measure M	DMV, Caltrans, City of Menlo Park, City of So. San Francisco	692,826
	Energy Watch	PG&E	53,739
	NPDES	San Mateo County	399,700
	All other Receipts (1)	various	86
		Total April Cash Inflow	1,146,351
	Smart Corridor	Aegis ITS, Kimley-Horn & Assoc and Redwood City	(35,334)
	Congestion Relief & Management	Alta Planning & Design, Ken Brown, Gary Browen Scott, Place Works, City of Menlo Park, County of San Mateo, and Redwood City	(237,925)
	Bay Area Air Quality	San Mateo County, Commute.org	(2,032)
	NPDES	EOA Inc., Groner S Assoc., Ken Brown, BAWSCA, Shaw Yoder Antwih Inc, and County of San Mateo	(112,549)
	Energy Watch	Joint Venture Silicon Valley	(17,500)
	AB1546	Sustainable Silicon Valley	(10,000)
	Measure M	EOA Inc., Groner S Assoc., Larry Walker Assoc., Placeworks, Steer Davies & Gleav, Town of Woodside, City of Pacifica and County of San Mateo	(252,404)
	All other payments (12)	various	(36,424)
		Total April Cash Outflow	(704,168)
		Net Cash Inflow/(Outflow)	442,183
	Ending book balance (Checking)		2,294,479

California State Treasurer

Fiona Ma, CPA



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

May 04, 2022

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

CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY
FINANCE OFFICER
600 ELM STREET
SAN CARLOS, CA 94070

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

Account Number: 40-41-004

April 2022 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
4/15/2022	4/14/2022	QRD	1701439	N/A	SYSTEM	11,832.54

Account Summary

Total Deposit:	11,832.54	Beginning Balance:	15,263,177.53
Total Withdrawal:	0.00	Ending Balance:	15,275,010.07



San Mateo County Treasurer
555 County Center
Redwood City, 94063
(650) 599-1251 or (650) 599-7206

Statement Ending Date: 4/30/2022
Account: 03412

STATEMENT OF ACCOUNT

City/County Association of Governments

DATE	DESCRIPTION	DEBITS	CREDITS	ACCOUNT BALANCE
3/31/2022	Balance brought forward			\$10,203,261.97
4/1/2022	Interest Allocation Q3		\$21,713.85	\$10,224,975.82
4/30/2022	Ending Balance			\$10,224,975.82

CITY & COUNTY ASSOCIATION OF GOVERNMENTS
Recap of Monthly Major Cash Inflows and Outflows
for Quarter Ended June 30, 2022

May Cash Flow

Major Cash Inflows and Outflows

Month	Program	From/To	Amount - In/(Out)
May 2022	Beginning book balance (Checking)		2,294,479
	NPDES	CA State Natural Resources Agency	59,977
	Measure M	DMV and Caltrans	625,135
	Energy Watch	PG&E	18,122
	All other Receipts (2)	various	327
		Total May Cash Inflow	703,561
	Measure M	EOA Inc., Groner S Assoc., Place Works and Town of Atherton	(152,024)
		Advanced Mobility, Commute.org, Toole Design Group, Placeworks, Gary	(203,980)
	Congestion Relief & Mgmt	Bowen Scott, ShawYode Antwih Inc and Redwppd City	(18,300)
	AB1546	Sustainable Silicon Valley	(18,300)
		EOA Inc., Geosyntec Consultant, Groner S Assoc., BAWSCA, Ken Brown,	
	NPDES	Groner S Assoc., and Bay Tree Design Inc.	(83,636)
	Energy Watch	County of San Mateo	(15,762)
	Smart Corridor	Iteris Inc, Kimley-Horn & Assoc.	(73,755)
	Bay Area Air Quality	Commute.org	(115,831)
	All other payments (3)	various	(17,984)
		Total May Cash Outflow	(681,272)
		Net Cash Inflow/(Outflow)	22,289
	Ending book balance (Checking)		2,316,768

California State Treasurer
Fiona Ma, CPA



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

June 07, 2022

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

CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY
FINANCE OFFICER
600 ELM STREET
SAN CARLOS, CA 94070

[Tran Type Definitions](#)



Account Number: 40-41-004

May 2022 Statement

Account Summary

Total Deposit:	0.00	Beginning Balance:	15,275,010.07
Total Withdrawal:	0.00	Ending Balance:	15,275,010.07



San Mateo County Treasurer
555 County Center
Redwood City, 94063
(650) 599-1251 or (650) 599-7206

Statement Ending Date: 5/31/2022
Account: 03412

STATEMENT OF ACCOUNT

City/County Association of Governments

DATE	DESCRIPTION	DEBITS	CREDITS	ACCOUNT BALANCE
4/30/2022	Balance brought forward			\$10,224,975.82
5/31/2022	Ending Balance			\$10,224,975.82

CITY & COUNTY ASSOCIATION OF GOVERNMENTS
Recap of Monthly Major Cash Inflows and Outflows
for Quarter Ended June 30, 2022

June Cash Flow

Major Cash Inflows and Outflows

Month	Program	From/To	Amount - In/(Out)
June 2022	Beginning book balance (Checking)		2,316,768
	Measure M	DMV	557,565
	Congestion Relief & Mgmt	Metropolitan Transportation Commission	310,016
	NPDES	San Mateo County	134,600
	Bay Area Air Quality	SAMTRANS	500,107
	All other Receipts (2)	various	893
		Total June Cash Inflow	1,503,181
	Measure M	EOA Inc, Groner S Assoc., County of San Mateo, Walker Larry Assoc., Cities: Menlo Park, Pacifica, Place Works and Steer Davies &	(616,751)
	Congestion Relief & Management	County of San Mateo, Alta Planning & Design, Ken Brown and Redwood City	(269,115)
	NPDES	EOA Inc., Groner S Assoc., Bay Tree Design, Inc., BAWSCA, County of San Mateo and Shaw Yoder Antwih Inc.	(95,948)
	Bay Area Air Quality	San Mateo Couty, City of So. San Francisco	(138,856)
	Smart Corridor	Aegis ITS and Iteris Inc.	(72,564)
	Energy Watch	County of San Mateo and Joint Venture	(52,675)
	AB1546	City of Pacifica	(4,133)
	All other payments (7)	various	(94,469)
	Transfer	San Mateo County Pool	(625,000)
	Transfer	LAIF	(625,000)
		Total June Cash Outflow	(2,594,511)
		Net Cash Inflow/(Outflow)	(1,091,330)
	Ending book balance (Checking)		1,225,438

California State Treasurer

Fiona Ma, CPA



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

July 01, 2022

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CITY/COUNTY ASSOCIATION OF GOVERNMENTS
OF SAN MATEO COUNTY
FINANCE OFFICER
600 ELM STREET
SAN CARLOS, CA 94070

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

Account Number: 40-41-004

June 2022 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
6/27/2022	6/27/2022	RD	1706697	N/A	REBECCA MENDENHALL	625,000.00

Account Summary

Total Deposit:	625,000.00	Beginning Balance:	15,275,010.07
Total Withdrawal:	0.00	Ending Balance:	15,900,010.07



San Mateo County Treasurer
555 County Center
Redwood City, 94063
(650) 599-1251 or (650) 599-7206

Statement Ending Date:
Account:

6/30/2022
03412

STATEMENT OF ACCOUNT

City/County Association of Governments

DATE	DESCRIPTION	DEBITS	CREDITS	ACCOUNT BALANCE
5/31/2022	Balance brought forward			\$10,224,975.82
6/29/2022	Wire In		\$625,000.00	\$10,849,975.82
6/30/2022	Ending Balance			\$10,849,975.82
7/1/2022	FY21-22 Interest Allocation Q4		\$27,649.04	\$10,877,624.86



PMIA/LAIF Performance Report as of 07/18/22



PMIA Average Monthly Effective Yields⁽¹⁾

June	0.861
May	0.684
Apr	0.523

Quarterly Performance Quarter Ended 06/30/22

LAIF Apportionment Rate ⁽²⁾ :	0.75
LAIF Earnings Ratio ⁽²⁾ :	0.00002057622201151
LAIF Fair Value Factor ⁽¹⁾ :	0.987125414
PMIA Daily ⁽¹⁾ :	0.99%
PMIA Quarter to Date ⁽¹⁾ :	0.69%
PMIA Average Life ⁽¹⁾ :	311

Pooled Money Investment Account Monthly Portfolio Composition ⁽¹⁾ 06/30/22 \$234.5 billion

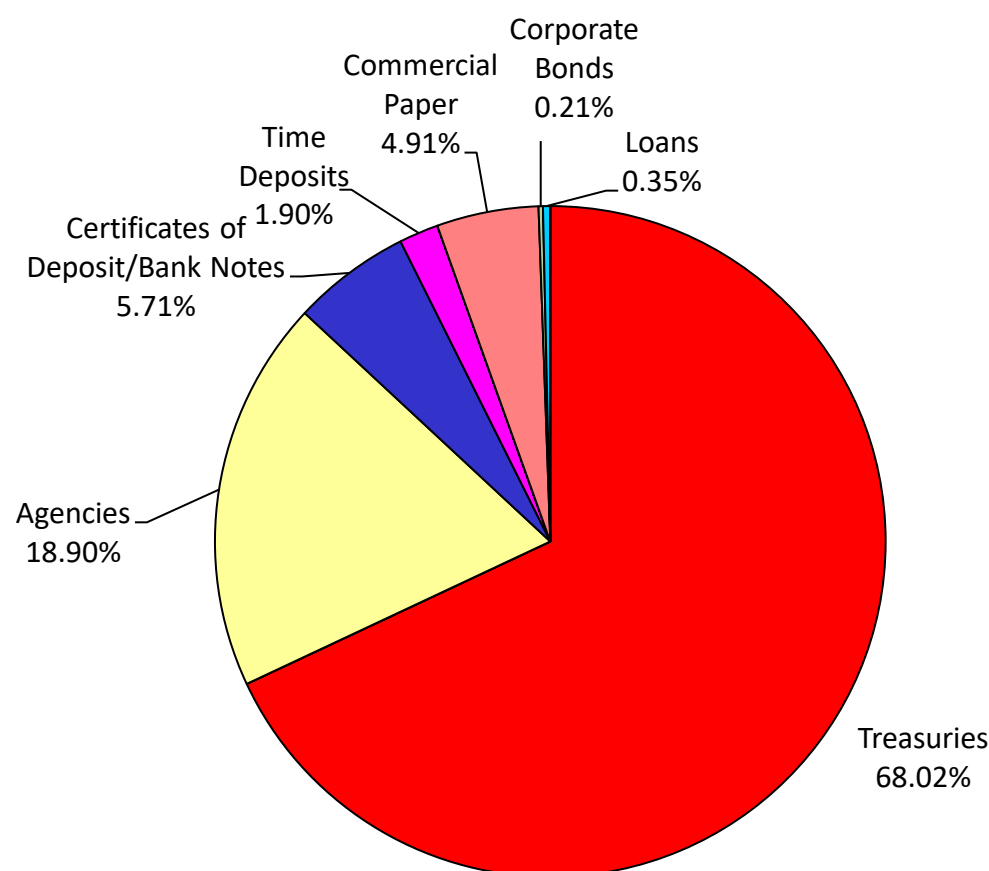


Chart does not include \$4,693,000.00 in mortgages, which equates to 0.002%. Percentages may not total 100% due to rounding.

Daily rates are now available here. [View PMIA Daily Rates](#)

Notes: The apportionment rate includes interest earned on the CalPERS Supplemental Pension Payment pursuant to Government Code 20825 (c)(1) and interest earned on the Wildfire Fund loan pursuant to Public Utility Code 3288 (a).

