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 MEETING AGENDA

Date: Thursday, August 27, 2026 **Time:** 9:00 a.m. **Location:** San Mateo City Hall Conference Room C 300 W. 20th Ave San Mateo, CA 94403	**Join by Zoom Webinar:** **https://us02web.zoom.us/j/82758013973?pwd=RbGdxNvsIVpjCv8amt5lZJzYaio3D3.1** **Zoom Webinar ID:** 827 5801 3973 **Password:** 788762 **Join by Phone:** (669) 900-6833

*****HYBRID MEETING - IN-PERSON AND BY VIDEOCONFERENCE*****

This meeting of the C/CAG Finance Committee will be held in person and by teleconference pursuant to Government Code Section 54953(e). Members of the public will be able to participate in the meeting remotely via the Zoom platform or in person at the location above. The Committee welcomes comments, including criticism, about the policies, procedures, programs, or services of the agency, or of the acts or omissions of the Board and committees. Speakers shall not disrupt, disturb, or otherwise impede the orderly conduct of a Board meeting. For information regarding how to participate in the meeting, either in person or remotely, please refer to the instructions at the end of the agenda.

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1. CALL TO ORDER/ROLL CALL — Colson — No materials

2. PUBLIC COMMENT ON RELATED ITEMS NOT ON THE AGENDA — Colson — No materials
   Note: Public comment is limited to two minutes per speaker. Please refer to the instructions at the end of this agenda for details regarding how to provide public comments. Members of the public who wish to address the Committee should complete a speaker's slip to make a public comment in person or raise their hand in Zoom to speak virtually

3. Approval of minutes of the May 28, 2026 meeting. (Action) — Cheung — Pages 1-3

4. Receive and review the April 2026 to June 2026 investment statements and the quarterly investment report, and recommend modifications to the C/CAG investment portfolio as needed. (Action) — Harris — Pages 4-29

5.	Review and recommend approval of the C/CAG Investment Policy annual update. (Action)	Cheung	Pages 30-47
6.	Review and approve the comparator agencies for the C/CAG Classification and Compensation Study. (Action)	Cheung/Tiner	Pages 48-52
7.	Receive information on the anticipated January 2028 conclusion of Local Government Partnership funding for the San Mateo County Energy Watch program and discuss related program strategies. (Information)	Petrofsky	Pages 53-55
8.	ADJOURN.		

The next regularly scheduled meeting will be on December 3, 2026.

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 Kaki Cheung at (650) 363-4105 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 Kaki Cheung (650) 363-4105 five working days prior to the meeting date.

ADA REQUESTS: Persons with disabilities who require auxiliary aids or services to participate in this meeting should contact Kaki Cheung (650) 363-4105 or kcheung1@smcgov.org by 7:00 a.m. prior to the meeting date.

PUBLIC PARTICIPATION DURING HYBRID MEETINGS: During hybrid meetings of the Finance Committee, members of the public may address the Committee as follows:

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

1. Your written comment should be emailed to kcheung1@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 in person and through Zoom. Public comments will be taken first by speakers in person, followed by via Zoom. Please read the following instructions carefully:

*In-person participation:

1. If you wish to speak to the C/CAG Finance Committee, please fill out a speaker's slip placed by the entrance of the meeting

room. If you have anything that you wish to distribute to the Committee and included in the official record, please hand it to the C/CAG staff who will distribute the information to the Committee members and staff.

*Remote participation:

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 Co-Chairs call for the item on which you wish to speak, click on "raise hand." Staff will activate and unmute speakers in turn. Speakers will be notified shortly before they are called on to speak. If calling in via phone, press *9 to raise your hand and when called upon press *6 to unmute.
5. When called, please limit your remarks to the time allotted.

If you have any questions about this agenda, please contact Kaki Cheung at kcheung1@smcgov.org.

CITY/COUNTY ASSOCIATION OF GOVERNMENTS
FINANCE COMMITTEE
MEETING MINUTES
May 28, 2026

In compliance with the provisions of the Government Code section 54953(e), this meeting of the C/CAG Finance Committee was held in person and by teleconference.

Committee Members Attending In-Person:
Carlos Romero – City of East Palo Alto
Michael Salazar – City of San Bruno
Stacy Jimenez – Foster City
Marie Chuang – Town of Hillsborough

Guests or Staff Attending In-Person:
Kaki Cheung, Yumi Felsinger, Reid Bogert – C/CAG Staff
Drew Corbett – C/CAG Consultants

Guests or Staff Attending Remotely:
Paul Harris – City of San Carlos
Paula Decano – City of San Carlos

1. Appoint Acting Chair (Action)

Motion – To appoint Michael Salazar as Acting Chair, Romero/Jimenez. Motion passed 4-0.

2. Call to order/Roll Call

At 9:00 A.M. Acting Chair Salazar called the Finance Committee meeting to order.

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

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

4. Approval of the minutes from the April 23, 2026 meeting. (Action)

Motion – To approve the minutes of the April 23, 2026 Finance Committee meeting, Romero/Salazar. Motion passed 3-0-1, with Chuang abstaining.

5. Receive and review the January 2026 to March 2026 investment statements and the quarterly investment report, and recommend modifications to the C/CAG investment portfolio as needed. (Action)

Paul Harris, Financial Services Manager for the City of San Carlos, presented the Quarter 3 investment report for Fiscal Year 2025/26. He reported a portfolio balance of approximately $35.2 million, consisting of $21.1 million in LAIF and $14.1 million in the San Mateo County Investment Pool. The Committee discussed the relative yields of the two investment pools and agreed that maintaining the current 60/40 allocation remained appropriate.

Motion – To maintain the current 60/40 investment allocation between LAIF and the San Mateo County Investment Pool, Romero/Chuang. All members in attendance voted to approve. Motion passed 4-0.

6. **Review and recommend Board approval of the draft final C/CAG Program Budget and Member Fees for Fiscal Year 2026/27. (Action)**

C/CAG staff Kaki Cheung presented the draft final Fiscal Year 2026/27 Program Budget and Member Fees. She explained that only limited refinements had been made since the draft budget was presented to the Finance Committee in April and that the agency remained financially stable with healthy reserves. Staff also continued to monitor potential funding challenges associated with the Stormwater and Energy Watch programs.

Cheung noted that projected expenditures increased by approximately $800,000, including a proposed $500,000 consultant expense for the Energy Watch Program’s carbon neutrality planning effort in partnership with the County Office of Sustainability.

The Committee discussed the future funding outlook for the Energy Watch Program and clarified the Express Lane JPA budget, including that program costs are reimbursed by the JPA.

Motion – To recommend Board approval of the draft final C/CAG Program Budget and Member Fees for Fiscal Year 2026/27, Chuang/Jimenez. All members in attendance voted to approve. Motion passed 4-0.

7. **Receive information on the Countywide Stormwater Program’s funding challenges and potential risks associated with the absence of dedicated funding, and provide direction to staff on potential next steps. (Information)**

C/CAG Stormwater Program Director Reid Bogert presented an overview of the Countywide Stormwater Program, its regulatory responsibilities, current funding structure, and anticipated funding challenges. He explained that the program supports 22 agencies with municipal stormwater permit compliance, technical assistance, countywide activities, and regional coordination.

Bogert reported that although the program has historically maintained a healthy fund balance, expenditures are projected to increasingly exceed revenues. Staff has reduced consultant costs and maintained approximately $620,000 in reserves, but rising administrative and consultant costs and increasing permit requirements are expected to create a structural funding deficit in future years.

Staff discussed potential funding strategies, including pursuing additional grants, partnering with OneShoreline on future funding opportunities, and establishing a new C/CAG membership-based fee dedicated to the Stormwater Program. Bogert noted that a countywide stormwater fee initiative would be challenging under current funding and voter approval constraints.

The Committee discussed the feasibility of the various funding options and expressed general support for continuing to explore a C/CAG membership-based fee, potentially for a defined five-year period, while also pursuing other long-term funding solutions and partnerships. Staff indicated that the subject would be discussed further with the Stormwater Committee and brought back to the Finance Committee with additional information on a potential membership-based fee.

Adjournment.

The meeting was adjourned at approximately 10:32 A.M.

Item 4

C/CAG Agenda Report

Date:	August 27, 2026
To:	C/CAG Finance Committee
From:	Kaki Cheung, Interim Executive Director
Subject:	Receive and review the April to June 2026 investment statements and the quarterly investment report, and recommend modifications to the C/CAG investment portfolio as needed.
	(For further information contact kcheung1@smcgov.org)

RECOMMENDATION

That the C/CAG Finance Committee receive and review the April to June 2026 investment statements and the quarterly investment report, and recommend modifications to the C/CAG investment portfolio as needed.

FISCAL IMPACT

Changes to the investment portfolio may impact the overall yield and risk profile for C/CAG investments, potentially resulting in higher or lower returns and associated risk exposure.

