



AGENDA
TREASURY OVERSIGHT COMMITTEE
COUNTY OF MONO
STATE OF CALIFORNIA

MEETING LOCATION: Mammoth Lakes CAO Conference Room, 3rd Floor, Sierra Center Mall, Suite 306,
452 Old Mammoth Road, Mammoth Lakes, CA, 93546

TELECONFERENCE LOCATION: CAO Conference Room, 1st Floor, Annex 1, Room 110, 74 North School St.,
Bridgeport, CA 93517

Quarterly Meeting
Wednesday, December 7, 2016
11:00 AM

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- 1. CALL MEETING TO ORDER:**
 - 2. PUBLIC COMMENTS:**
 - 3. MINUTES:**
 - A. Review and approve the minutes of the November 9, 2015 Treasury Oversight Committee Meeting.
 - B. Review and approve the minutes of the August 29, 2016 Treasury Oversight Committee Meeting.
 - 4. DISCUSS SUPERIOR COURT TREASURY BALANCE AND AUTHORIZE LIMIT FOR ONGOING DEFICIT.**
 - 5. STATUS REPORT ON TREASURY OVERSIGHT COMMITTEE MEMBERS AND DISCUSS FILLING OF VACANT MEMBER POST:**
 - A. Mollie Nugent.
 - 6. QUARTERLY INVESTMENT REPORT:**
 - A. Review the Quarterly Investment Report for the Quarter Ended September 30, 2016.
 - 7. INVESTMENT POLICY; REVIEW AND APPROVE TO AGENDIZE FOR BOARD OF SUPERVISOR MEETING IN JANUARY.**
 - 8. QUESTIONS AND RECOMMENDATIONS:**
 - A. "Doodle" Invitation update.
 - 9. NEXT MEETING DATE:**
 - 10. ADJOURN MEETING:**



MEETING MINUTES

TREASURY OVERSIGHT COMMITTEE, COUNTY OF MONO STATE OF CALIFORNIA

MEETING LOCATION: Bridgeport CAO Conference Room, 1st Floor, Annex 1, Room 110
74 North School Street, Bridgeport, CA 93517

TELECONFERENCE LOCATION: Mammoth Lakes CAO Conference Room, 3rd Floor, Sierra Center
Mall, Suite 306, 452 Old Mammoth Road, Mammoth Lakes, CA, 93546

Quarterly Meeting
Monday, November 9, 2015
2:00 p.m.

2:00 PM Call Meeting to Order

Committee Members Present: Olga Gilbert, Leslie L. Chapman, Supervisor Larry Johnston, Shields Richardson, George Savage and Brooke Bien. *Also Present:* Daniel C. Holler

1. MINUTES

- A. Supervisor Larry Johnston made the motion to approve the minutes of the August 10, 2015 Treasury Oversight Committee meeting, *as amended*. Member Shields Richardson seconded the motion. **Vote: 5 Yeas; 0 Nays; 1 Abstention (Bien); 2 Absent (Ecklund and Grossblatt)**
- On page 2, under item 3. Quarterly Investment Report for Quarter Ended: 6/30/2015 item E. (Leslie's comment) was revised to read "although it [the First Bank of Puerto Rico CD] is FDIC insured up to \$250,000.00. There is less than \$1,000.00 at risk due to accrued interest."
- B. Member Brooke Bien made the motion to approve the minutes of the May 4, 2015 Treasury Oversight Committee meeting. Member George Savage seconded the motion. **Vote: 5 Yeas; 0 Nays; 1 Abstention (Richardson); 2 Absent (Ecklund and Grossblatt)**

2. MONO COUNTY STATEMENT OF INVESTMENT POLICY & INVESTMENT STRATEGIES

- A. The committee discussed selling the JPMorgan Chase investment in response to the bank's criminal guilty plea to collusion. However, it was decided to keep this investment because selling it at this time would result in too great of a loss.