Source:

⁽¹⁾ State of California, Office of the Treasurer

⁽²⁾ State of California, Office of the Controller



California State Treasurer
Fiona Ma, CPA



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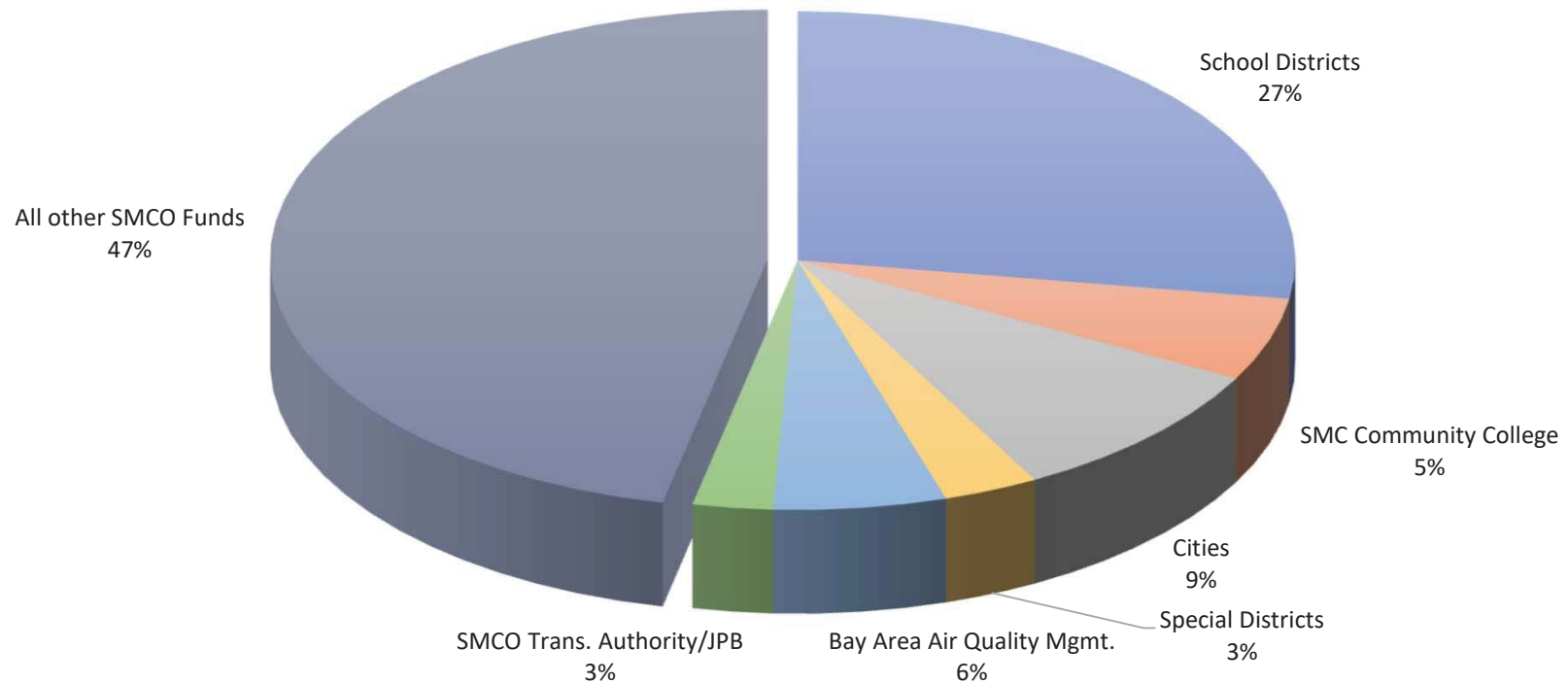
POOLED MONEY INVESTMENT ACCOUNT

PMIA Average Monthly Effective Yields

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1977	5.770	5.660	5.660	5.650	5.760	5.850	5.930	6.050	6.090	6.090	6.610	6.730
1978	6.920	7.050	7.140	7.270	7.386	7.569	7.652	7.821	7.871	8.110	8.286	8.769
1979	8.777	8.904	8.820	9.082	9.046	9.224	9.202	9.528	9.259	9.814	10.223	10.218
1980	10.980	11.251	11.490	11.480	12.017	11.798	10.206	9.870	9.945	10.056	10.426	10.961
1981	10.987	11.686	11.130	11.475	12.179	11.442	12.346	12.844	12.059	12.397	11.887	11.484
1982	11.683	12.044	11.835	11.773	12.270	11.994	12.235	11.909	11.151	11.111	10.704	10.401
1983	10.251	9.887	9.688	9.688	9.527	9.600	9.879	10.076	10.202	10.182	10.164	10.227
1984	10.312	10.280	10.382	10.594	10.843	11.119	11.355	11.557	11.597	11.681	11.474	11.024
1985	10.579	10.289	10.118	10.025	10.180	9.743	9.656	9.417	9.572	9.482	9.488	9.371
1986	9.252	9.090	8.958	8.621	8.369	8.225	8.141	7.844	7.512	7.586	7.432	7.439
1987	7.365	7.157	7.205	7.044	7.294	7.289	7.464	7.562	7.712	7.825	8.121	8.071
1988	8.078	8.050	7.945	7.940	7.815	7.929	8.089	8.245	8.341	8.397	8.467	8.563
1989	8.698	8.770	8.870	8.992	9.227	9.204	9.056	8.833	8.801	8.771	8.685	8.645
1990	8.571	8.538	8.506	8.497	8.531	8.538	8.517	8.382	8.333	8.321	8.269	8.279
1991	8.164	8.002	7.775	7.666	7.374	7.169	7.098	7.072	6.859	6.719	6.591	6.318
1992	6.122	5.863	5.680	5.692	5.379	5.323	5.235	4.958	4.760	4.730	4.659	4.647
1993	4.678	4.649	4.624	4.605	4.427	4.554	4.438	4.472	4.430	4.380	4.365	4.384
1994	4.359	4.176	4.248	4.333	4.434	4.623	4.823	4.989	5.106	5.243	5.380	5.528
1995	5.612	5.779	5.934	5.960	6.008	5.997	5.972	5.910	5.832	5.784	5.805	5.748
1996	5.698	5.643	5.557	5.538	5.502	5.548	5.587	5.566	5.601	5.601	5.599	5.574
1997	5.583	5.575	5.580	5.612	5.634	5.667	5.679	5.690	5.707	5.705	5.715	5.744
1998	5.742	5.720	5.680	5.672	5.673	5.671	5.652	5.652	5.639	5.557	5.492	5.374
1999	5.265	5.210	5.136	5.119	5.086	5.095	5.178	5.225	5.274	5.391	5.484	5.639
2000	5.760	5.824	5.851	6.014	6.190	6.349	6.443	6.505	6.502	6.517	6.538	6.535
2001	6.372	6.169	5.976	5.760	5.328	4.958	4.635	4.502	4.288	3.785	3.526	3.261
2002	3.068	2.967	2.861	2.845	2.740	2.687	2.714	2.594	2.604	2.487	2.301	2.201
2003	2.103	1.945	1.904	1.858	1.769	1.697	1.653	1.632	1.635	1.596	1.572	1.545
2004	1.528	1.440	1.474	1.445	1.426	1.469	1.604	1.672	1.771	1.890	2.003	2.134
2005	2.264	2.368	2.542	2.724	2.856	2.967	3.083	3.179	3.324	3.458	3.636	3.808
2006	3.955	4.043	4.142	4.305	4.563	4.700	4.849	4.946	5.023	5.098	5.125	5.129
2007	5.156	5.181	5.214	5.222	5.248	5.250	5.255	5.253	5.231	5.137	4.962	4.801
2008	4.620	4.161	3.777	3.400	3.072	2.894	2.787	2.779	2.774	2.709	2.568	2.353
2009	2.046	1.869	1.822	1.607	1.530	1.377	1.035	0.925	0.750	0.646	0.611	0.569
2010	0.558	0.577	0.547	0.588	0.560	0.528	0.531	0.513	0.500	0.480	0.454	0.462
2011	0.538	0.512	0.500	0.588	0.413	0.448	0.381	0.408	0.378	0.385	0.401	0.382
2012	0.385	0.389	0.383	0.367	0.363	0.358	0.363	0.377	0.348	0.340	0.324	0.326
2013	0.300	0.286	0.285	0.264	0.245	0.244	0.267	0.271	0.257	0.266	0.263	0.264
2014	0.244	0.236	0.236	0.233	0.228	0.228	0.244	0.260	0.246	0.261	0.261	0.267
2015	0.262	0.266	0.278	0.283	0.290	0.299	0.320	0.330	0.337	0.357	0.374	0.400
2016	0.446	0.467	0.506	0.525	0.552	0.576	0.588	0.614	0.634	0.654	0.678	0.719
2017	0.751	0.777	0.821	0.884	0.925	0.978	1.051	1.084	1.111	1.143	1.172	1.239
2018	1.350	1.412	1.524	1.661	1.755	1.854	1.944	1.998	2.063	2.144	2.208	2.291
2019	2.355	2.392	2.436	2.445	2.449	2.428	2.379	2.341	2.280	2.190	2.103	2.043
2020	1.967	1.912	1.787	1.648	1.363	1.217	0.920	0.784	0.685	0.620	0.576	0.540
2021	0.458	0.407	0.357	0.339	0.315	0.262	0.221	0.221	0.206	0.203	0.203	0.212
2022	0.234	0.278	0.365	0.523	0.684	0.861	1.090					



SAN MATEO COUNTY TREASURER'S OFFICE POOL PARTICIPANTS DISTRIBUTION
June 30, 2022



Participants:	\$	%
School Districts	\$ 1,976,373,067.83	27.5%
SMC Community College	\$ 387,674,805.94	5.4%
Cities	\$ 664,862,935.88	9.2%
Special Districts	\$ 221,134,156.37	3.1%
Bay Area Air Quality Mgmt.	\$ 403,438,325.41	5.6%
SMCO Trans. Authority/JPB	\$ 186,725,793.96	2.6%
All other SMCO Funds	\$ 3,353,532,257.94	46.6%
Totals	\$ 7,193,741,343.33	100.0%

*Figures are based on the account balances of current pool participants and it will not match the Market Value of the pool.



ESTIMATED SUMMARY OF POOL EARNINGS

April 2022

	<u>Par Value</u>	<u>Gross Earnings</u>	<u>Realized Gain/Loss & Interest Received</u>	<u>Period Earnings</u>
<u>Fixed Income Securities Maturing > 1 year</u>				
U S Treasury Notes	\$ 1,823,345,000.00	\$ 1,329,935.21	U S Treasury Notes	\$ 1,737,305.25
Corporate Notes	624,293,000.00	816,332.08	Corporate Notes	(965,779.60)
Floating Rate Securities	22,000,000.00	32,287.16	Certificate of Deposit	130,420.78
Federal Agencies	742,615,000.00	372,037.80	Federal Agencies	132,628.49
U.S. Instrumentalities	169,440,000.00	87,948.25	U.S. Instrumentalities	66,076.15
Asset Backed Securities	93,932,326.24	54,336.85	Floating Rate Securities	-
Certificate of Deposit	-	-	Asset Backed Securities	55,145.41
	\$ 3,475,625,326.24	\$ 2,692,877.35	Dreyfus	5,030.78
			CAMP	5,844.71
			LAIF	21,157.27
			Union Bank Earnings Credit	34,458.04
			Total Realized Income	\$1,222,287.28
<u>Short Term Securities Maturing < 1 year</u>				
U S Treasury Notes	\$ 692,935,000.00	\$ 291,061.57		
Corporate Notes	162,610,000.00	204,290.50		
Floating Rate Securities	12,500,000.00	4,082.01		
Federal Agencies	1,165,274,000.00	532,298.69		
U.S. Instrumentalities	558,420,000.00	28,991.35		
U S Treasury Bills	110,000,000.00	12,047.70		
Certificate of Deposit	526,000,000.00	800,636.62		
Commercial Paper	185,000,000.00	222,395.55		
Dreyfus	53,296,417.72	-		
CAMP	375,000,000.00	120,287.67		
LAIF	75,000,000.00	30,821.92		
	\$ 3,916,035,417.72	\$ 2,246,913.57		
Total Accrued Interest	\$ 7,391,660,743.96	\$ 4,939,790.93		
Total Dollar Earnings for April		\$ 6,162,078.21		