SOURCE OF FUNDS

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

BACKGROUND

In accordance with the C/CAG Investment Policy adopted on September 10, 2020, the Finance Committee is required to review the C/CAG investment portfolio at least quarterly. The policy states:

"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."

Attached are the monthly investment statements for the quarter ending June 30, 2026. As of this date, the investment portfolio remains within the approved allocation parameters, originally established by the C/CAG Board on November 14, 2013:

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

In addition, per guidance from the Finance Committee on December 2, 2020—approved by the Board on December 10, 2020—staff has been targeting a 60% allocation to the Local Agency Investment Fund

(LAIF) and 40% to the San Mateo County Investment Pool (COPOOL), with adjustments based on prevailing interest rates.

Portfolio Performance – Quarter Ending June 30, 2026:

Metric	LAIF	COPOOL
Net Interest Earning Rate	3.81%	4.01%
Average Life / Maturity	269 days (0.74 year)	2.8 years
Average Duration	N/A	2.48 years

The investment portfolio balances as of June 30, 2026, are presented below. For reference and comparison, the balances as of March 31, 2025, are also included.

	3/31/2026		6/30/2026	
	Amount	Percent	Amount	Percent
LAIF	$21,125,362	60%	$19,429,217	58%
COPOOL	$14,097,910	40%	$14,228,707	42%
Total	$35,223,272	100%	$33,657,924	100%

The Finance Committee last reviewed the portfolio on May 28, 2026, and recommended maintaining the 60% LAIF and 40% COPOOL investment allocation.

Staff recommends maintaining the target investment allocation of 60% LAIF and 40% COPOOL at this time. The June 30, 2026 portfolio allocation of 58% LAIF and 42% COPOOL remains within the approved allocation parameters. While changes to the investment portfolio can impact overall yield and risk exposure, the current allocation continues to balance the priorities of principal safety, liquidity, and optimal yield as outlined in the Investment Policy.

EQUITY IMPACTS AND CONSIDERATIONS

C/CAG's Investment Policy supports investment in authorized issuers that display adherence to strong environmental, social and governance (ESG) principles, including but not limited to, environmental sustainability, social and economic justice, and good corporate governance.

Attachment

1. C/CAG's Monthly Major Cash Inflows and Outflows, LAIF, and SMC Investment Fund Summary for April, May, and June 2026.
2. LAIF Performance Report Quarter Ending June 30, 2026.
3. San Mateo County Treasurer's Office Pool Participants Distribution June 30, 2026.
4. County Summary of Pool Earnings for April, May, and June 2026.
5. Overview of Market and Investment Statements Quarter Ending June 30, 2026.
6. Quarterly Investment Report as of June 30, 2026 from San Carlos.

Attachment 1
April Cash Flow

CITY & COUNTY ASSOCIATION OF GOVERNMENTS
Recap of Monthly Major Cash Inflows and Outflows
for Quarter Ended June 30, 2026

Major Cash Inflows and Outflows

Month	Program	From/To	Amount - In/(Out)
Apr 2026	**Beginning book balance (Checking)**		**553,382**
	Express Lane JPA	San Mateo County Transportation Authority	47,478
	Energy Watch	PG&E	23,037
	NPDES	San Mateo County, CA Governor's Office of Planning	441,681
	Measure M	Caltrans	63,553
	All other Receipts (2)	WF Interest, Samtrans	621
	Transfer	LAIF	3,800,000
		Total Apr Cash Inflow	4,376,369
	Congestion Relief & Management	Fehr & Peers Associates, Ken Brown, Kittelson & Associates, Mig Inc, Redwood City, San Mateo County, Transpo Group USA	(232,453)
	Express Lane JPA	Redwood City, San Mateo County	(44,547)
	Smart Corridor	Kimley-Horn & Associates, S.R. Rose Engineering	(25,542)
	Energy Watch	Redwood City, San Mateo County	(356,717)
	NPDES	EOA Inc, Ken Brown, Redwood City, San Mateo County, Shaw/Yoder/Antwih, CASQA	(355,281)
	Measure M	EOA Inc, Town of Hillsborough, Mig Inc, Millbrae, Redwood City, San Carlos City, San Mateo City, San Mateo County, South San Francisco City	(1,225,590)
	Bay Area Air Quality	San Mateo County	(2,027)
	All other payments (19)	various	(47,481)
		Total Apr Cash Outflow	(2,289,638)
		Net Cash Inflow/(Outflow)	**2,086,731**
	Ending book balance (Checking)		**2,640,113**

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

June 01, 2026

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 2026 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
4/2/2026	3/31/2026	RW	1796070	1756763	PAUL HARRIS	-700,000.00
4/15/2026	4/14/2026	QRD	1797385	N/A	SYSTEM	203,854.93
4/16/2026	4/15/2026	RW	1798914	1759603	PAUL HARRIS	-1,500,000.00
4/30/2026	4/29/2026	RW	1799524	1760216	PAUL HARRIS	-1,600,000.00

Account Summary

Total Deposit:	203,854.93	**Beginning Balance:**	21,125,362.49
Total Withdrawal:	-3,800,000.00	**Ending Balance:**	17,529,217.42

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

Statement Ending Date: 4/30/2026
Account: 03412

STATEMENT OF ACCOUNT

City/County Association of Governments - 03412

DATE	DESCRIPTION	DEBITS	CREDITS	ACCOUNT BALANCE
3/31/2026	Balance brought forward			**$14,097,910.17**
4/1/2026	FY 25-26 Interest Allocation Q3		$130,796.33	**$14,228,706.50**
4/30/2026	Ending Balance			**$14,228,706.50**

CITY & COUNTY ASSOCIATION OF GOVERNMENTS
Recap of Monthly Major Cash Inflows and Outflows
for Quarter Ended June 30, 2026

Major Cash Inflows and Outflows

Month	Program	From/To	Amount - In/(Out)
May 2026	**Beginning book balance (Checking)**		**2,640,113**
	Congestion Relief & Management	MTC	412,696
	Express Lane JPA	San Mateo County Transportation Authority	48,980
	Energy Watch	PG&E	31,541
	NPDES	San Mateo County	142,846
	All other Receipts (1)	WF Interest	528
		Total May Cash Inflow	636,591
	AB1546	EOA Inc.	(22,134)
	Congestion Relief & Management	Commute.org, Fehr & Peers Associates, Gray Bowen Scott, Kittelson & Associates, Mig Inc, Redwood City, San Mateo County, Shaw/Yoder/Antwih, Ecology Action	(507,112)
	Express Lane JPA	Redwood City, San Mateo County	(48,681)
	Smart Corridor	Aegis Its, Iteris Inc, Kimley-Horn & Associates, S.R. Rose Engineering	(224,546)
	Energy Watch	Redwood City	(4,010)
	NPDES	BAWSCA, Climate Resilient, EOA Inc, Ken Brown, Redwood City, San Mateo County, CASQA	(479,040)
	Measure M	Belmont City, Daly City, EOA Inc, Menlo Park City, Mig Inc, Redwood City, San Bruno City, San Mateo County	(1,140,320)
	Bay Area Air Quality	Commute.org, San Mateo County	(155,452)
	All other payments (21)	various	(80,672)
		Total May Cash Outflow	(2,661,967)
		Net Cash Inflow/(Outflow)	**(2,025,377)**
	Ending book balance (Checking)		**614,737**

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

July 28, 2026

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 2026 Statement

Account Summary

Total Deposit:	0.00	**Beginning Balance:**	17,529,217.42
Total Withdrawal:	0.00	**Ending Balance:**	17,529,217.42

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

Statement Ending Date: 5/31/2026
Account: 03412

STATEMENT OF ACCOUNT

City/County Association of Governments - 03412

DATE	DESCRIPTION	DEBITS	CREDITS	ACCOUNT BALANCE
4/30/2026	Balance brought forward			**$14,228,706.50**
5/31/2026	Ending Balance			**$14,228,706.50**

June Cash Flow

CITY & COUNTY ASSOCIATION OF GOVERNMENTS
Recap of Monthly Major Cash Inflows and Outflows
for Quarter Ended June 30, 2026