- B. Appendix C entitled “Temporary Constraints and Restrictions on Investments” was added to the policy. Item 1. Under this sections reads:
- “County of Mono restricts transactions with the following banks from October 20, 2015 until June 30, 2020: Citigroup, JP Morgan Chase, Barclays, and Royal Bank of Scotland”
- C. Under Section IX. Investment Parameters, now includes a limitation on the portfolio’s Weighted Average Maturity (WAM) of 24 months. Adding this restraint back into the Policy was a suggestion of member Michael Grossblatt. It was taken out of the policy to allow the flexibility needed to build a portfolio with an even ladder of maturities, but Leslie feels comfortable with adding this restriction back in again. A WAM limitation on the portfolio mitigates liquidity risk. In other words if the portfolio’s maturities are heavily weighted in the four to five year range, there is a risk of not having enough liquid assets to meet the treasury pool’s short term needs.
- D. Upon further research Leslie found that California Government Code §27000.1 requires the delegation of authority to invest or to reinvest the funds of the county and the county treasury to be done by ordinance. This clause in the policy (page 2) has been revised to reflect that distinction.
- E. The limitation on commercial paper investments has been changed to 40% so that it is consistent with government code.
- F. Supranationals were added as an authorized type of investment. Although Leslie does not have any intention of investing in these at the moment other California County Treasurers recommended adding supranationals as an option for future investments.
- G. The maximum percentage of callable securities in the portfolio has increased to 35% as agreed upon at the last meeting.
- H. Leslie reminded the group that the policy is submitted to the Board of Supervisors for approval on an annual basis and changes can be made.
- I. The committee discussed a short-term line of credit arrangement with Mammoth Lakes Housing to assist it in exercising purchase options on deed restricted properties for affordable and workforce housing. If this is passed by the board it may trigger a change in the investment policy.
- J. Member Shields Richardson made the motion to submit the investment policy as amended to Mono County Board of Supervisors and member George Savage seconded the motion. **Vote: 6 Yeas; 0 Nays; 2 Absent (Ecklund and Grossblatt)**

3. QUARTERLY INVESTMENT REPORT FOR THE QUARTER ENDED 9/30/2015

- A. The portfolio’s internal rate of return was 0.6570% for the quarter. We were aware last quarter’s earned interest rate of 1.08% was probably too high. This is attributed to the transition to the new financial system and the amortization of premiums and discounts.
- B. The bonds that were called were not reinvested because this is a lean time of year.
- C. It is difficult to make adjustments/corrections for the end of fiscal year because the annual audit has already been completed.
- D. Leslie plans to make a lot more purchases as property tax payments come in.
- E. The portfolio is light on bonds at this time because a majority of our callable holdings were called.
- F. The CD from the Bank Puerto Rico will mature later this month.
- G. Leslie is looking to invest in municipal bonds as well.

- H. As discussed, the bar chart displaying the maturities by quarter has been added to the report and it provides a better visual of the ladder we're striving to achieve.
- I. The 2nd Quarter of 2019 remains vacant because we have not been able to find a decent investment that matures here.
- J. Months of April and December have vacancies because this is when property tax revenue comes in.

4. QUESTIONS/RECOMMENDATIONS

- A. Members were interested in more information about property tax payment cash flows at the next meeting.
- B. By next meeting we should have a new Assistant Director of Finance, Treasurer-Tax Collector, Leslie will continue to do the investing until the position is filled.
- C. The next meeting is scheduled for 2:00 p.m. on Monday, February 1, 2016 and will be teleconferenced at the same two locations.

MEETING ADJOURNED at 2:54 p.m.

Treasury Oversight Committee Secretary, Joanne K. Werthwein,
Email: jwerthwein@mono.ca.gov Phone: (760) 932-5487 (work), (626) 716-1766 (mobile)



MEETING MINUTES

TREASURY OVERSIGHT COMMITTEE, COUNTY OF MONO STATE OF CALIFORNIA

MEETING LOCATION: Mammoth Lakes CAO Conference Room, 3rd Floor, Sierra Center Mall, Suite 306, 452 Old Mammoth Road, Mammoth Lakes, CA 93546

TELECONFERENCE LOCATION: Bridgeport CAO Conference Room, 1st Floor, Annex 1, Room 110, 74 North School Street, Bridgeport, CA 93517

Quarterly Meeting
Monday, August 29, 2016
10:00 AM

Committee Members Present: Janet Dutcher, Gerald Frank, Brooke Bien, George Savage, Shields Richardson.

Alternate Member Present: Dan Holler.

Also Present: Janelle Mills, Secretary.

Committee Members Absent: Larry Johnston, and Caty Ecklund.

Five out of seven Committee Members present, a quorum was met.

1. CALL MEETING TO ORDER:

The meeting was called to order at 10:10 AM by Janet Dutcher.

2. PUBLIC COMMENTS:

None

3. MINUTES:

A. Review and Approve the Minutes of the November 9, 2015 Treasury Oversight Committee Meeting.

At the November 9th meeting, the committee members were different than they are now. County Council suggests that this item be tabled until two new committee members can listen to the recording of the November 9th meeting. After the recording has been heard, the minutes can be approved at the next Treasury Oversight Committee (TOC) meeting. Janet Dutcher and Gerald Frank volunteered to listen to the minutes.

4. STATUS REPORT ON TREASURY OVERSIGHT COMMITTEE MEMBERS AND DISCUSS FILLING OF VACANT MEMBER POST:

Originally the TOC was set up to have eight members. The TOC has seven members as of this date. It was suggested that perhaps Mollie Nugent from Eastern Sierra Unified School District might be interested. There needs to be a letter of intent to serve from the interested person. The Treasurer Tax Collector will nominate the person to the Board of Supervisors. The letter of intent would then go to the Board of Supervisors who will then confirm the interested person. The interested person would then be a member of the TOC.