	AVERAGE BALANCE	\$ 7,351,031,766.60
GROSS EARNINGS RATE / GROSS DOLLAR EARNINGS	1.020%	6,162,078.21
ADMINISTRATION FEES*		(573,984.67)
NET EARNINGS RATE / NET DOLLAR EARNINGS	0.925%	\$ 5,588,093.53

*Current admin fees rate is at 9.5bp



ESTIMATED SUMMARY OF POOL EARNINGS

May 2022

	<u>Par Value</u>	<u>Gross Earnings</u>	<u>Realized Gain/Loss & Interest Received</u>	<u>Period Earnings</u>
<u>Fixed Income Securities Maturing > 1 year</u>				
U S Treasury Notes	\$ 1,798,345,000.00	\$ 1,515,301.33	U S Treasury Notes	\$ 416,904.38
Corporate Notes	664,229,000.00	872,786.98	Corporate Notes	134,543.61
Floating Rate Securities	22,000,000.00	24,569.54	Certificate of Deposit	77,111.02
Federal Agencies	801,885,000.00	673,599.19	Federal Agencies	18,052.42
U.S. Instrumentalities	156,665,000.00	89,039.68	U.S. Instrumentalities	7,178.58
Asset Backed Securities	90,750,549.09	55,732.55	Floating Rate Securities	20,204.90
Certificate of Deposit	-	-	Asset Backed Securities	56,400.91
	\$ 3,533,874,549.09	\$ 3,231,029.27	LAIF	(30,821.92)
			CAMP	(120,287.67)
<u>Short Term Securities Maturing < 1 year</u>				
U S Treasury Notes	\$ 682,935,000.00	\$ 305,646.74	Dreyfus	18,477.37
Corporate Notes	170,790,000.00	281,598.32	Union Bank Earnings Credit	47,646.03
Floating Rate Securities	-	-	Total Realized Income	\$ 645,409.63
Federal Agencies	1,394,114,000.00	859,532.36		
U.S. Instrumentalities	586,195,000.00	114,903.48		
U S Treasury Bills	110,000,000.00	12,449.29		
Certificate of Deposit	456,000,000.00	930,719.20		
Commercial Paper	185,000,000.00	304,845.13		
Dreyfus	82,522,588.33	-		
CAMP	-	-		
LAIF	-	-		
	\$ 3,667,556,588.33	\$ 2,809,694.53		
Total Accrued Interest	\$ 7,201,431,137.42	\$ 6,040,723.80		
Total Dollar Earnings for May		\$ 6,686,133.43		

	AVERAGE BALANCE	\$ 7,412,376,839.21
GROSS EARNINGS RATE / GROSS DOLLAR EARNINGS	1.062%	6,686,133.43
ADMINISTRATION FEES*		(598,067.12)
NET EARNINGS RATE / NET DOLLAR EARNINGS	0.967%	\$ 6,088,066.31

*Current admin fees rate is at 9.5bp



ESTIMATED SUMMARY OF POOL EARNINGS

June 2022

	<u>Par Value</u>	<u>Gross Earnings</u>	<u>Realized Gain/Loss & Interest Received</u>	<u>Period Earnings</u>
<u>Fixed Income Securities Maturing > 1 year</u>				
U S Treasury Notes	\$ 1,748,345,000.00	\$ 1,306,561.73	U S Treasury Notes	\$ 351,183.93
Corporate Notes	659,529,000.00	993,158.01	Corporate Notes	28,283.91
Floating Rate Securities	22,000,000.00	32,287.16	Certificate of Deposit	4,929.14
Federal Agencies	817,490,000.00	684,122.76	Federal Agencies	42,813.28
U.S. Instrumentalities	156,665,000.00	88,854.41	U.S. Instrumentalities	2,222.22
Asset Backed Securities	87,716,212.06	50,145.64	Floating Rate Securities	-
Certificate of Deposit	-	-	Asset Backed Securities	50,630.66
	\$ 3,491,745,212.06	\$ 3,155,129.70	Dreyfus	9,701.68
			Union Bank Earnings Credit	26,354.24
			Total Realized Income	\$ 516,119.06
<u>Short Term Securities Maturing < 1 year</u>				
U S Treasury Notes	\$ 627,935,000.00	\$ 452,132.88		
Corporate Notes	65,490,000.00	100,050.05		
Floating Rate Securities	-	-		
Federal Agencies	1,334,820,000.00	1,172,085.72		
U.S. Instrumentalities	556,195,000.00	115,138.85		
U S Treasury Bills	60,000,000.00	6,214.37		
Certificate of Deposit	441,000,000.00	552,994.52		
Commercial Paper	310,000,000.00	824,397.83		
Dreyfus	36,781,050.12	-		
CAMP	175,000,000.00	27,054.79		
LAIF	25,000,000.00	1,027.40		
	\$ 3,632,221,050.12	\$ 3,251,096.41		
Total Accrued Interest	\$ 7,123,966,262.18	\$ 6,406,226.12		
Total Dollar Earnings for June		\$ 6,922,345.18		

	AVERAGE BALANCE		\$ 7,196,469,480.68
GROSS EARNINGS RATE / GROSS DOLLAR EARNINGS	1.170%		6,922,345.18
ADMINISTRATION FEES*			(561,916.11)
NET EARNINGS RATE / NET DOLLAR EARNINGS	1.075%		\$ 6,360,429.07

*Current admin fees rate is at 9.5bp



SUMMARY OF POOL EARNINGS

Q4 FISCAL YEAR 2021-22

	<u>Par Value</u>	<u>Gross Earnings</u>	<u>Realized Gain/Loss & Interest Received</u>	<u>Period Earnings</u>
<u>Fixed Income Securities Maturing > 1 year</u>				
U S Treasury Notes	\$ 1,748,345,000.00	\$ 3,117,238.57	U S Treasury Notes	\$ 3,676,654.52
Corporate Notes	659,529,000.00	2,342,185.49	Corporate Notes	(540,295.44)
Floating Rate Securities	22,000,000.00	74,487.42	Floating Rate Securities	38,943.34
Federal Agencies	817,490,000.00	1,574,457.74	Certificate of Deposit	377,748.62
U.S. Instrumentalities	156,665,000.00	255,729.67	Federal Agencies	453,304.10
Asset Backed Securities	87,716,212.06	40,823.26	U.S. Instrumentalities	92,820.75
Certificate of Deposit	-	-	Commercial Paper	-
	\$ 3,491,745,212.06	\$ 7,404,922.14	U S Treasury Bills	-
<u>Short Term Securities Maturing < 1 year</u>				
U S Treasury Notes	\$ 627,935,000.00	\$ 964,796.29	Asset Backed Securities	448,522.11
Corporate Notes	65,490,000.00	250,943.71	Dreyfus	33,209.83
Floating Rate Securities	-	-	CAMP	5,440.02
Federal Agencies	1,334,820,000.00	2,406,376.16	LAIF	7,780.29
U.S. Instrumentalities	556,195,000.00	251,802.56	Union Bank Earnings Credit	74,941.95
U S Treasury Bills	60,000,000.00	18,850.25	Total Realized Income	\$ 4,669,070.09
Certificate of Deposit	441,000,000.00	1,475,393.15		
Commercial Paper	310,000,000.00	2,300,506.66		
Dreyfus	36,781,050.12	-		
CAMP	175,000,000.00	27,054.77		
LAIF	25,000,000.00	1,027.40		
	\$ 3,632,221,050.12	\$ 7,696,750.95		
Total Accrued Interest	\$ 7,123,966,262.18	\$ 15,101,673.09		
Total Dollar Earnings for Q4 FY 2021-22		\$ 19,770,743.18		

	AVERAGE BALANCE	\$ 7,321,300,274.59
GROSS EARNINGS RATE / GROSS DOLLAR EARNINGS	1.083%	19,770,743.18
ADMINISTRATION FEES*		(1,734,044.96)
TRUE-UP ADJUSTMENT FY 21-22**		1,734,044.96
NET EARNINGS RATE / NET DOLLAR EARNINGS	1.083%	19,770,743.18

*Current admin fees rate is at 9.5bp

**True-up credit is based on the actual budget

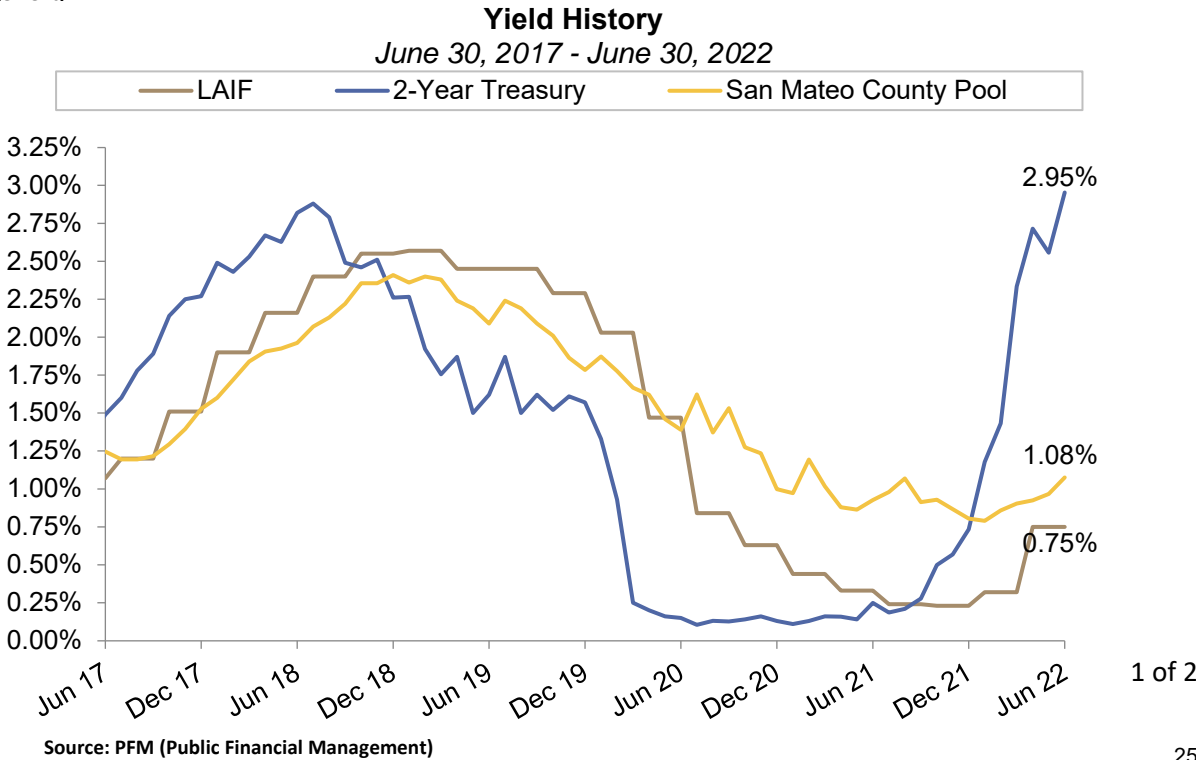
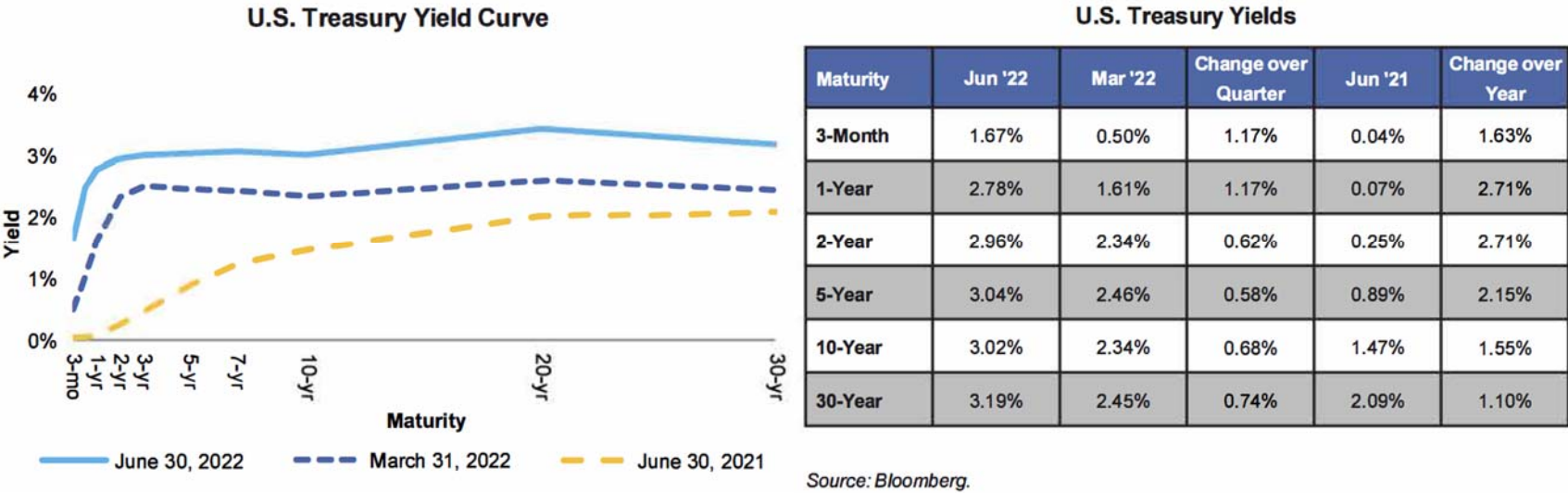
C/CAG Investment Portfolio Performance and Composition 1Q 2022
Report Created for Finance Committee Meeting August 24, 2022