Major Cash Inflows and Outflows

Month	Program	From/To	Amount - In/(Out)
Jun 2026	**Beginning book balance (Checking)**		**614,737**
	Express Lane JPA	San Mateo County Transportation Authority	44,072
	Smart Corridor	Caltrans	1,972,162
	Energy Watch	PG&E	60,515
	NPDES	US Environmental Protection Agency	521,350
	Measure M	DMV	1,796,659
	Bay Area Air Quality	Bay Area Quality Mgmt District	530,633
	All other Receipts (2)	WF Interest, Samtrans	1,053
	Transfer	LAIF	1,000,000
		Total Jun Cash Inflow	5,926,443
	Congestion Relief & Management	Fehr & Peers Association, Gray Bowen Scott, Ken Brown, Kittelson & Associates, San Mateo County, Shaw/Yoder/Antwih, Ecology Action, Transpo Group USA	(365,564)
	Express Lane JPA	San Mateo County	(80,851)
	Smart Corridor	Daly City, Iteris Inc, Kimley Horn & Associates, S.R Rose Engineering, South San Francisco City	(2,435,860)
	Energy Watch	San Mateo County, Joint Venture	(98,814)
	NPDES	Ken Brown, Reid Bogert, San Mateo County, Shaw/Yoder/Antwih	(102,578)
	Measure M	San Mateo County	(40,704)
	Bay Area Air Quality	San Mateo County	(2,529)
	All other payments (13)	various	(84,154)
	Transfer	LAIF	(2,900,000)
		Total Jun Cash Outflow	(6,111,055)
		Net Cash Inflow/(Outflow)	**(184,612)**
	Ending book balance (Checking)		**430,125**

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

July 28, 2026

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

June 2026 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Web Confirm Number	Authorized Caller	Amount
6/10/2026	6/9/2026	RW	1800970	1761675	PAUL HARRIS	-1,000,000.00
6/22/2026	6/18/2026	RD	1801347	1762052	PAUL HARRIS	2,500,000.00
6/30/2026	6/29/2026	RD	1801707	1762410	PAUL HARRIS	400,000.00

Account Summary

Total Deposit:	2,900,000.00	**Beginning Balance:**	17,529,217.42
Total Withdrawal:	-1,000,000.00	**Ending Balance:**	19,429,217.42

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

Statement Ending Date: 6/30/2026
Account: 03412

STATEMENT OF ACCOUNT

City/County Association of Governments - 03412

DATE	DESCRIPTION	DEBITS	CREDITS	ACCOUNT BALANCE
5/31/2026	Balance brought forward			**$14,228,706.50**
6/30/2026	Ending Balance			**$14,228,706.50**
7/1/2026	FY 25-26 Interest Allocation Q4		$142,331.10	

PMIA/LAIF Performance Report as of 08/12/26

Quarterly Performance Quarter Ended 06/30/26

LAIF Apportionment Rate[2]:	3.92
LAIF Earnings Ratio[2]:	0.00010743238142967
LAIF Administrative Cost[1]*:	0.22
LAIF Fair Value Factor[1]:	0.998872382
PMIA Daily[1]:	3.83
PMIA Quarter to Date[1]:	3.81
PMIA Average Life[1]:	269

PMIA Average Monthly Effective Yields[1]

July	**3.84**
June	3.816
May	3.810
April	3.811
March	3.826
February	3.871

Pooled Money Investment Account Monthly Portfolio Composition [1] 06/30/26 $193.1 billion

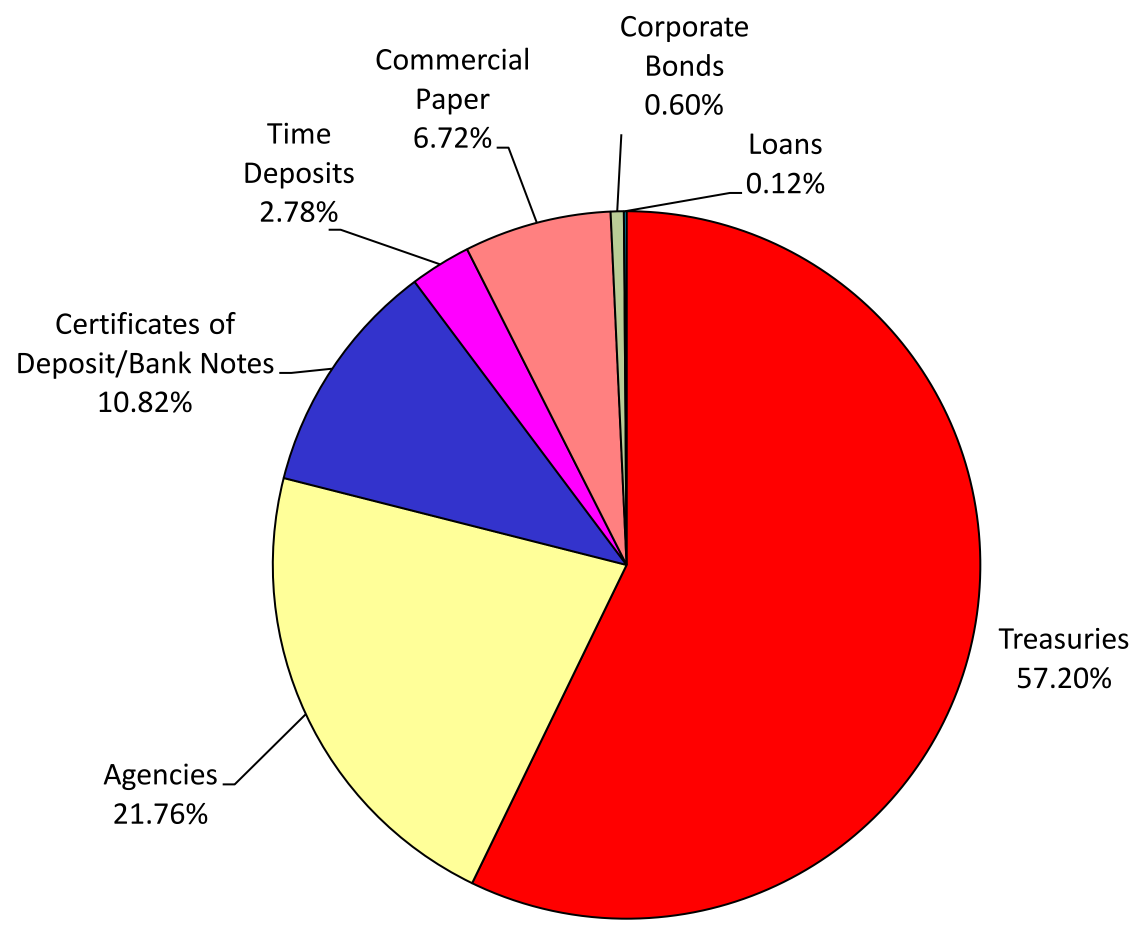


Chart does not include $749,000.00 in mortgages, which equates to 0.0004%. Percentages may not total 100% due to rounding.

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) .

**The percentage of administrative cost equals the total administrative cost divided by the quarterly interest earnings. The law provides that administrative costs are not to exceed 5% of quarterly EARNINGS of the fund. However, if the 13-week Daily Treasury Bill Rate on the last day of the fiscal year is below 1%, then administrative costs shall not exceed 8% of quarterly EARNINGS of the fund for the subsequent fiscal year.*

Source:
[1] State of California, Office of the Treasurer
[2] State of California, Office of the Controller

State of California
Office of the
State Treasurer

Investment Division

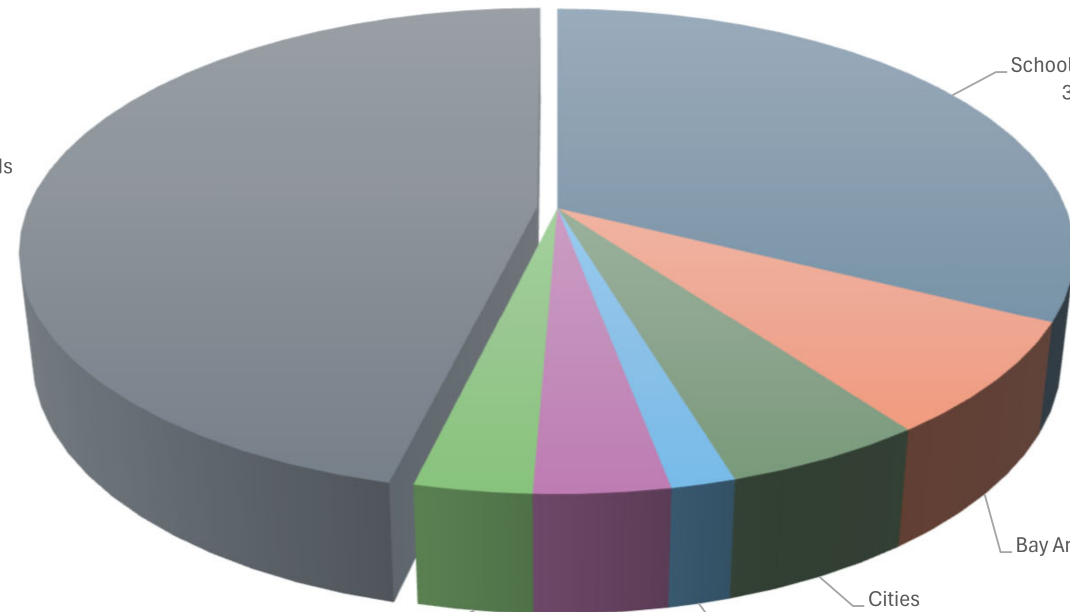
PMIA Average Monthly Effective Yields

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2026	3.931	3.871	3.826	3.811	3.810	3.816	3.840					
2025	4.366	4.333	4.313	4.281	4.272	4.269	4.258	4.251	4.212	4.150	4.096	4.025
2024	4.012	4.122	4.232	4.272	4.332	4.480	4.516	4.579	4.575	4.518	4.477	4.434
2023	2.425	2.624	2.831	2.870	2.993	3.167	3.305	3.434	3.534	3.670	3.843	3.929
2022	0.234	0.278	0.365	0.523	0.684	0.861	1.090	1.276	1.513	1.772	2.007	2.173
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
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
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
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
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
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
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
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
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
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