5. QUARTERLY INVESTMENT REPORT:

A. Review the Quarterly Investment Report for the Quarter Ended March 31, 2016.

The Treasury was in compliance with the Mono County Investment Policy on March 31, 2016. The Weighted Average Maturity (WAM) was 545 days. We are on a 730/2 year WAM.

On a cost basis, the portfolio totaled \$76,027,508.43, and the market value was \$76,090,752.18 or 100.083% of cost. Which is worth more now than it was, indicating that markets have gone down. As of March 31st our Earned Interest Rate 1.0109%. The following charts were gone over, Portfolio Holdings by Security Sector, Distribution by Asset Category-Market Value. The Maturity Distribution shows no large gaps. Where there is a reduced amount reflected, this is due to nothing worth purchasing in that quarter. The Treasury Cash Balances as of the Last Day of the Most Recent 14 Months shows the treasury cash increasing. The Board of Supervisors has asked to show the difference between the holders or investors on this chart. This request is being researched as to how best present the information. The last page is the Quarterly Yield Comparison. Gerald Frank is looking at changing the presentation of this chart. At this time the last day of the month is taken for the 2Year treasury, because this is a quarterly investment report, Mr. Frank would like to take the average for the entire quarter instead of the last day of the month.

B. Review the Quarterly Investment Report for the Quarter Ended June 30, 2016.

The Treasury was in compliance with the Mono County Investment Policy on June 30, 2016. The Weighted Average Maturity (WAM) was 542 days.

On a cost basis, the portfolio totaled \$79,452,329.35, and the market value was \$79,767,680.05 or 100.397% of cost. Again market values were higher than our cost. As of June 30th our Earned Interest Rate 1.0258%. The following charts were gone over, Portfolio Holdings by Security Sector with percentages still holding strong, Distribution by Asset Category-Market Value, Maturity Distribution, Quarterly Yield Comparison. No questions regarding the charts for June 30, 2016.

6. QUESTIONS/RECOMMENDATIONS:

There was a question asked about the pending appeals. Per conversations between Janet Dutcher and the Assessor, a couple appeals will be ready in about twelve to eighteen months. These appeals will result in a loss. Impound reserves have been established to cover the loss so that our agencies will not be impacted with the sudden drop in revenues. At this time there is no dollar amount.

No other questions or recommendations.

7. NEXT MEETING DATE:

The next TOC meeting will be in November. Larry Johnston's suggestion of using Doodle to set up meeting dates is working well for all members. The November meeting will include the investment policy review.

8. ADJOUR MEETING:

Meeting adjourned at 10:36 AM.

Respectfully Submitted:
Janelle Mills, Treasury Oversight Committee Secretary



DEPARTMENT OF FINANCE

COUNTY OF MONO

Gerald A. Frank
Assistant Finance Director
Treasurer-Tax Collector

Janet Dutcher, CPA, CGFM
Finance Director

Stephanie Butters
Assistant Finance Director
Auditor-Controller

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Date: November 1, 2016
To: Honorable Board of Supervisors
Treasury Oversight Committee
Treasury Pool Participants
From: Gerald Frank
Subject: Quarterly Investment Report

The Treasury Pool investment report for the quarter ended September 30, 2016 is attached pursuant to Government Code §53646(b) and includes the following reports:

- **Portfolio Holdings by Security Sector** - includes, among other information, the type of investment, issuer, date of maturity, par value, dollar amount invested in all securities and market value as calculated by Union Bank, in accordance with Government Code §53646(b)(1).
- **Distribution by Asset Category – Market Value** – Provides a graphic to make it easy to see the asset allocation by type of security.
- **Distribution by Maturity Range – Face Value** – Provides a bar graph to see the maturities of the various investments and gives the reader a sense of the liquidity of the portfolio.
- **Treasury Cash Balances as of the Last Day of the Most Recent 14 Months** – Shows that the current mix of cash and investments is stable and consistent when compared to prior months and particularly the same time last year. Additionally, the maturities section at the bottom shows that there is work to be done in structuring future investments to smooth out cash flows and ensure liquidity.
- **Mono County Treasury Pool Quarterly Yield Comparison** – Shows, at a glance, the county pool performance in comparison to two year US Treasuries and the California Local Agency Investment Fund (LAIF).
- **Mono County Treasury Pool Participants** – Provides a graphic to make it easy to see the types of pool participants.