Capital Markets Summary 2Q 2022

During the second quarter of 2022, all major asset categories sold off and experience volatility. Overall, the S&P 500 posted its worst first half of the year since 1970 and its worst quarter since March 2020. This came as the Federal Reserve continued to aggressively tighten monetary policy and significantly hiked interest rates. The results have been negative stock performance in the US and across the globe as concerns of slowing growth, inflation and continued interest rate rises, tempered investment performance. On a positive note, labor markets in the US remain relatively tight with wages continuing to increase for some workers.

US Treasury Yield Curve and US Treasury Yields Over Time

The Fed raised its policy rate 125 basis points during the second quarter and signaled there is more tightening ahead. Higher stock market and bond market volatility can be expected to at least the end of the year as US corporate profit growth decelerated. Both Treasury yields and credit spreads increased during the first half of the year across all major bond categories. Of positive note is that after years of historically low interest rates, fixed income asset now offer relatively better income and more attractive valuations with credits spreads being an area of opportunity. This should translate into slightly better performance for the County Pool which tends to hold more diversified corporate debt compared to the LAIF fund which is weighted toward Treasuries. Reinvestment strategies will be key to future performance.



Portfolio Performance 2Q 2022

The C/CAG investment portfolio returns for the second quarter of 2022 were 0.69% for LAIF and 1.08% for the CoPool Fund. For the second quarter in a row, rising interest rates were both good and bad news. Rate increases create unrealized losses, but also allow for reinvestment at higher rates. With spreads on corporates increasing, the CoPool has again outperformed the LAIF strategy as would be expected. Higher yields will be a welcome boost to the shorter-term portfolios and we will monitor the performance accordingly. The total C/CAG portfolio asset allocation at the end of the second quarter was 59.4% to LAIF and 40.6% to the CoPool Fund, which is within the stated investment policy allocation ranges.

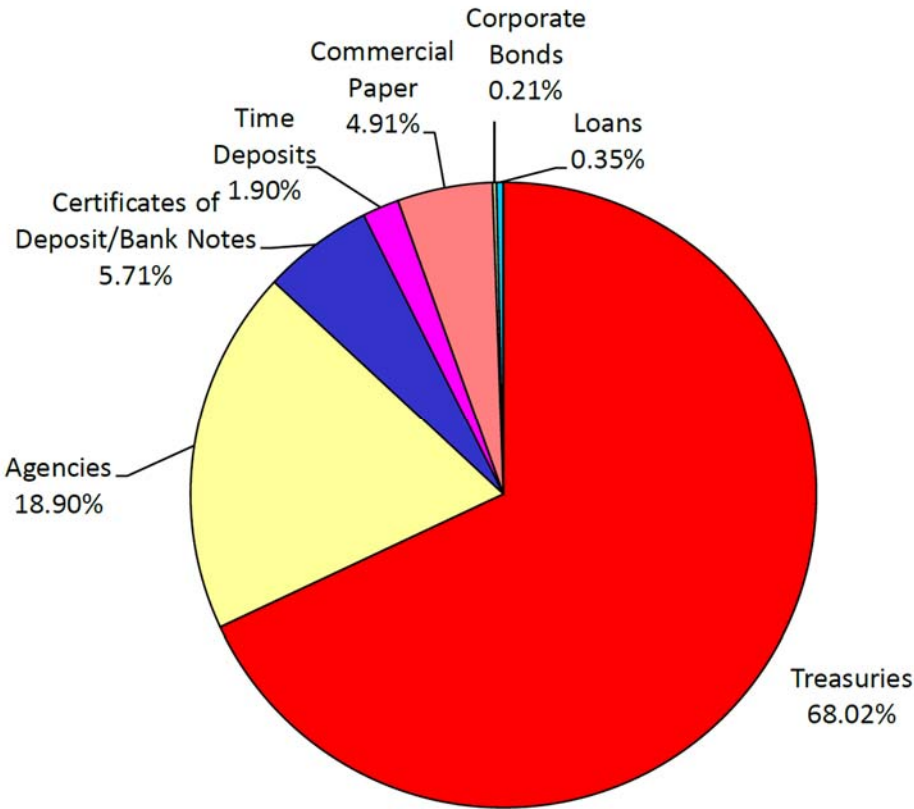
LAIF

PMIA Average Monthly Effective Yields:

April 2022	0.523
May 2022	0.684
June 2022	0.861

PMIA Quarter to Date: 0.69% PMIA Average Life: 311 days or 0.85 years

Portfolio Composition Pie Chart:



Source: PMIA/LAIF Performance Report as of 7/18/2022

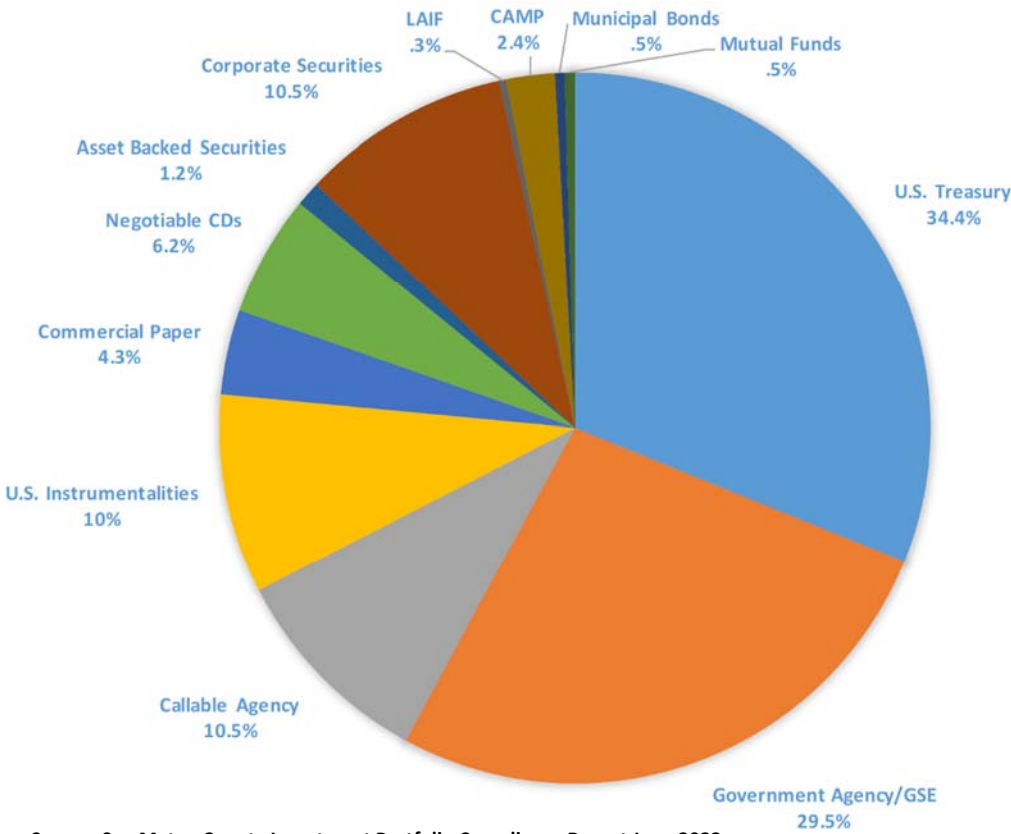
COPOOL

PMIA Average Monthly Effective Yields:

April 2022	0.925
May 2022	0.967
June 2022	0.904

PMIA Quarter to Date: 1.08% PMIA Average Duration: 1.39 years

Portfolio Composition Pie Chart:



Source: San Mateo County Investment Portfolio Compliance Report June 2022

C/CAG AGENDA REPORT

Date: August 24, 2022

To: C/CAG Finance Committee

From: Sean Charpentier, Executive Director

Subject: Review of the quarterly investment report and recommend modifications to the C/CAG investment portfolio as needed.

(For further information contact Kim Wever at kwever@smcgov.org)

RECOMMENDATION

That the C/CAG Finance Committee review the quarterly investment report and recommend modifications to the C/CAG investment portfolio as needed.

FISCAL IMPACT

Potential for higher or lower yields and risk associated with C/CAG investments.

SOURCE OF FUNDS

The Investment Policy applies to all C/CAG funds held by the C/CAG Financial Agent (City of San Carlos).

BACKGROUND

According to the C/CAG Investment Policy adopted on September 10, 2020:

“The portfolio should be analyzed not less than quarterly by the C/CAG Finance Committee, and modified as appropriate periodically as recommended by the Finance Committee and approved by the C/CAG Board, to respond to changing circumstances in order to achieve the Safety of Principal.”

The Finance Committee will seek to provide a balance between the various investments and maturities in order to give C/CAG the optimum combination of Safety of Principal, necessary liquidity, and optimal yield based on cash flow projections.

The LAIF Quarter Ending 6/30/22 net interest earning rate is 0.69%
San Mateo County Pool Quarter Ending 6/30/22 net interest earning rate is 1.08%

The LAIF's average life is 311 days, or 0.85 of a year. San Mateo County Pool's current average maturity of the portfolio is 1.45 years with an average duration of 1.39 years.

On November 14, 2013 the C/CAG Board approved the following C/CAG investment portfolio parameters:

Local Agency Investment Fund (LAIF)	50% to 70%
San Mateo County Investment Pool (COPOOL)	30% to 50%

On December 2, 2020, the Finance Committee reviewed the investment portfolio and noted the increasing gap between the quarterly interest rate and the net of administrative fees of the LAIF and the COPOOL, with LAIF lagging behind the COPOOL. The Finance Committee recommended no change to the investment portfolio, but guided staff to target LAIF investments to 60% allocation and increase COPOOL investments to 40% allocation dependent upon the changes of the interest rate.