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
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
1983	10.251	9.887	9.688	9.868	9.527	9.600	9.879	10.076	10.202	10.182	10.164	10.227
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
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
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
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
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
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

Attachment 3

SAN MATEO COUNTY TREASURER'S OFFICE POOL PARTICIPANTS DISTRIBUTION
June 30, 2026



Participants		**Amount**	**%**
School Districts	$	3,246,034,677.37	32.38%
Bay Area Air Quality Management		761,573,718.33	7.60%
Cities		538,375,464.82	5.37%
Special Districts		170,934,399.28	1.70%
SMC Community College		359,556,996.14	3.59%
SMCO Trans Authority/JPB		311,907,412.65	3.11%
All Other SMCO Funds		4,637,220,842.02	46.25%
Total	**$**	**10,025,603,510.61**	**100.00%**

*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 2026

Fixed Income Securities Maturing > 1 year	Par Value	Gross Earnings
U S Treasury Notes	$ 2,546,445,000	$ 7,197,271.32
Corporate Notes	1,202,931,000	4,007,566.40
Federal Agencies	2,478,513,000	7,728,471.21
U S Instrumentalities	1,363,078,000	4,017,623.17
U S Treasury STRIPS	125,000,000	388,267.50
Asset Backed Securities	53,330,000	67,596.45
	$ 7,769,297,000	**$ 23,406,796.05**

Short Term Securities Maturing < 1 year	Par Value	Gross Earnings
U S Treasury Notes	$ 429,695,000	$ 760,275.50
Corporate Notes	237,168,000	621,489.00
Federal Agencies	370,188,000	1,241,144.95
U S Instrumentalities	131,107,000	407,861.46
Certificate of Deposit	431,000,000	1,314,168.13
Commercial Paper	30,000,000	136,260.27
Dreyfus	341,795,845	-
CAMP	578,956,034	1,558,000.39
CALTRUST	300,000,000	711,684.97
	$ 2,849,909,879	**$ 6,750,884.68**

	Par Value	Gross Earnings
Total Accrued Interest	**$ 10,619,206,879**	**$ 30,157,680.73**
Total Dollar Earnings for April		**$ 36,053,013.92**

Realized Gain/Loss & Interest Received	Period Earnings
U S Treasury Notes	$ 1,113,547.13
Corporate Notes	450,290.82
Federal Agencies	890,232.66
U S Instrumentalities	388,263.32
Asset-Backed Securities	55,533.05
Certificate of Deposit	285,277.89
CAMP	1,503,609.67
CALTRUST	1,081,445.25
Dreyfus	74,373.61
US Bank Earnings Credit	52,759.79
Total Realized Income	**$ 5,895,333.19**

AVERAGE BALANCE		**$ 10,597,310,346.98**
GROSS EARNINGS RATE / GROSS DOLLAR EARNINGS	**4.139%**	**36,053,013.92**
ADMINISTRATION FEES*		**(827,461.22)**
NET EARNINGS RATE / NET DOLLAR EARNINGS	**4.044%**	**$ 35,225,552.70**

*Current admin fees rate is at 9.5bp

ESTIMATED SUMMARY OF POOL EARNINGS

May 2026

Fixed Income Securities Maturing > 1 year	Par Value	Gross Earnings
U S Treasury Notes	$ 2,509,885,000	$ 7,539,890.13
Corporate Notes	1,231,945,000	4,215,738.30
Federal Agencies	2,565,123,000	8,472,846.33
U S Instrumentalities	1,338,278,000	4,515,216.20
U S Treasury STRIPS	125,000,000	401,209.75
Asset Backed Securities	76,720,000	131,723.57
	$ 7,846,951,000	**$ 25,276,624.28**

Realized Gain/Loss & Interest Received	Period Earnings
U S Treasury Notes	$ 995,747.30
Corporate Notes	413,823.34
Federal Agencies	800,791.72
U S Instrumentalities	22,182.09
Asset-Backed Securities	93,478.77
Certificate of Deposit	17,629.18
Dreyfus	682,919.31
US Bank Earnings Credit	92,425.91
Total Realized Income	**$ 3,118,997.63**

Short Term Securities Maturing < 1 year	Par Value	Gross Earnings
U S Treasury Notes	$ 416,505,000	$ 905,967.11
Corporate Notes	275,279,000	793,057.90
Federal Agencies	353,993,000	1,278,524.93
U S Instrumentalities	131,107,000	522,473.28
Certificate of Deposit	442,000,000	1,514,518.25
Commercial Paper	30,000,000	201,146.12
Dreyfus	102,170,392	-
CAMP	578,956,034	1,823,056.97
CALTRUST	250,000,000	661,643.84
	$ 2,580,010,426	**$ 7,700,388.42**
Total Accrued Interest	**$ 10,426,961,426**	**$ 32,977,012.70**
Total Dollar Earnings for May		**$ 36,096,010.33**

AVERAGE BALANCE		**$ 10,603,533,367.67**
GROSS EARNINGS RATE / GROSS DOLLAR EARNINGS	**4.008%**	**36,096,010.33**
ADMINISTRATION FEES*		**(855,545.36)**
NET EARNINGS RATE / NET DOLLAR EARNINGS	**3.913%**	**$ 35,240,464.97**

*Current admin fees rate is at 9.5bp

ESTIMATED SUMMARY OF POOL EARNINGS

June 2026

Fixed Income Securities Maturing > 1 year		Par Value		Gross Earnings
U S Treasury Notes	$	2,536,165,000	$	7,111,359.26
Corporate Notes		1,274,060,000		4,442,396.03
Federal Agencies		2,526,063,000		8,403,288.42
U S Instrumentalities		1,213,441,000		3,671,817.51
U S Treasury STRIPS		125,000,000		388,267.50
Asset Backed Securities		86,505,000		140,441.44
	$	**7,761,234,000**	**$**	**24,157,570.16**

Realized Gain/Loss & Interest Received		Period Earnings
U S Treasury Notes	$	1,157,503.53
Corporate Notes		157,397.78
Federal Agencies		748,678.78
U S Instrumentalities		458,276.13
Asset-Backed Securities		128,148.08
Dreyfus		663,119.94
US Bank Earnings Credit		35,695.75
Total Realized Income	**$**	**3,348,819.99**

Short Term Securities Maturing < 1 year		Par Value		Gross Earnings
U S Treasury Notes	$	406,945,000	$	943,957.95
Corporate Notes		294,464,000		936,647.25
Federal Agencies		294,973,000		706,419.84
U S Instrumentalities		245,944,000		756,609.16
Certificate of Deposit		442,000,000		1,103,900.95
Commercial Paper		30,000,000		194,657.53
Dreyfus		47,266,757		-
CAMP		418,404,356		411,571.30
CALTRUST		100,000,000		187,671.23
	$	**2,279,997,113**	**$**	**5,241,435.21**
Total Accrued Interest	**$**	**10,041,231,113**	**$**	**29,399,005.37**
Total Dollar Earnings for June			**$**	**32,747,825.36**

AVERAGE BALANCE		**$**	**10,245,241,557.95**
GROSS EARNINGS RATE / GROSS DOLLAR EARNINGS	**3.889%**		**32,747,825.36**
ADMINISTRATION FEES*			**(799,970.92)**
NET EARNINGS RATE / NET DOLLAR EARNINGS	**3.794%**	**$**	**31,947,854.45**

*Current admin fees rate is at 9.5bp

SUMMARY OF POOL EARNINGS

Q4 FISCAL YEAR 2025-26

		Par Value		Gross Earnings
Fixed Income Securities Maturing > 1 year				
U S Treasury Notes	$	2,536,165,000	$	18,520,483.31
Corporate Notes		1,274,060,000		10,727,802.79
Federal Agencies		2,526,063,000		21,019,802.64
U.S, Instrumentalities		1,138,441,000		9,187,411.35
U S Treasury STRIPS		125,000,000		1,177,744.75
Asset Backed Securities		86,505,000		140,739.25
	$	**7,686,234,000**	**$**	**60,773,984.09**
Short Term Securities Maturing < 1 year				
U S Treasury Notes	$	406,945,000	$	2,389,567.97
Corporate Notes		294,464,000		2,203,569.60
Federal Agencies		294,973,000		2,950,938.82
U.S, Instrumentalities		345,744,000		2,826,909.50
Certificate of Deposit		442,000,000		4,233,244.91
Commercial Paper		30,000,000		532,063.93
Dreyfus		47,266,757		-
CAMP		418,404,356		3,613,703.94
CALTRUST		100,000,000		872,602.70
	$	**2,379,797,113**	**$**	**19,622,601.37**
Total Accrued Interest	**$**	**10,066,031,113**	**$**	**80,396,585.46**
Total Dollar Earnings for Q4 FY 2025-26			**$**	**104,866,053.37**