On December 10, 2020, the C/CAG Board approved of no change to the range of limits to the C/CAG investment portfolio and approved the Finance Committee's recommendation for staff to target LAIF investments to 60% allocation and increase COPOOL investments to 40% allocation dependent upon the changes of the interest rate.

Investment allocation between LAIF and COPOOL:

	C/CAG BOARD APPROVED IN 2013	AS OF 9/30/2020	FINANCE COMMITTEE GUIDANCE ON 12/2/2020
LAIF	50% to 70%	69%	60%
COPOOL	30% to 50%	31%	40%

On May 11, 2022, the Finance Committee reviewed the investment portfolio and recommend no change to portfolio, but guided staff to continue monitoring the interest rates. On June 9, 2022, the C/CAG Board approved of no change to the investment portfolio.

The investment portfolio as of June 30, 2022 is as follows:

	3/31/2022		6/30/2022	
	Amount	Percent	Amount	Percent
LAIF	\$15,263,178	59.9%	\$15,900,010	59.4%
COPOOL	\$10,203,262	40.1%	\$10,849,975	40.6%
Total	\$25,466,440	100%	\$26,749,985	100%

Staff do not recommend adjusting the investment allocation at this time.

ATTACHMENTS

1. Quarterly Investment Report as of June 30, 2022 from San Carlos

C/CAG
CITY/COUNTY ASSOCIATION OF GOVERNMENTS
of San Mateo County

Board of Directors Agenda Report

To: Sean Charpentier, Executive Director
From: Tammy Mak, Senior Accountant
Date: August 24, 2022

SUBJECT: Quarterly Investment Report as of June 30, 2022

RECOMMENDATION:

It is recommended that the C/CAG Board review and accept the Quarterly Investment Report.

ANALYSIS:

The attached investment report indicates that on June 30, 2022, funds in the amount of \$26,749,985 were invested producing a weighted average yield of 0.85%. Of the total investment portfolio, 59.4% of funds were invested in the Local Agency Investment Fund (LAIF) and 40.6% in the San Mateo County Investment Pool (COPOOL). On December 2, 2020, the Finance Committee reviewed the investment portfolio and noted the increasing gap between the quarterly interest rate, net of administrative fees, of LAIF and the COPOOL, with LAIF lagging behind the COPOOL. The Finance Committee recommended no change to the investment portfolio, but guided Staff to target LAIF investments to 60% allocation and increase COPOOL investments to 40% allocation dependent upon the changes of the interest rate. These percentages are within the range specified by the C/CAG Board. The portfolio mix reflects the Board approved percentage invested in the County Investment Pool and LAIF. Accrued interest earnings for this quarter totaled \$56,299.

Below is a summary of the changes from the prior quarter:

	Qtr Ended 6/30/22	Qtr Ended 3/31/2022	Increase (Decrease)
Total Portfolio	\$ 26,749,985	\$ 25,466,440	\$ 1,283,545
Weighted Average Yield	0.85%	0.47%	0.38%
Accrued Interest Earnings	\$ 56,299	\$ 33,547	\$ 22,752

There was an increase of \$1.3 million in the portfolio balance this quarter compared to the previous quarter mainly due to cash receipts from the Department of Motor Vehicles in the amount of \$2.3 million, San Mateo County in the amount \$0.5 million and the Metropolitan Transportation Commission in the amount of \$0.3M offset by cash disbursements in the fourth quarter for Measure M, National Pollutant Discharge Elimination System (NPDES), Express Lanes JPA, Bay Area Air Quality and Congestion Relief and Management. The higher quarterly interest rate and higher portfolio balance resulted in higher interest earnings for this quarter.

Historical cash flow trends are compared to current cash flow requirements on an ongoing basis to ensure that C/CAG's investment portfolio will remain sufficiently liquid to meet all

reasonably anticipated operating requirements. As of June 30, 2022, the portfolio contains sufficient liquidity to meet the next six months of expected expenditures by C/CAG. All investments are in compliance with the Investment Policy. Attachment 2 shows a historical comparison of the portfolio for the past nine quarters.

The primary objective of the investment policy of C/CAG remains to be the SAFETY OF PRINCIPAL. The permitted investments section of the investment policy also states:

Local Agency Investment Fund (LAIF) which is a State of California managed investment pool, and San Mateo County Investment pool, may be used up to the maximum permitted by California State Law. A review of the pool/fund is required when they are part of the list of authorized investments.

The Investment Advisory Committee has reviewed and approved the attached Investment Report.

Attachments

- 1 – Investment Portfolio Summary for the Quarter June 30, 2022
- 2 – Historical Summary of Investment Portfolio

CITY & COUNTY ASSOCIATION OF GOVERNMENTS

SUMMARY OF ALL INVESTMENTS

For Quarter Ending June 30, 2022

Category	Quarterly Interest Rate**	Historical Book Value	% of Portfolio	GASB 31 ADJ Market Value
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Liquid Investments:

Local Agency Investment Fund (LAIF)	0.69%	15,900,010	59.4%	15,695,304
San Mateo County Investment Pool (COPOOL)	1.08%	10,849,975	40.6%	10,511,456

Agency Securities

none

Total - Investments	0.85%	26,749,985	100%	26,206,761
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GRAND TOTAL OF PORTFOLIO	0.85%	\$ 26,749,985	100%	\$ 26,206,761
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Total Interest Earned This Quarter	56,299
Total Interest Earned (Loss) Fiscal Year-to-Date	153,426

Note: CCAG Board approved the following investment portfolio mix at its November 14, 2013 meeting:

LAIF - 50% to 70%

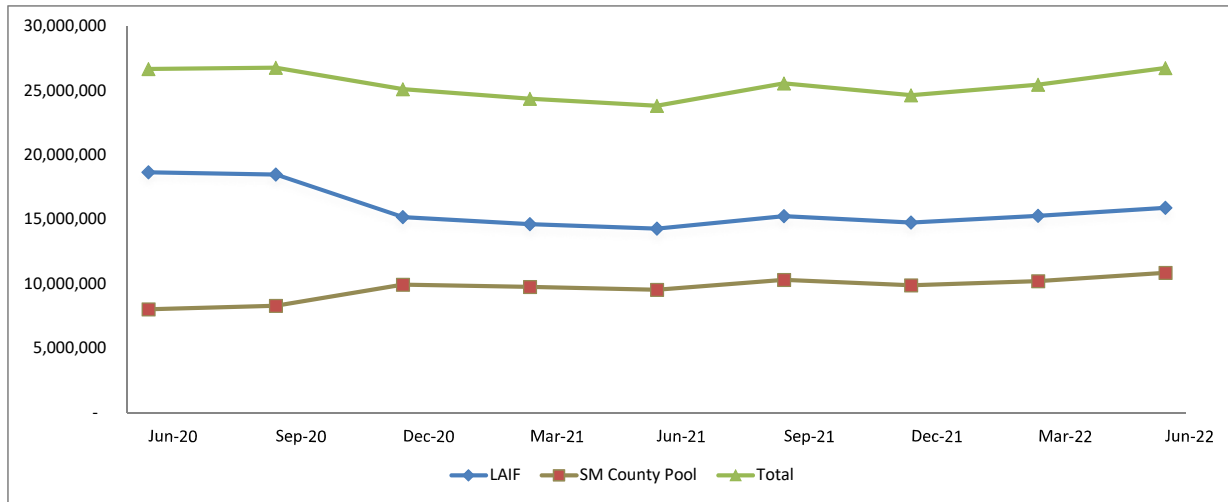
COPOOL - 30% to 50%

On December 2, 2020, the Finance Committee reviewed the investment portfolio and noted the increasing gap between the quarterly interest rate, net of administrative fees, of LAIF and the COPOOL, with LAIF lagging behind the COPOOL. The Finance Committee recommended no change to the investment portfolio, but guided Staff to target LAIF investments to 60% allocation and increase COPOOL investments to 40% allocation dependent upon the changes of the interest rate.

*Difference in value between Historical Value and Market Value may be due to timing of purchase. Investments in the investment pools may have been purchased when interest rates were lower or higher than the end date of this report. As interest rates increase or decrease, the value of the investment pools will decrease or increase accordingly. However, interest rate fluctuations does not have any impact to CCAG's balance in the investment pools. The market values are presented as a reference only.

**Presented net of administrative fees

City and County Association of Governments
Historical Summary of Investment Portfolio
June 30, 2022



Note: The chart type has been changed from Column to Line after receiving feedback from CCAG's Finance Committee

City/County Association of Governments Investment Portfolio

	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22
LAIF	18,659,231	18,477,316	15,165,848	14,617,426	14,283,843	15,245,744	14,754,699	15,263,178	15,900,010
SM County Pool	8,017,078	8,299,255	9,931,903	9,756,355	9,532,812	10,307,116	9,881,668	10,203,262	10,849,975
Total	26,676,309	26,776,571	25,097,751	24,373,781	23,816,655	25,552,860	24,636,367	25,466,440	26,749,985

C/CAG AGENDA REPORT

Date: August 24, 2022

To: C/CAG Finance Committee

From: Sean Charpentier, Executive Director

Subject: Review and recommend approval of the C/CAG Investment Policy annual update

(For further information or questions contact Sean Charpentier at scharpentier@smcgov.org)

RECOMMENDATION

That the C/CAG Finance Committee review and recommend approval of the C/CAG Investment Policy annual update.

FISCAL IMPACT

Adoption of the Investment Policy will affect the return on investments and impact the safety of the principal.

SOURCE OF FUNDS

The Investment Policy applies to all C/CAG funds held by the C/CAG Financial Agent (City of San Carlos).

BACKGROUND

On September 10, 2020, the C/CAG Board approved Resolution 20-50 adopting the C/CAG Investment Policy update as recommended by the Finance Committee. The C/CAG Investment Policy stated that the policy shall be reviewed at least annually, and that it shall be adopted by resolution of the C/CAG Board on an annual basis.

Previous years' modifications to the policy were made to be consistent with state standards recommended by the California Debt and Investment Advisory Commission (CDIAC). This year there are no proposed modifications to the C/CAG Investment Policy from staff. The date has been changed and shown as a track change attached. The Finance Committee shall review and recommend any modifications.

ATTACHMENT

1. Draft update of the C/CAG Investment Policy (with track change)

CITY/COUNTY ASSOCIATION OF GOVERNMENTS OF SAN MATEO COUNTY (C/CAG)

INVESTMENT POLICY

Adopted on **September , 2021**

POLICY

The investment of the funds of the City and County Association of Governments (C/CAG) is directed to the goals of safety, liquidity and yield. This Investment Policy incorporates the policies defined by the certified investment policy standards recommended by the California Debt and Investment Advisory Commission (CDIAC). The authority governing investments for municipal governments is set forth in the California Government Code, Sections 53601 through 53686. C/CAG's portfolio shall be designed and managed in a manner responsive to the public trust and consistent with state and local law.

The three objectives, in priority order, of the investment policy of the City and County Association of Governments are:

- 1- **SAFETY OF PRINCIPAL** - The primary objective of the investment policy of the City and County Association of Governments is SAFETY OF PRINCIPAL. Investments shall be placed in those securities as outlined by type and maturity sector in this document to achieve this objective. The portfolio should be analyzed not less than quarterly by the C/CAG Finance Committee and modified as appropriate periodically as recommended by the Finance Committee and approved by the C/CAG Board, to respond to changing circumstances in order to achieve the Safety of Principal.
- 2- **LIQUIDITY TO MEET NEEDS** - Effective cash flow management and resulting cash investment practices are recognized as essential to good fiscal management and control. The portfolio should have adequate liquidity to meet the immediate and short term needs.
- 3- **RETURN ON INVESTMENT** - A reasonable return on investment should be pursued. Safety of Principal should not be reduced in order to achieve higher yield.