		Period Earnings
Realized Gain/Loss & Interest Received		
U S Treasury Notes	$	6,815,467.95
Corporate Notes		3,076,238.21
Federal Agencies		6,599,657.37
U S Instrumentalities		2,746,001.47
Asset Backed Securities		476,182.13
Certificate of Deposit		390,646.80
Dreyfus		1,420,412.86
CAMP		1,682,534.42
CALTRUST		1,081,445.25
US Bank Earnings Credit		180,881.45
Total Realized Income	**$**	**24,469,467.91**

AVERAGE BALANCE		**$**	**10,483,354,860.57**
GROSS EARNINGS RATE / GROSS DOLLAR EARNINGS	**4.012%**		**104,866,053.37**
ADMINISTRATION FEES*			**(2,482,975.42)**
TRUE-UP ADJUSTMENT FROM Q4 FY 2025-26			**2,482,975.42**
NET EARNINGS RATE / NET DOLLAR EARNINGS	**4.012%**	**$**	**104,866,053.37**

*Current admin fees rate is at 9.5bp

SUMMARY OF POOL EARNINGS

FISCAL YEAR 2025-26 ENDED JUNE 30, 2026

		Gross Earnings
Fixed Income Securities Maturing > 1 year		
U S Treasury Notes	$	70,351,575.72
Corporate Notes		36,404,126.63
Federal Agencies		75,489,545.07
U.S, Instrumentalities		33,323,856.43
U S Treasury STRIPS		3,190,251.62
Asset Backed Securities		971,113.74
Certificate of Deposit		479,912.32
	$	**220,210,381.53**
Short Term Securities Maturing < 1 year		
U S Treasury Notes	$	8,008,839.05
Corporate Notes		6,738,003.39
Federal Agencies		11,368,109.44
U.S, Instrumentalities		5,273,674.43
Certificate of Deposit		13,581,962.80
Commercial Paper		532,063.93
CAMP		18,435,971.21
CALTRUST		5,949,519.51
	$	**69,888,143.76**

		Period Earnings
Realized Gain/Loss & Interest Received		
U S Treasury Notes	$	24,986,449.52
Corporate Notes		11,648,161.40
Federal Agencies		28,284,739.51
U.S, Instrumentalities		8,845,667.26
Asset Backed Securities		699,488.68
Certificate of Deposit		983,898.79
Dreyfus		6,164,902.67
CAMP		4,394,608.83
CALTRUST		1,658,235.19
US Bank Earnings Credit		587,753.60
Total Realized Income	**$**	**88,253,905.45**

Total Dollar Earnings for FY 2025-26 **$ 378,352,430.74**

AVERAGE BALANCE			**$**	**9,507,755,996.84**	**B**
GROSS EARNINGS RATE / GROSS DOLLAR EARNINGS	**3.979%**			**378,352,430.74**	
ADMINISTRATION FEES*				**(9,032,368.20)**	
TRUE-UP ADJUSTMENT FROM Q3 FY 2025-26*				**2,306,460.28**	
TRUE-UP ADJUSTMENT FROM Q4 FY 2025-26*				**2,482,975.42**	
NET EARNINGS RATE / NET DOLLAR EARNINGS	**3.935%**	**=(A/B)**	**$**	**374,109,498.24**	**A**

*Current admin fees rate is at 9.5bp

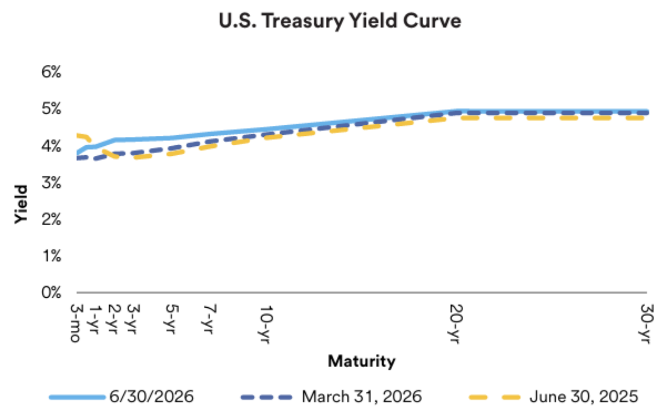
***True-up adjustment calculated based on projected budget actuals for Treasurer administrative costs

C/CAG Investment Portfolio Performance and Composition 2Q 2026

Report Created for Finance Committee August 27, 2026

Capital Markets Summary 2Q 2026

During the second quarter of 2026, U.S. economic growth moderated while inflation remained elevated. Real GDP increased at a 1.5% annualized rate, down from 2.1% in the first quarter. Consumer spending, investment, and exports contributed to growth, while government spending declined. Labor market conditions softened, with the unemployment rate at 4.2% in June and payroll growth slowing. June CPI rose 3.5% from a year earlier, while core CPI increased 2.6%; energy prices remained an important source of headline inflation pressure. The Federal Reserve held the federal funds target range at 3.50% to 3.75% at its June meeting and continued to describe inflation as elevated relative to its 2% goal. Geopolitical and energy-market concerns were prominent early in the quarter, before sentiment improved as tensions eased and oil prices retreated.



U.S. Treasury Yields

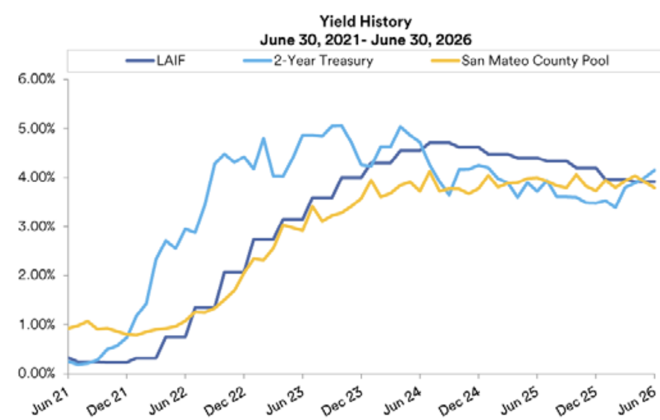
Maturity	Jun-26	Mar-26	Change over Quarter	Jun-25	Change over Year
3-Month	3.81%	3.67%	0.14%	4.29%	(0.48%)
1-Year	3.97%	3.65%	0.32%	3.97%	0.00%
2-Year	4.17%	3.79%	0.38%	3.72%	0.45%
5-Year	4.23%	3.94%	0.28%	3.80%	0.43%
10-Year	4.47%	4.32%	0.15%	4.23%	0.24%
30-Year	4.95%	4.91%	0.04%	4.77%	0.18%

Source: Bloomberg Finance L.P.

U.S. Treasury Yield Curve & U.S. Treasury Yields Over Time

U.S. Treasury yields rose across the curve during Q2, with the largest increases concentrated in shorter and intermediate maturities. The 3-month yield ended the quarter at 3.81%, up 14 basis points, while the 1-year yield increased 32 basis points to 3.97%. The 2-, 5-, 10-, and 30-year yields ended at 4.17%, 4.23%, 4.47%, and 4.95%, respectively, representing quarter-over-quarter increases of 38, 28, 15, and 4 basis points. Because shorter and intermediate maturities rose more than the long end, the yield curve flattened somewhat during the quarter while remaining upward sloping at June 30.

Over the longer term, the yield history chart shows that the 2-year Treasury experienced greater fluctuations than LAIF and the San Mateo County Pool, while LAIF and County Pool yields generally adjusted more gradually. By June 2026, yields across all three benchmarks had moved closer together, generally around the 4% level.



Portfolio Performance 2Q 2026

The C/CAG investment portfolio returns for the second quarter of 2026 were stable, with a 3.81% return for LAIF and a 4.01% return for the County Pool Fund. LAIF's effective yield decreased slightly from 3.88% to 3.81% since the first quarter of 2026, while the County Pool Fund's effective yield increased slightly from 3.99% to 4.01% during the same period. At the end of the second quarter, approximately 58% of the C/CAG investment portfolio was invested in LAIF and 42% in the County Pool Fund, which remains within the stated investment policy allocation ranges. Overall, portfolio performance remained consistent with investment policy objectives, maintaining stable earnings while prioritizing safety and liquidity.