C/CAG's investment portfolio shall be designed and managed in a manner responsive to the public trust and consistent with State and local law. Portfolio management requires continual analysis and as a result the balance between the various investments and maturities may change in order to give C/CAG the optimum combination of Safety of Principal, necessary liquidity, and optimal yield based on cash flow projections.

SCOPE

The investment policy applies to all financial assets of the City and County Association of Governments as accounted for in the Annual Financial Statements. Policy statements outlined in this document focus on C/CAG's pooled funds.

PRUDENCE

The standard to be used by investment officials shall be that of a "prudent investor" and shall be applied in the context of managing all aspects of the overall portfolio. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.

It is C/CAG's full intent, at the time of purchase, to hold all investments until maturity to ensure the return of all invested principal dollars.

However, it is realized that market prices of securities will vary depending on economic and interest rate conditions at any point in time. It is further recognized that in a well-diversified investment portfolio, occasional measured losses are inevitable due to economic, bond market or individual security credit analysis. These occasional losses must be considered within the context of the overall investment program objectives and the resultant long-term rate of return.

The Administrative Services Director of the City of San Carlos (City) and other individuals assigned to manage the investment portfolio, acting within the intent and scope of the investment policy and other written procedures and exercising due diligence, shall be relieved of personal responsibility and liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

OBJECTIVES

Safety of Principal

Safety of principal is the foremost objective of the City and County Association of Governments. Each investment transaction shall seek to ensure that capital losses are avoided, whether from securities default, broker-dealer default or erosion of market value. C/CAG shall seek to preserve principal by mitigating the two types of risk: credit risk and market risk.

Credit risk, defined as the risk of loss due to failure of the issuer of a security, shall be mitigated by investing in investment grade securities and by diversifying the investment portfolio so that the failure of any one issuer does not unduly harm C/CAG's capital base and cash flow.

Market risk, defined as market value fluctuations due to overall changes in the general level of interest rates, shall be mitigated by limiting the average maturity of C/CAG's investment portfolio to two years, the maximum maturity of any one security to five years, structuring the portfolio based on historic and current cash flow analysis eliminating the need to sell securities prior to maturity and avoiding the purchase of long term securities for the sole purpose of short term speculation.

Liquidity

Historical cash flow trends are compared to current cash flow requirements on an ongoing basis in an effort to ensure that C/CAG's investment portfolio will remain sufficiently liquid to enable C/CAG to meet all reasonably anticipated operating requirements. The C/CAG Executive Director will provide a projected cash flow schedule in consultation with the C/CAG Chair.

MATURITY MATRIX

Maturities of investments will be selected based on liquidity requirements to minimize interest rate risk and maximize earnings. Current and expected yield curve analysis will be monitored and the portfolio will be invested accordingly. The weighted average maturity of the pooled portfolio should not exceed two years and the following percentages of the portfolio should be invested in the following maturity sectors:

Maturity Range	
Suggested Percentage	
1 day to 7 days	10 to 50%
7 days to 180	10 to 30%
180 days to 360 days	10 to 30%
1 year to 2 years	10 to 20%
2 years to 3 years	0 to 20%
3 years to 4 years	0 to 20%
4 years to 5 years	0 to 20%

No more than 30% of the portfolio shall have a maturity of 2-5 years.

PERFORMANCE EVALUATION

Day to day management of C/CAG's portfolio is conducted by the C/CAG Fiscal Agent Financial Services Manager. Investment performance is monitored and evaluated by the Fiscal Agent's Investment Committee and provided to the **C/CAG Finance Committee** and C/CAG Board on a quarterly basis. Investment performance statistics and activity reports are generated on a quarterly basis for review by the Fiscal Agent's Investment Committee and presentation to the **C/CAG Finance Committee**, and to the C/CAG Board. Annually, a statement of investment policy, and any proposed changes to the policy, will be rendered to the **C/CAG Finance Committee** and to the C/CAG Board for consideration at a public meeting.

C/CAG's investment portfolio is designed to at least attain a market average rate of return through economic cycles. The market average rate of return is defined as average return on the Local Agency Investment Fund (assuming the State does not adversely affect LAIF's returns due to budget constraints).

DELEGATION OF AUTHORITY

The Joint Powers Authority Agreement of the City and County Association of Governments of San Mateo County and the authority granted by the C/CAG Board, assign the responsibility of investing unexpended cash to the City's Administrative Services Director. Daily management responsibility of the investment program may be delegated to the City's Financial Services Manager, who shall establish procedures for the operation consistent with this investment policy. For the longer term investments the C/CAG Fiscal Agent shall invest in accordance with the directions provided by C/CAG Board.

FISCAL AGENT INVESTMENT COMMITTEE

An investment committee consisting of the City of San Carlos Treasurer, City Manager, and Administrative Services Director shall be established to provide general oversight and direction concerning the policy related to management of C/CAG's investment pool. The Financial Services Manager shall not be a member of the committee but shall serve in a staff and advisory capacity. The committee shall review and approve quarterly investment reports prepared by the Finance Department and reviewed by the Financial Services Manager or meet as necessary to discuss changes to the report or the investment strategy. The Investment Committee serving as the legislative body of the Investment Policy will have the quarterly reports for their review within thirty (30) days following the end of the quarter covered by the report as per Section 53646 (b)(1) of the California Government Code.

ETHICS AND CONFLICTS OF INTEREST

The **C/CAG Finance Committee**, Officers, and employees involved in the investment process shall refrain from personal business activity that conflicts with proper execution of the investment program, or impairs their ability to make impartial investment decisions. Additionally the Fiscal Agent's Administrative Services Director and the Financial Services Manager are required to annually file applicable financial disclosures (Form 700 etc.) as required by the Fair Political Practices Commission (FPPC).

SAFEKEEPING OF SECURITIES

To protect against fraud or embezzlement or losses caused by collapse of an individual securities dealer, all securities owned by C/CAG shall be held in safekeeping by a third party bank trust department, acting as agent for C/CAG under the terms of a custody agreement. All trades executed by a dealer will settle delivery versus payment (DVP) through C/CAG's safekeeping agent.

A receipt shall be provided for securities held in custody for C/CAG and shall be monitored by the Fiscal Agent's Administrative Services Director to verify investment holdings.

All exceptions to this safekeeping policy must be approved by the Fiscal Agent's Administrative Services Director in written form and included in the quarterly reporting to the C/CAG Board.

INTERNAL CONTROL

Separation of functions between the Fiscal Agent's Administrative Services Director or Financial Services Manager and/or the Senior Accountant is designed to provide an ongoing internal review to prevent the potential for converting assets or concealing transactions.

Investment decisions are made by the Fiscal Agent's Administrative Services Director, executed by the Fiscal Agent's Administrative Services Director or Financial Services Manager and confirmed by the Senior Accountant. All wire transfers initiated by the Fiscal Agent's Administrative Services Director or Financial Services Manager must be reconfirmed by the appropriate financial institution to the Senior Accountant. Proper documentation obtained from confirmation and cash disbursement wire transfers is required for each investment transaction. Timely bank reconciliation is conducted to ensure proper handling of all transactions.

The investment portfolio and all related transactions are reviewed and balanced to appropriate general ledger accounts by the Fiscal Agent's Senior Accountant on a monthly basis. An independent analysis by an external auditor shall be conducted annually to review and perform procedure testing on the Agency's cash and investments that have a material impact on the financial statements. The Fiscal Agent's Administrative Services Director and/or C/CAG Executive Director shall review and assure compliance with investment process and procedures.

REPORTING

The Fiscal Agent's Investment Committee shall review and render quarterly reports to the C/CAG Executive Director and to the C/CAG Board which shall include the face amount of the cash investment, the classification of the investment, the name of the institution or entity, the rate of interest, the maturity date, the current market value and accrued interest due for all securities. The quarterly reports will be submitted to the Fiscal Agent's Investment Committee within thirty (30) days following the end of the quarter covered by the report as per Section 53646 (b)(1) of the California Government Code. Once approved by the Fiscal Agent's Investment Committee, the report is submitted to the C/CAG Executive Director and the C/CAG Finance Committee for review. The quarterly reports shall be placed on C/CAG's meeting agenda for its review and approval no later than 75 days after the quarter ends. If there are no C/CAG meetings within the 75-day period, the quarterly report shall be presented to the Finance Committee at the soonest possible meeting thereafter.

QUALIFIED BROKER/DEALERS

C/CAG shall transact business only with banks, savings and loans, and with broker/dealers registered with the State of California or the Securities and Exchange Committee. The broker/dealers should be primary or regional dealers. C/CAG and the Fiscal Agent currently do not maintain a list of broker/dealers approved to do business with the City. When necessary, C/CAG and/or the Fiscal Agent shall go through the Request for Proposal processes to select the broker/dealers. Investment staff shall investigate dealers wishing to do business with C/CAG's staff to determine if they are adequately capitalized, have pending legal action against the firm or the individual broker and make markets in the securities appropriate to C/CAG's needs. C/CAG's investment policy shall be made available on C/CAG's website.

COLLATERAL REQUIREMENTS

Collateral is required for investments in certificates of deposit. In order to reduce market risk, the collateral level will be at least 110% of market value of principal and accrued interest. Collaterals should be held by an independent third party. Collaterals should be required for investments in CDs in excess of FDIC insured amounts.

AUTHORIZED INVESTMENTS

Investment of C/CAG's funds is governed by the California Government Code Sections 53600 et seq. The level of investment in all areas will be reviewed by the C/CAG Executive Director. Within the context of the limitations, the following investments are authorized, as further limited herein:

1. United States Treasury Bills, Bonds, and Notes or those for which the full faith and credit of the United States are pledged for payment of principal and interest. There is no percentage limitation of the portfolio that can be invested in this category, although a five-year maturity limitation is applicable.
2. Local Agency Investment Fund (LAIF) which is a State of California managed investment pool, and San Mateo County Investment pool, may be used up to the maximum permitted by California State Law. A review of the pool/fund is required when they are part of the list of authorized investments, with the knowledge that the pool/fund may include some investments allowed by statute but not explicitly identified in this investment policy.
3. Obligations issued by the Government National Mortgage Association (GNMA), the Federal National Mortgage Association (FNMA), and the Federal Home Loan Mortgage Corporation (FHLMC). A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond has a maximum five years' maturity. Securities eligible for investment under this subdivision shall be rated in a rating category of "AA" or its equivalent or better by a nationally recognized statistical rating organization (NRSRO) and have a maximum remaining maturity of five years or less. Purchase of securities authorized by this subdivision shall not exceed 20 percent of the agency's surplus moneys that may be invested pursuant to this section. However, on August 28, 2019, the C/CAG Finance Committee rejected a modification to this provision which would allow a public agency to invest in mortgage-backed securities. Therefore, mortgage pass-through securities and mortgage-backed securities are disallowed investments unless as part of LAIF or County Pool investments, which are governed by Government Code 16429.1 and 53684, respectively.
4. Bills of exchange or time drafts drawn on and accepted by commercial banks, otherwise known as bankers' acceptances. Bankers' acceptances purchased may not exceed 180 days to maturity or 40% of the cost value of the portfolio. Also, no more than 30% of the agency's money may be in bankers' acceptances of any one commercial bank.

5. Commercial paper ranked the highest letter and number rating by a Nationally Recognized Statistical Rating Organization (NRSRO), such as Standard & Poor's Ratings Services, Moody's Investors Services, or Fitch Ratings, Inc., and issued by domestic corporations having assets in excess of \$500,000,000 and having an A or better rating on its long term debentures as provided by NRSRO. Purchases of eligible commercial paper may not exceed 270 days to maturity nor represent more than 10% of the outstanding paper of the issuing corporation. Purchases of commercial paper may not exceed 25% of the value of the portfolio.
6. Negotiable Certificates of Deposit issued by nationally or state chartered banks (FDIC insured institutions) or state or federal savings institutions. Purchases of negotiable certificates of deposit may not exceed 30% of total portfolio. A maturity limitation of five years is applicable.
7. Time deposits or placement service deposits, non-negotiable and collateralized in accordance with the California Government Code, may be purchased through banks or savings and loan associations. Since time deposits are not liquid, no more than 50% (effective January 1, 2020) of the investment portfolio may be invested in this investment type. A maturity limitation of five years is applicable. Effective January 1, 2020, no more than 50 percent of the agency's money may be invested in deposits, including certificates of deposit, through a placement service as authorized under 53601.8 (excludes negotiable certificates of deposit authorized under Section 53601(i)). On January 1, 2026, the maximum percentage of the portfolio reverts back to 30 percent. Investments made pursuant to 53635.8 remain subject to a maximum of 30 percent of the portfolio.
8. Medium Term Corporate Notes, with a maximum maturity of five years may be purchased. Securities eligible for investment shall be rated "A" or better by an NRSRO. Purchase of medium term notes may not exceed 30% of the market value of the portfolio.
9. Ineligible investments are those that are not described herein, including but not limited to, common stocks and long term (over five years in maturity) notes and bonds are prohibited from use in this portfolio. It is noted that special circumstances may arise that necessitate the purchase of securities beyond the five-year limitation. On such occasions, requests must be reviewed by the C/CAG Executive Director and approved by the C/CAG Board prior to purchase.
10. Various daily money market funds administered for or by trustees, paying agents and custodian banks contracted by the City and County Association of Governments may be purchased as allowed under State of California Government Code. Only funds holding U.S. Treasury or Government agency obligations can be utilized.

The following summary of maximum percentage limits, by instrument, is established for C/CAG's total pooled funds portfolio:

Authorized Investment Type	Government Code	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment in One Issuer
Local Agency Investment Fund (LAIF)	16429.1	Upon Demand	N/A	As approved by the C/CAG Board but no more than \$75 million permitted by LAIF.	N/A
San Mateo County Investment Pool	53684	Upon Demand	N/A	As approved by the C/CAG Board	N/A
Treasury Obligations (bills, notes & bonds)	53601(b)	5 Years	N/A	100%	N/A
US Government Agency and Federal Agency Securities	53601(f)	5 Years	N/A	100%	N/A
Bankers' Acceptances	53601(g)	180 Days	N/A	40%	(B)
Commercial Paper	53601(h)	270 Days	Highest letter and number rating by an NRSRO	25%	(A)
Negotiable Certificates of Deposit	53601(i)	5 Years	N/A	30%	N/A
Placement Service Deposits – Deposits or Certificates of Deposits	53601.8 and 53635.8	5 Years	N/A	50%	N/A
Medium Term Corporate Notes	53601(k)	5 Years	A	30%	N/A

(A) 10% of outstanding paper of issuing corporation

(B) No more than 30% of the agency's money may be in bankers' acceptances of any one commercial bank.

DERIVATIVE INVESTMENTS

Derivatives are investments whose value is "derived" from a benchmark or index. That benchmark can be almost any financial measure from interest rates to commodity and stock prices. The use of derivatives is prohibited under this policy.

LEGISLATIVE CHANGES

Any State of California legislative action that further restricts allowable maturities, investment type, or percentage allocations will be incorporated into the City and County Association of Governments' Investment Policy and supersede any and all previous applicable language.

INTEREST EARNINGS

All moneys earned and collected from investments authorized in this policy shall be allocated quarterly based on the cash balance in each fund at quarter end as percentage of the entire pooled portfolio.

LIMITING MARKET VALUE EROSION

The longer the maturity of securities, the greater is their market price volatility. Therefore, it is the general policy of C/CAG to limit the potential effects from erosion in market values by adhering to the following guidelines:

All immediate and anticipated liquidity requirements will be addressed prior to purchasing all investments.

Maturity dates for long-term investments will coincide with significant cash flow requirements where possible, to assist with short term cash requirements at maturity.

All long-term securities will be purchased with the intent to hold all investments to maturity under then prevailing economic conditions. However, economic or market conditions may change, making it in C/CAG's best interest to sell or trade a security prior to maturity.

PORTFOLIO MANAGEMENT ACTIVITY

The investment program shall seek to augment returns consistent with the intent of this policy, identified risk limitations and prudent investment principals. These objectives will be achieved by use of the following strategies:

Active Portfolio Management. Through active fund and cash flow management, taking advantage of current economic and interest rate trends, the portfolio yield may be enhanced with limited and measurable increases in risk by extending the weighted maturity of the total portfolio.

Portfolio Maturity Management. When structuring the maturity composition of the portfolio, C/CAG shall evaluate current and expected interest rate yields and necessary cash flow requirements. It is recognized that in normal market conditions longer maturities produce higher yields. However, the securities with longer maturities also experience greater price fluctuations when the level of interest rates change.

Security Swaps. C/CAG may take advantage of security swap opportunities to improve the overall portfolio yield. A swap, which improves the portfolio yield, may be selected even if the transactions result in an accounting loss. Documentation for swaps will be included in C/CAG's

permanent investment file documents. No swap may be entered into without the approval of the C/CAG Executive Director and the C/CAG Board.

Competitive Bidding. It is the policy of C/CAG to require competitive bidding for investment transactions that are not classified as "new issue" securities. For the purchase of non-"new issue" securities and the sale of all securities at least three bidders must be contacted. Competitive bidding for security swaps is also suggested, however, it is understood that certain time constraints and broker portfolio limitations exist which would not accommodate the competitive bidding process. If a time or portfolio constraining condition exists, the pricing of the swap should be verified to current market conditions and documented for auditing purposes.

POLICY REVIEW

The City/County Association of Governments' investment policy shall be adopted by resolution of the C/CAG Board on an annual basis. This investment policy shall be reviewed at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity and yield, and its relevance to current law and financial and economic trends. The Investment Policy, including any amendments to the policy shall be forwarded to the C/CAG Board for approval.

Glossary of Terms

Accrued Interest- Interest earned but not yet received.

Active Deposits- Funds which are immediately required for disbursement.

Amortization- An accounting practice of gradually decreasing (increasing) an asset's book value by spreading its depreciation (accretion) over a period of time.

Asked Price- The price a broker dealer offers to sell securities.

Basis Point- One basis point is one hundredth of one percent (.01).

Bid Price- The price a broker dealer offers to purchase securities.

Bond- A financial obligation for which the issuer promises to pay the bondholder a specified stream of future cash flows, including periodic interest payments and a principal repayment.

Bond Swap - Selling one bond issue and buying another at the same time in order to create an advantage for the investor. Some benefits of swapping may include tax-deductible losses, increased yields, and an improved quality portfolio.

Book Entry Securities - Securities, such stocks held in “street name,” that are recorded in a customer’s account, but are not accompanied by a certificate. The trend is toward a certificate-free society in order to cut down on paperwork and to diminish investors’ concerns about the certificates themselves. All the large New York City banks, including those that handle the bulk of the transactions of the major government securities dealers, now clear most of their transactions with each other and with the Federal Reserve through the use of automated telecommunications and the “book-entry” custody system maintained by the Federal Reserve Bank of New York. These banks have deposited with the Federal Reserve Bank a major portion of their government and agency securities holdings, including securities held for the accounts of their customers or in a fiduciary capacity. Virtually all transfers for the account of the banks, as well as for the government securities dealers who are their clients, are now effected solely by bookkeeping entries. The system reduces the costs and risks of physical handling and speeds the completion of transactions.

Bearer and Registered Bonds - In the past, bearer and registered bonds were issued in paper form. Those still outstanding may be exchanged at any Federal Reserve Bank or branch for an equal amount of any authorized denomination of the same issue. Outstanding bearer bonds are interchangeable with registered bonds and bonds in “book-entry” form. That is, the latter exist as computer entries only and no paper securities are issued. New bearer and registered bonds are no longer being issued. Since August 1986, the Treasury’s new issues of marketable notes and bonds are available in book-entry form only. All Treasury bills and more than 90% of all other marketable securities are now in book-entry form. Book-entry obligations are transferable only pursuant to regulations prescribed by the Secretary of the Treasury.

Book Value- The value at which a debt security is shown on the holder's balance sheet. Book value is acquisition cost less amortization of premium or accretion of discount.

Broker - In securities, the intermediary between a buyer and a seller of securities. The broker, who usually charges a commission, must be registered with the exchange in which he or she is trading, accounting for the name registered representative.

Certificate of Deposit- A deposit insured up to \$250,000 by the FDIC at a set rate for a specified period of time.

Collateral- Securities, evidence of deposit or pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposit of public moneys.

Constant Maturity Treasury (CMT)- An average yield of a specific Treasury maturity sector for a specific time frame. This is a market index for reference of past direction of interest rates for the given Treasury maturity range.

Coupon- The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value.

County Pool- County of San Mateo managed investment pool.

Credit Analysis- A critical review and appraisal of the economic and financial conditions or of the ability to meet debt obligations.

Current Yield- The interest paid on an investment expressed as a percentage of the current price of the security.

Custody- A banking service that provides safekeeping for the individual securities in a customer's investment portfolio under a written agreement which also calls for the bank to collect and pay out income, to buy, sell, receive and deliver securities when ordered to do so by the principle.

Delivery vs. Payment (DVP)- Delivery of securities with a simultaneous exchange of money for the securities.

Discount- The difference between the cost of a security and its value at maturity when quoted at lower than face value.

Diversification- Dividing investment funds among a variety of securities offering independent returns and risk profiles.

Duration- The weighted average maturity of a bond's cash flow stream, where the present value of the cash flows serve as the weights; the future point in time at which on average, an investor has received exactly half of the original investment, in present value terms; a bond's zero-coupon equivalent; the fulcrum of a bond's present value cash flow time line.

Fannie Mae- Trade name for the Federal National Mortgage Association (FNMA), a U.S. sponsored corporation.

Federal Reserve System- The central bank of the U.S. that consists of a seven member Board of Governors, 12 regional banks and approximately 8,000 commercial banks that are members.

Federal Deposit Insurance Corporation (FDIC)- Insurance provided to customers of a subscribing bank that guarantees deposits to a set limit (currently \$250,000) per account.

Fed Wire- A wire transmission service established by the Federal Reserve Bank to facilitate the transfer of funds through debits and credits of funds between participants within the Fed system.

Fiscal Agent - The organization that is essentially the checkbook for C/CAG funds.

Freddie Mac- Trade name for the Federal Home Loan Mortgage Corporation (FHLMC), a U.S. sponsored corporation.

Ginnie Mae- Trade name for the Government National Mortgage Association (GNMA), a direct obligation bearing the full faith and credit of the U.S. Government.

Inactive Deposits- Funds not immediately needed for disbursement.

Interest Rate- The annual yield earned on an investment, expressed as a percentage.

Investment Agreements- An agreement with a financial institution to borrow public funds subject to certain negotiated terms and conditions concerning collateral, liquidity and interest rates.

Local Agency Investment Fund (LAIF) - State of California managed investment pool.

Liquidity- Refers to the ability to rapidly convert an investment into cash.

Market Value- The price at which a security is trading and could presumably be purchased or sold.

Maturity- The date upon which the principal or stated value of an investment becomes due and payable.

Nationally Recognized Statistical Rating Organization (NRSRO)- A U.S. Securities & Exchange Commission registered agency that assesses the creditworthiness of an entity or specific security. NRSRO typically refers to Standard and Poor's Ratings Services, Fitch Ratings, Inc. or Moody's Investors Services.

New Issue- Term used when a security is originally "brought" to market.

Perfected Delivery- Refers to an investment where the actual security or collateral is held by an independent third party representing the purchasing entity.

Portfolio- Collection of securities held by an investor.

Primary Dealer- A group of government securities dealers that submit daily reports of market activity and security positions held to the Federal Reserve Bank of New York and are subject to its informal oversight.