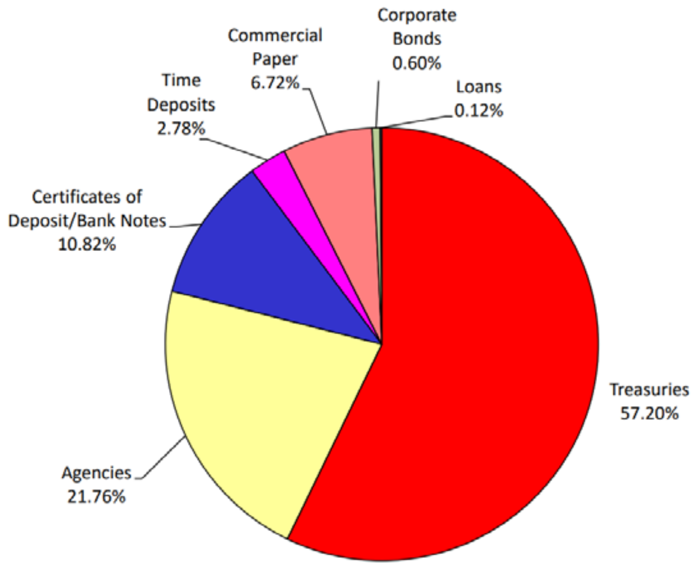
LAIF

PMIA Average Monthly Effective Yields:

April 2026	3.811
May 2026	3.810
June 2026	3.816

PMIA Quarter to Date: 3.81%   PMIA Average Life: 269 days or 0.74 years

Portfolio Composition Pie Chart:



Source: PMIA/LAIF Report as of 8/12/26

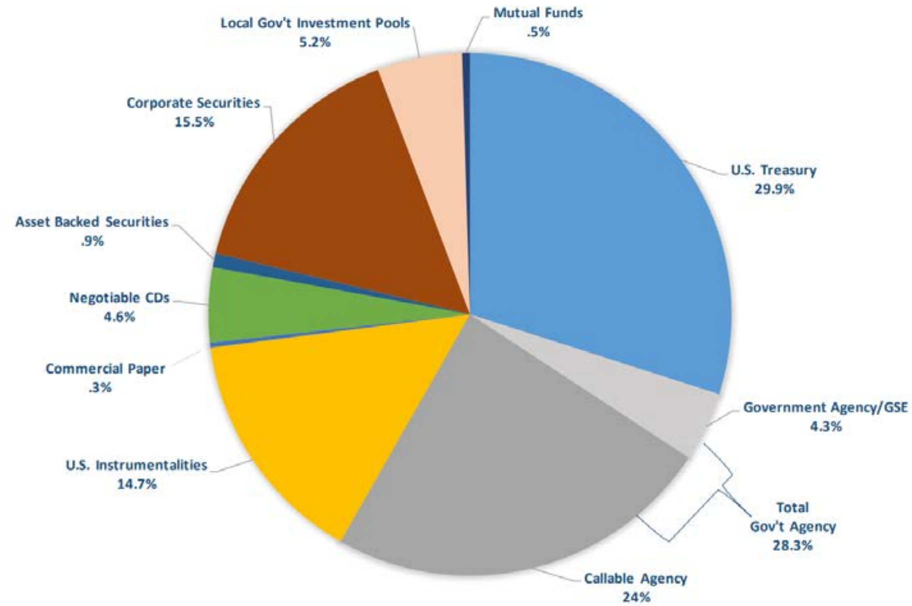
COPOOL

Monthly Gross Earnings Rates:

April 2026	4.044
May 2026	3.913
June 2026	3.794

Quarterly Gross Earnings Rate: 4.012%   Average Duration: 2.48 years

Portfolio Composition Pie Chart:



Source: San Mateo County Investment Portfolio Compliance Report June 2026

C/CAG

CITY/COUNTY ASSOCIATION OF GOVERNMENTS

Of San Mateo County

Board of Directors Agenda Report

To: **Kaki Cheung, Acting Executive Director**
From: **Paul Harris, Financial Services Manager**
Date: **August 27, 2026**

SUBJECT: Quarterly Investment Report as of June 30, 2026

RECOMMENDATION:

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

ANALYSIS:

The attached investment report (Attachment 1) indicates that on June 30, 2026, funds in the amount of $33,657,924 were invested producing a weighted average yield of 3.90%. Of the total investment portfolio, 58.0% of funds were invested in the Local Agency Investment Fund (LAIF) and 42.0% in the San Mateo County Investment Pool (COPOOL) at the end of the quarter. 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 recommended percentages are within the range specified by the C/CAG Board. The actual portfolio mix also reflects the Board approved percentages. Accrued interest earnings for this quarter totaled $321,078.

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

	Qtr Ended 06/30/2026	**Qtr Ended 03/31/2026**	**Increase (Decrease)**
Total Portfolio	$ 33,657,924	$ 35,223,272	$ (1,565,348)
Weighted Average Yield	3.90%	3.92%	-0.02%
Accrued Interest Earnings	$ 321,078	$ 334,651	$ (13,573)

The portfolio balance declined by $1.57 million compared to the prior quarter. This reduction was primarily driven by Smart Corridor expenditures associated with the Northern Expansion project, along with timing differences in Measure M and Congestion Relief & Management revenue receipts and related invoices. In addition, a small decrease in interest rates contributed to a slight reduction in accrued earnings.

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, 2026, the portfolio contains sufficient liquidity to meet at least 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 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, 2026
2 – Historical Summary of Investment Portfolio

CITY & COUNTY ASSOCIATION OF GOVERNMENTS

SUMMARY OF ALL INVESTMENTS
For Quarter Ending June 30, 2026

Category	Quarterly Interest Rate**	Historical Book Value	% of Portfolio	GASB 31 ADJ Market Value
Liquid Investments:				
Local Agency Investment Fund (LAIF)	3.81%	19,429,217	58%	19,407,309
San Mateo County Investment Pool (COPOOL)	4.01%	14,228,707	42%	14,278,792
Agency Securities				
none				
Total - Investments	**3.90%**	**33,657,924**	**100%**	**33,686,101**
GRAND TOTAL OF PORTFOLIO	**3.90%**	**$ 33,657,924**	**100%**	**$ 33,686,101**

Total Interest Earned This Quarter	**321,078**
Total Interest Earned (Loss) Fiscal Year-to-Date	**1,328,720**

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

LAIF - 50% to 70%
COPOOL - 30% to 50%

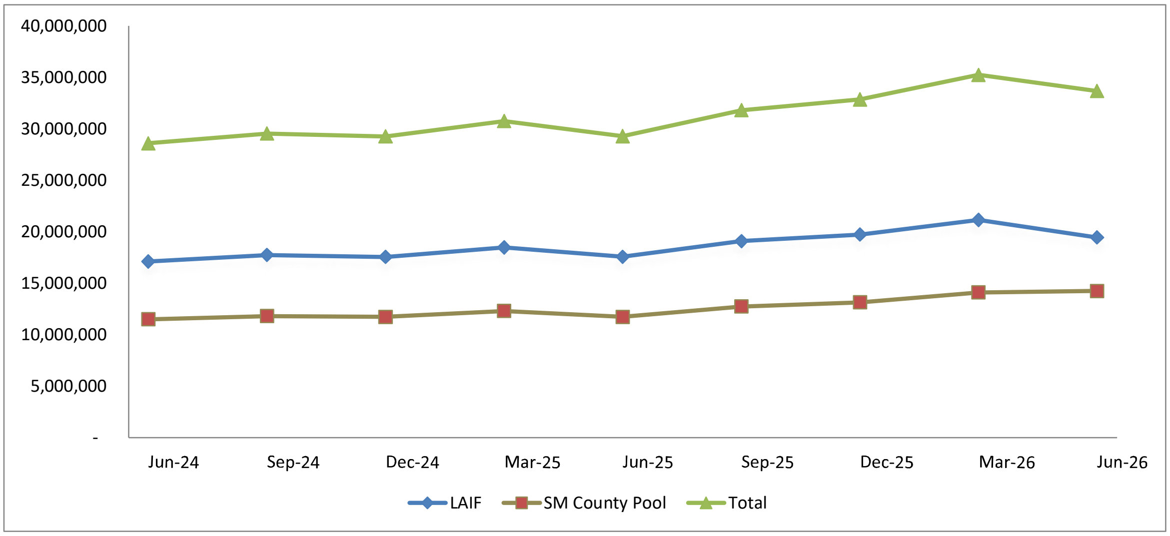
On December 2, 2020, the Finance Committee reviewed the investment portfolio and noted the increasing gap between the quarterly interest rate, net of administrative fees, of LAIF and the COPOOL, with LAIF lagging behind the COPOOL. The Finance Committee recommended no change to the investment portfolio, 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, 2026



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-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26
LAIF	17,093,105	17,723,603	17,526,929	18,464,017	17,564,681	19,069,828	19,717,245	21,125,362	19,429,217
SM County Pool	11,485,218	11,799,618	11,706,841	12,288,882	11,705,457	12,730,454	13,122,272	14,097,910	14,228,707
Total	28,578,323	29,523,221	29,233,769	30,752,899	29,270,138	31,800,282	32,839,516	35,223,272	33,657,924

ITEM 5

C/CAG Agenda Report

Date: August 27, 2026

To: C/CAG Finance Committee

From: Kaki Cheung, Interim Executive Director

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

(For further information contact kcheung1@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 states 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.

Prior modifications to the policy have been made to be consistent with standards as recommended by the California Debt and Investment Advisory Commission (CDIAC). The amendments are primarily statutory and administrative updates that conform C/CAG's policy to current State law and CDIAC guidance. They do not change the Policy's fundamental investment objectives or priorities of safety, liquidity, and yield.

EQUITY IMPACTS AND CONSIDERATIONS

C/CAG's Investment Policy supports investment in authorized issuers that display adherence to strong environmental, social and governance (ESG) principles, including but not limited to, environmental sustainability, social and economic justice, and good corporate governance.

Attachment

1. Investment Policy Change Summary
2. Draft update of the C/CAG Investment Policy

C/CAG Investment Policy – 2026 Annual Update

Summary of Proposed Changes and Implications

Policy Area	Proposed Change	Implication for C/CAG	Characterization
Commercial paper – maximum maturity	Increases the maximum maturity for eligible commercial paper from 270 days to 397 days.	Conforms the policy to the 2026 statutory change under Government Code § 53601(h). Provides additional maturity flexibility but does not require C/CAG to purchase longer-dated commercial paper.	Statutory alignment
Commercial paper – portfolio limit	Updates the maximum portfolio allocation for eligible commercial paper from 25% to up to 40% through 2031, subject to applicable statutory requirements, with the limit reverting to 25% thereafter.	Potentially provides additional investment flexibility. The 40% authority applies only where statutory eligibility requirements are met, including the applicable investment-assets-under-management threshold.	Statutory alignment; expands allowable flexibility
U.S. government-issued or government-backed securities	Recognizes the extension through January 1, 2031 of authority under Government Code § 53601.6 for certain U.S. government-issued or government-backed securities that may result in zero-interest accrual if held to maturity.	Extends an existing statutory investment authority. It does not require C/CAG to invest in these securities.	Statutory alignment
Prohibited investments	Clarifies that annuities, real estate investment trusts (REITs), exchange-traded funds (ETFs), and equities are prohibited investments.	Makes the policy clearer regarding investment types that are not permissible for the C/CAG portfolio; does not expand investment authority.	Clarifying / administrative

Financial disclosure requirements	Updates the ethics and conflicts-of-interest provision to reflect Form 700 filing requirements for officials who manage public investments.	Aligns the policy with updated State financial disclosure requirements and clarifies who is subject to those requirements.	Compliance / administrative
Other technical and housekeeping revisions	Makes minor terminology, grammar, and conforming edits, including updates within the qualified broker/dealer and authorized investment provisions.	Improves consistency and clarity without changing C/CAG's underlying investment objectives or overall risk framework.	Administrative / housekeeping

Attachment 2

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

INVESTMENT POLICY

Adopted on September xx, 2026

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 53600 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

<u>Safety of Principal</u>

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 forty-five (45) 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,~~ T~~t~~he Fiscal Agent’s Administrative Services Director, ~~and~~ the Financial Services Manager, and all other officials who manage public investments 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 ~~as~~ensure compliance with investment processes 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 forty-five (45) 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 brokers/dealers approved to do business with C/CAG. 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, 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. 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.

   Socially Responsible Investment. In addition to and while complying with California Government Code provisions that regulate the investment of public funds (which require that, when managing and investing public funds, the objectives shall be, primarily, to safeguard principal of invested funds; secondarily, to meet the liquidity needs of the local government; and third, to achieve a return on invested funds), C/CAG recognizes the importance of socially responsible investing. C/CAG supports that the County's Treasurer will consider and promote investment in authorized issuers that display adherence to strong environmental, social and governance (ESG) principles, including but not limited to, environmental sustainability, social and economic justice, and good corporate governance. The County's Socially Responsible Investment Objectives can be found on page 3 of the San Mateo County Investment Policy Statement.

4. 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. Securities eligible for investment under this subdivision and not issued or guaranteed by an agency or issuer identified in California Government Code Section 53601 subdivision (b) or (f) 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% 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.

5. 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.

6. 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 397~~270~~ days to maturity and may not exceed 40~~25~~% of the value of the portfolio until January 31, 2031, and 25% thereafter. The amount invested in commercial paper of any one issuer in combination with any other securities from that issuer shall not exceed 10% of the portfolio.

7. 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.

8. 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, 2031, the maximum percentage of the portfolio reverts back to 30%. Investments made pursuant to 53635.8 remain subject to a maximum of 30% of the portfolio.

9. 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.

10. 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, and insurance products like annuities. Other~~, and~~ investments commonly held in personal investment portfolios such as real estate investment trusts (REITs), exchange traded funds (EFTs), and equities are prohibited investments~~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.

11. 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.	(C)
San Mateo County Investment Pool	53684	Upon Demand	N/A	As approved by the C/CAG Board	(C)©
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)	397~~270~~ Days	Highest letter and number rating by an NRSRO	40~~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.
(C) C/CAG Board approved the investment portfolio mix on November 13, 2013.
LAIF - 50% to 70%
COPOOL – 30% to 50%

DERIVATIVE INVESTMENTS

The use of derivatives is prohibited under this policy. Derivatives are financial instruments whose performance is derived, at least in part, from the performance of an underlying asset, security or index.

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.

Effective January 1, 2026, the C/CAG acknowledges the extension of Government Code § 53601.6 authorizing investment in U.S. government-issued or government-backed securities that may result in zero-interest accrual if held to maturity, through January 1, 2031.

INTEREST EARNINGS

All money 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.

Secured Overnight Financing Rate (SOFR)- represents a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities.

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 27, 2026

To: C/CAG Finance Committee

From: Kaki Cheung, Interim Executive Director

Subject: Review and approve the comparator agencies for the C/CAG Classification and Compensation Study.

(For further information contact kcheung1@smcgov.org)

RECOMMENDATION

That the C/CAG Finance Committee receives a presentation from Gallagher, provides feedback on the proposed comparator agencies, and approves the comparator agency list for use in completing the Classification and Compensation Study.

FISCAL IMPACT

There is no direct fiscal impact for receiving this report and presentation. Fiscal impacts that result from the classification and compensation study will be considered as a part of the review of the completed study.

SOURCE OF FUNDS

The cost of this study was included as a part of C/CAG's fiscal year 2026-27 budget.

BACKGROUND

Maintaining competitive compensation and benefits is an important part of recruiting and retaining employees who work for C/CAG. Because of the specialized nature of many of the positions within C/CAG, conducting a classification and compensation study is needed to ensure job descriptions and salary ranges are appropriate for the work being done by C/CAG staff.

C/CAG contracted with Gallagher to perform this study, and a critical initial step in the study is selecting comparator agencies with which to benchmark C/CAG staff positions. Gallagher has reviewed existing job descriptions, salary ranges, and benefits plans for all of C/CAG's budgeted positions and has made recommendations for appropriate comparator agencies. Gallagher will present these recommendations to the Finance Committee, and staff is seeking Committee's approval on the recommended comparator list to complete the Study.

EQUITY IMPACTS AND CONSIDERATIONS

This item is necessary for C/CAG's administrative function. Maintaining competitive compensation and benefits, along with ensuring job descriptions accurately reflect work responsibilities, supports compensation equity considerations throughout C/CAG.

ATTACHMENT

1. Comparator agency memo

Attachment 1

Gallagher
Insurance | Risk Management | Consulting
Formerly Koff & Associates

To: City/County Association of Governments of San Mateo County (C/CAG)

From: Renate Tiner, Senior Consultant

Subject: Proposed Comparator Agency Market for Compensation Study

Date: August 19, 2026

Gallagher evaluated several comparative indicators related to C/CAG's organizational characteristics, financial resources, labor market, cost of living, and scope of services to develop a proposed list of comparator agencies for the compensation study. The methodology incorporated both quantitative measures and qualitative considerations intended to identify organizations that are similar to C/CAG in structure and mission while also representing relevant recruitment markets for professional, technical, engineering, environmental, and administrative talent. The methodology and specific criteria used in the analysis are summarized below.

1. Organizational Type and Structure:

   Gallagher generally recommends that agencies of similar organizational type providing comparable services be used as primary comparators. C/CAG is a unique regional agency that performs transportation planning, land use planning, air quality, stormwater program, and related regional coordination functions on behalf of member agencies throughout San Mateo County. Therefore, the analysis considered Councils of Governments (COGs), transportation authorities, county agencies, and municipal organizations that perform similar planning, transportation, environmental, and regional coordination responsibilities.