Purchase Date- The date in which a security is purchased for settlement on that or a later date.

Rate of Return- The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

Repurchase Agreement (REPO)- A transaction where the seller (bank) agrees to buy back from the buyer (C/CAG) the securities at an agreed upon price after a stated period of time.

Reverse Repurchase Agreement (REVERSE REPO)- A transaction where the seller (C/CAG) agrees to buy back from the buyer (bank) the securities at an agreed upon price after a stated period of time.

Risk- Degree of uncertainty of return on an asset.

Safekeeping- see custody.

Sallie Mae- Trade name for the Student Loan Marketing Association (SLMA), a U.S. sponsored corporation.

Secondary Market- A market made for the purchase and sale of outstanding issues following the initial distribution.

Settlement Date- The date on which a trade is cleared by delivery of securities against funds.

Time Deposit - A deposit in an interest-paying account that requires the money to remain on account for a specific length of time. While withdrawals can generally be made from a passbook account at any time, other time deposits, such as certificates of deposit, are penalized for early withdrawal.

Treasury Obligations- Debt obligations of the U.S. Government that are sold by the Treasury Department in the forms of bills, notes, and bonds. Bills are short-term obligations that mature in one year or less. Notes are obligations that mature between one year and ten years. Bonds are long-term obligations that generally mature in ten years or more.

U.S. Government Agencies- Instruments issued by various US Government Agencies most of which are secured only by the credit worthiness of the particular agency.

Yield- The rate of annual income return on an investment, expressed as a percentage. It is obtained by dividing the current dollar income by the current market price of the security.

Yield to Maturity- The rate of income return on an investment, minus any premium or plus any discount, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond, expressed as a percentage.

Yield Curve- The yield on bonds, notes or bills of the same type and credit risk at a specific date for maturities up to thirty years.

C/CAG AGENDA REPORT

Date: August 24, 2022

To: C/CAG Finance Committee

From: Sean Charpentier, Executive Director

Subject: Review and recommend C/CAG Board approval of proposed revisions to the C/CAG Procurement Policy

(For further information or questions, contact Sean Charpentier at scharpentier@smcgov.org)

RECOMMENDATION

That the C/CAG Finance Committee reviews and recommends Board approval of proposed revisions to the C/CAG Procurement Policy.

FISCAL IMPACT

N/A

SOURCE OF FUNDS

The Procurement Policy applies to all C/CAG administered contracts funded by local, state, and federal funds.

BACKGROUND

The C/CAG Board adopted a Procurement Policy on June 9, 2005. The Policy established procedures for selecting consultants and/or contractors who provide professional services to the Agency. The last update was made in November 2017 to include procurement standards for contracts utilizing federal funds. The revision incorporated the Office of Management and Budget Uniform Guidance and requirements in the Caltrans Local Assistance Procedures Manual.

In an effort to manage increased costs of services due to higher personnel and material expenses, to have the ability to authorize services in an expeditious manner when immediate organizational needs occur, and to match standards seen in other public agencies, staff is recommending the following revisions to the 2017 Policy. These changes are as follows:

1. Increasing the maximum contract amount that can be executed by the Executive Director from \$25,000 to \$50,000;
2. Increasing the maximum contract amount that can be executed by the C/CAG Chair from \$50,000 to \$100,000; and
3. Adding the Executive Director to the authorized signatory of contracts that are approved by the C/CAG Board of Directors.

See attachment 1 for a table with executive contract authority at other public agencies. Staff recommend adding the Executive Director as a signatory to contracts for consistency with industry standards and to streamline the contract signature process for contracts that the C/CAG Board of Directors approves via resolution.

The proposed modification to the C/CAG Procurement Policy is included as attachment 2. Edits are shown in track changes for the Committee's review and discussion.

Staff recommends that the Finance Committee reviews and recommends Board approval of proposed revisions to the C/CAG Procurement Policy. Staff will take a revised C/CAG Procurement Policy to the September C/CAG Board of Directors meeting.

ATTACHMENT

1. Examples of Executive Contract Limits for Services
2. C/CAG Procurement Policy update (with track changes)

Attachment 1: Executive Contract Limits for Services

Executive Contract Limits for Services		
Agency	Amount	ORG TYPE
<u>C/CAG</u>	<u>\$25,000</u>	<u>County/Regional</u>
Metropolitan Transit System, San Diego	\$100,000	County/Regional
Alameda County Water District	\$100,000	County/Regional
San Mateo County Transit District	\$150,000	County/Regional
One Shoreline	\$150,000	County/Regional
City of East Palo Alto	\$27,000	City
Belmont	\$50,000	City
San Carlos	\$75,000	City
City of San Mateo	\$99,999	City
Redwood City	\$100,000	City
Burlingame	\$100,000	City
City of South San Francisco	\$150,000	City
Avg County/Regional Minus C/CAG	\$125,000	
Avg City	\$86,000	

C/CAG PROCUREMENT POLICY

Established on June 9, 2005

Revised on June 10, 2010

Revised on November 9, 2017

Revised August X, 2022

Professional Services Procurements

1. The method for procurement of professional services (consultants) shall generally be the Request for Proposal (RFP) procedure. The primary purpose of using a RFP is to ensure that C/CAG receives the best value in obtaining services. The determination of “best value” is not based solely on the lowest price or the highest quality. It involves a subjective weighing of efficiency, quality, and economy, and a recommendation as to how the services might best be provided, including the consideration of Design-Build approaches. The RFP is not a bid, in which the contract is awarded to the lowest bidder and the bid dictates the terms of the contract. Rather, it is a mechanism for exploring the expense and potential methodologies that could be used for dealing with the project for which the proposal is solicited. The RFP is an opportunity to ensure that all qualified contractors are given an opportunity to be considered for providing services to C/CAG. Each RFP shall be sent to all qualified firms and/or individuals that have been previously identified by C/CAG staff. Some of the ways that C/CAG staff may identify qualified firms and/or individuals could be through the issuance of a Request for Qualifications (RFQ), a letter of interest, and/or a review of informational materials provided by firms and/or individuals. Any firm and/or individual can request to be included on this list at any time by communicating such request to C/CAG staff and providing a summary of qualifications.
2. All RFPs must include a well-defined statement of work and must require that the responding party include quantifiable objectives, performance standards, and deliverables in its response to the RFP in order to be considered for funding.
3. In response to a written request from the Executive Director, the C/CAG Chairperson, with the concurrence of at least one Vice Chairperson, may administratively authorize up to an additional 5%, but not to exceed \$100,000, of the original total contract amount in the event that there are unforeseen costs associated with the project.
4. If the contract is for work that will continue for a specified period of time, the term of the contract should be the period of time for which the services are needed, but no longer than three (3) years, unless a longer term is approved by the C/CAG Board.
5. The Executive Director may approve up to one year time extension of a contract if there is no change in the contract amount.
6. Contracts \$5025,000 and below:
 - a. A formal competitive RFP procedure is not required.
 - b. The selection process must be fair (see #1), and there must be documentation that the contractor selected is qualified and that the cost is competitive.

- c. The results of another public agency's selection process may be used to satisfy the requirements of b.
 - d. A telephone survey of three (3) or more potential service providers may be used to satisfy the requirements of b.
 - e. The C/CAG Executive Director shall be authorized to execute contracts ~~\$5025,000~~ and below without the prior approval of the Board. The Board shall be notified of such contracts executed at the next scheduled Board meeting following such execution.
7. Contracts ~~\$5025,000.01~~ to ~~\$9949,999.99~~:
- a. A formal competitive RFP procedure is not required.
 - b. The selection process must be fair (see #1), and there must be documentation that the contractor selected is qualified and that the cost is competitive.
 - c. The results of another public agency's selection process may be used to satisfy the requirements of b.
 - d. A telephone survey of three (3) or more potential service providers may be used to satisfy the requirements of b.
 - e. The Chair of the C/CAG Board shall be authorized to execute contracts ~~\$9949,999.99~~ and below without the prior approval of the Board. The Board shall be notified of such contracts executed at the next scheduled Board meeting following such execution.
8. Contracts greater than or equal to ~~\$1050,000~~:
- a. A formal competitive RFP procedure should be utilized unless authorization from the C/CAG Board is given for another procedure or for a waiver of the RFP process.
 - b. The selection process shall not utilize cost as the sole criteria in selecting the successful contractor. The proposals shall be evaluated based on a combination of factors that result in the best value to C/CAG, including but not limited to:
 - i. Understanding of the work required by C/CAG.
 - ii. Quality and responsiveness of the proposal.
 - iii. Demonstrated competence and professional qualifications necessary for satisfactory performance of the work required by C/CAG.
 - iv. Recent experience in successfully performing similar services.
 - v. Proposed methodology for completing the work.
 - vi. References.
 - vii. Background and related experience of the specific individuals to be assigned to the project.
 - viii. Proposed cost.
 - ix. Previous experience in providing similar services for C/CAG and satisfactory delivery of those services.
 - c. The Chair of the C/CAG Board ~~or the C/CAG Executive Director~~ shall be authorized to execute contracts greater than or equal to ~~\$1050,000~~ with the prior approval of 51% of the voting members of the Board present at a Board meeting where a vote on the contract was taken in accordance with C/CAG procedures. In accordance with the C/CAG Bylaws, Article VIII., Section 3, the special voting procedures may be utilized upon the request of any voting member. Under the special voting procedures, for a motion

to be successful it must receive the votes of a majority of the voting members representing a majority of the population of the County.

9. Waiver of RFP Process:
 - a. The C/CAG Board may waive the solicitation of RFPs when it determines that it is in the best interest of C/CAG to do so. Situations in which a RFP may be waived include, but are not limited to, emergency situations or those in which an independent contractor is the only available source of a particular service. Another appropriate situation for waiving the RFP process is where a particular firm, agency, and/or individual has unique qualifications and/or experience, or it is determined by the C/CAG Board that the added time required for another firm and/or individual to acquire this knowledge base would create an unacceptable delay in the delivery of the service or not result in significant cost savings. In all circumstances, any waiver requires the approval of the C/CAG Board.
 - b. Requests to waive the RFP process that are presented to the C/CAG Board for consideration must include the specific findings by staff which substantiate the request for a waiver.
10. Contractors shall not discriminate or permit discrimination against any person or group of persons on the basis of race, color, religion, national origin or ancestry, age, sex, sexual orientation, marital status, pregnancy, childbirth or related conditions, medical condition, mental or physical disability or veteran's status, or in any manner prohibited by federal, state or local laws.
11. Contract specifications shall be written, and contractor services and products shall be delivered, in such a way so as to minimize C/CAG dependence on one particular contractor or methodology for future contracts or programs.
12. In those instances when the procurement requirements, standards or procedures of the funding source are more rigorous than these C/CAG procedures, those of the funding source shall apply to the procurement in question.
13. For state or federal funded contracts, C/CAG shall comply with state, federal and specific contract requirements as amended from time to time. Applicable standards include, but not limited to the following:
 - a. Caltrans Local Assistance Procedures Manual (LAPM) Chapter 10: Consultant Selection;
 - b. Master Funding Agreements and Program Supplemental Agreements;
 - c. 2 CFR Part 200- Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards;
 - d. Caltrans Local Assistance Procedures Manual (LAPM) Chapter 9: Civil Rights & Disadvantaged Business Enterprise (DBE)

Policies related to procurements of capital items, consumable items and services.

1. C/CAG shall, to greatest extent possible, utilize the procurement systems of its member agencies for capital purchases. The member agencies have in place the appropriate infrastructure to manage these procurement processes and this will enable C/CAG to take advantage of their greater purchasing power; thereby ensuring a more favorable price and the meeting of all appropriate federal, state and local procurement requirements.
2. The C/CAG Executive Director shall have the authority to purchase consumable items and services through any appropriate means up to a maximum of \$5,000. Purchases of more than \$5,000 require approval of the C/CAG Board.