2. Staffing, Financial Resources, and Service Profile:

   The analysis evaluated each organization based on:

- Geographic proximity
- Full-time equivalent staffing (FTE)
- Agency expenditures
- Cost of living
- Comparable services

Particular emphasis was placed on identifying organizations that provide services similar to those performed by C/CAG. In consultation with the client, service similarity was weighted based on the importance of the following program areas:

- Transportation Planning
- Land Use Planning (airports specifically)
- Stormwater Planning
- Air Quality Planning
- Express Lane Management

Transportation planning received the greatest weight in the service comparison because it represents a primary component of C/CAG's mission. Land use planning, express lane management, and stormwater management received secondary weighting, while air quality services received lesser weight. Agencies performing a greater number of these core functions received stronger service comparability scores.

3. Geographic location and Labor market:

   An important consideration in selecting comparator organizations is the geographic labor market in which C/CAG competes for talent. While organizational similarities remain important, today's workforce is significantly more mobile than in previous decades. Employees frequently consider opportunities across a broader regional market and employers often recruit from outside their immediate jurisdictional boundaries. Therefore, organizations operating within the broader Bay Area labor market were given particular consideration because they represent potential recruitment and retention competitors for C/CAG employees.

The comparator agency analysis includes specific data for each proposed agency:

1. Geographic Proximity
2. Full-Time Equivalent (FTE)
3. Agency Financials (Expenditures)
4. Cost of Living
5. Services provided

The comparator analysis generated an overall comparison score based on geographic proximity, staffing levels, agency expenditures, cost of living, and service comparability. However, the final recommendations were not based solely on numerical rankings. Instead, the recommended comparator group reflects a balance between organizational similarity, service alignment, and labor-market relevance.

This distinction is particularly important because agencies may rank highly due to similarities in size or organizational form yet operate within substantially different labor markets. Conversely, some agencies may rank slightly lower in overall similarity but represent significant recruitment and retention competitors and therefore provide valuable compensation for benchmarking data.

Recommended Comparator Agencies

Gallagher recommends the following organizations for inclusion in the compensation study:

- County of San Mateo
- Association of Bay Area Governments (MTC)
- City of San Mateo
- Transportation Authority of Marin
- Placer County Transportation Planning Agency
- Alameda County Transportation Commission
- County of Santa Clara
- Valley Transportation Authority
- Contra Costa Transportation Authority
- San Francisco County Transportation Authority

In addition, Gallagher recommends surveying the following agencies for Stormwater Program positions only:

- County of Alameda
- County of Marin

- Santa Clara Valley Urban Runoff Pollution Prevention Program

The recommended agencies represent a balanced mix of counties, transportation authorities, regional planning organizations, and municipal employers that either operate within the Bay Area labor market or provide strong alignment with C/CAG's organizational structure and service profile. Several of the recommended agencies were identified as recruitment and retention competitors and employ classifications comparable to those found within C/CAG. These considerations were given significant weight because compensation studies are intended to evaluate competitiveness within the markets from which an organization recruits and to which it may lose talent.

Several recommended agencies demonstrate strong alignment with C/CAG's core functional responsibilities, particularly transportation planning, regional planning, environmental programs, and interagency coordination. County of San Mateo, Association of Bay Area Governments (MTC), and County of Santa Clara demonstrate broad service overlap, while organizations such as Alameda County Transportation Commission, Contra Costa Transportation Authority, Transportation Authority of Marin, San Francisco County Transportation Authority, and Valley Transportation Authority provide strong transportation-related comparability. Placer County Transportation Planning Agency was included due to its organizational and functional alignment despite operating outside of the core Bay Area labor market. The additional stormwater-focused agencies will provide targeted market data for positions supporting C/CAG's stormwater functions.

The recommended comparator market reflects a deliberate balance between quantitative similarity measures and practical labor-market considerations. Although the ranking analysis provides an important foundation for understanding organizational similarities, the recommended comparator group was ultimately developed to capture those organizations that closely align with C/CAG's combination of regional planning responsibilities, transportation-related functions, environmental programs, and labor-market competition. Accordingly, Gallagher believes the recommended comparator group provides a defensible and well-balanced foundation for the compensation study and will produce meaningful market data for evaluating the competitiveness of C/CAG's compensation structure.

Once the comparator agencies are approved, Gallagher can begin data collection for the compensation study.

Item 7

C/CAG AGENDA REPORT

Date: August 27, 2026

To: C/CAG Finance Committee

From: Matt Petrofsky, Senior Program Specialist

Subject: Receive information on the anticipated January 2028 conclusion of Local Government Partnership funding for the San Mateo County Energy Watch program and discuss future program strategies.

(For further information or questions contact Matt Petrofsky at mpetrofsky@smcgov.org)

RECOMMENDATION

Receive information on the anticipated January 2028 conclusion of Local Government Partnership funding for the San Mateo County Energy Watch program and discuss future program strategies.

FISCAL IMPACT

There is no immediate fiscal impact associated with this informational item. The anticipated conclusion of the current LGP funding after December 2027 would eliminate approximately $665,125 annually supporting the San Mateo County Energy Watch (SMCEW), Regionally Integrated Climate Action Planning Support (RICAPS) climate collaborative program, and associated C/CAG staff activities. Any future C/CAG funding commitment or alternative program structure would be brought to the appropriate committees and Board for consideration.

SOURCE OF FUNDS

PG&E utilizes Public Goods Funds to provide Local Government Partnership (LGP) program dollar to C/CAG, under the auspices of the CPUC.

BACKGROUND/DISCUSSION

The San Mateo County Energy Watch Local Government Partnership (LGP) program launched over 15 years ago in 2008 and has continued over eight program funding cycles. C/CAG contracts with the County of San Mateo's Sustainability Department to administer the SMCEW programs.

The current LGP funding cycle ends in December 2027. PG&E has signaled LGP program funds will not be available starting in 2028, as they are shifting focus to align with the goal of advancing and scaling building electrification and focusing on zonal electrification (SB 1221).

PG&E has offered that after 2028 community partnerships roles may still exist, and that they expect to launch reimagined LGP funded pilot programs in the 2nd half of 2027. However, the exact nature and role of those pilots is uncertain, and it is unlikely that these new offerings will allow for substantial continuity with the existing suite of SMCEW programs. This decline in LGP funding represents an $665,125 annual funding gap in Countywide energy efficiency and decarbonization programs.

The Sustainability Department recently released an RFP that includes services to explore the creation of a long-term, diversified financial sustainability strategy for climate mitigation, adaptation, and resilience programing countywide, which could include SMCEW programming, but those are long-term solutions, likely with multi-year implementation timelines. With a little over one year until the current funding expires, C/CAG would like to begin discussions regarding potential short-term funding strategies for existing SMCEW programs.

Currently, the Sustainability Department uses LGP funds for three primary purposes. A description of each and the budgeted amount of LGP funding for CY2026 are below:

1. **SMCEW core services ($450,125)**: The primary goal of the SMCEW program is to help small businesses, public schools, and municipalities across San Mateo County access energy efficiency programs, incentives and resources to help those organizations save energy and money. This work is important to advancing member agencies towards their greenhouse gas emissions reductions goals and advancing decarbonization efforts countywide. SMCEW achieves this by creating outreach and educational materials, providing technical and financial assistance, and funneling interested parties into PG&E and Westlight Energy programs.
2. **Regionally Integrated Climate Action Planning Support (RICAPS) climate collaborative program ($155,000):** The Sustainability Department uses LGP dollars to partially fund the RICAPS program, which supports all jurisdictions in the county with comprehensive and tailored technical support for developing and implementing climate action plans, including, but not limited to, community greenhouse gas emissions inventories and climate action measure quantification tools. RICAPS hosts monthly full-group meetings for jurisdiction staff as well as working groups dedicated to advancing specific decarbonization projects. The program also supports efforts to adopt policies and long-term strategic planning for countywide energy efficiency and emissions reductions efforts. The RICAPS program has been vital for emissions reductions work countywide.
3. **C/CAG staff time ($60,000):** the Sustainability Department uses LGP dollars to contract with C/CAG for staff support services for the SMCEW and RICAPS programs, effectively paying C/CAG as a vendor for supporting those programs. The funds cover approximately 20% of a staff member, plus administrative and executive time.

Matt Petrofsky, Senior Program Specialist of C/CAG, will provide an update on the funding situation and its implications for the Energy Watch Program. Staff will seek Committee feedback on potential future program strategies, including how to address the anticipated reduction in funding for staff support and the Agency’s role in future energy and climate related initiatives.

EQUITY IMPACTS AND CONSIDERATIONS

The SMCEW and RICAPS Climate Collaborative programs contribute to healthier, more resilient communities through improved air quality, reduced energy burdens, and lower greenhouse gas emissions. The SMCEW program further advances equity by directing resources toward moderate-income, underserved, and hard-to-reach households and communities.

ATTACHMENTS

None