The County also has monetary assets held outside the County Treasury including:

- The Sheriff’s Department has two accounts: The Civil Trust Account and the Sheriff’s Revolving Fund. The balances in these accounts as of September 30, 2016 were \$31,549.58 and \$3,819.81 respectively.
- Solid Waste has an account that is required by California Integrated Waste as security for a zero interest loan. The County is required to maintain a balance equal to two months’ payments. The balance in this account as of September 30, 2016 was \$74,445.99.
- Mono County’s OPEB (Other Post Employment Benefit) trust fund with PARS had a balance of \$15,139,959.84 as of August 31, 2016. This is an irrevocable trust to mitigate the liability for the County’s obligation to pay for retiree health benefits.

The Treasury was in compliance with the Mono County Investment Policy on September 30, 2016.

Weighted Average Maturity (WAM) as of September 30, 2016 was 668 days.

It is anticipated that the County Treasury will be able to meet the liquidity requirements of its pooled participants for the next six months.

The investments are presented at fair market value in accordance with Government Accounting Standards Board (GASB) Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Pools. On the last day of the quarter, on a cost basis, the portfolio totaled \$71,303,032.60, and the market value was \$71,638,989.85 (calculated by Union Bank) or 100.471% of cost. Market value does not include accrued interest which was \$177,088.57 on the last day of the quarter.

Investment Pool earnings are as shown below:

Quarter Ending	12/31/2015	3/31/2016	6/30/2016	9/30/2016
Average Daily Balance	\$68,955,816	\$74,447,680	\$83,247,611	\$75,451,284
Earned Interest (including accruals)	\$194,524	\$187,121	\$212,315	\$198,624
Earned Interest Rate	1.1192%	1.0109%	1.0258%	1.0473%
Number of Days in Quarter	92	91	91	92
Interest Received	\$190,366	\$163,149	\$202,778	\$203,855
Administration Costs	\$13,107	\$13,468	\$4,285	\$6,639
Net Interest for Apportionment	\$177,259	\$149,681	\$198,493	\$197,216



Mono County Portfolio Holdings by Security Sector As of September 30, 2016

Description	Settlement Date	Cost Value	Face Amount/Shares	Market Value	Coupon Rate	YTM @ Cost	Maturity Date	Days To Maturity	Credit Rating	Accrued Interest	% of Portfolio
Cash											
Oak Valley Bank Cash	02/28/2009	4,281,513.57	4,281,513.57	4,281,513.57	0.734	0.734	N/A	1	None		6.00
Sub Total / Average		4,281,513.57	4,281,513.57	4,281,513.57	0.734	0.734		1		0.00	6.00
LAIF											
Local Agency Investment Fund LGIP-Quarterly	07/01/2014	16,807,275.20	16,807,275.20	16,807,275.20	0.634	0.634	N/A	1	NR	35,959.26	23.57
Sub Total / Average		16,807,275.20	16,807,275.20	16,807,275.20	0.634	0.634		1		35,959.26	23.57
Financial System Loan-Mono County											
Financial System Loan-Mono County 1.25 6/30/2019	06/30/2015	184,243.83	184,243.83	184,243.83	1.250	1.250	06/30/2019	1,003	None	0.00	0.26
Sub Total / Average		184,243.83	184,243.83	184,243.83	1.250	1.250		1003		0.00	0.26
CD Negotiable											
1st SOURCE BANK 1.15 1/30/2018	06/30/2015	245,000.00	245,000.00	246,070.65	1.150	1.150	01/30/2018	487	None	710.16	0.34
ALLY BK MIDVALE UTAH 1.45 2/11/2019	02/11/2016	245,000.00	245,000.00	248,456.95	1.450	1.450	02/11/2019	864	None	486.64	0.34
AMERICAN EXPRESS CENTURION BK 1.85 4/29/2020	04/29/2015	245,000.00	245,000.00	251,705.65	1.850	1.850	04/29/2020	1,307	None	1,912.34	0.34
BANK NORTH CAROLINA THOMASVILLE NC 1 6/30/2017	06/30/2015	245,000.00	245,000.00	245,720.30	1.000	1.000	06/30/2017	273	None	6.71	0.34
BANKUNITED ANTL ASSN 0.75 8/31/2017	08/31/2016	245,000.00	245,000.00	245,107.80	0.750	0.750	08/31/2017	335	None	151.03	0.34
BBCN BANK 0.9 2/26/2018	08/26/2016	245,000.00	245,000.00	244,995.10	0.900	0.900	02/26/2018	514	None	24.16	0.34
BLOOMSDALE BANK 0.6 12/19/2016	02/17/2016	245,000.00	245,000.00	245,058.80	0.600	0.600	12/19/2016	80	None	52.36	0.34
BMO HARRIS BANK NA 1.05 3/2/2018	03/03/2016	245,000.00	245,000.00	246,180.90	1.050	1.050	03/02/2018	518	None	190.29	0.34
BMW Bank of North America 1.35 1/23/2018	01/23/2015	245,000.00	245,000.00	246,700.30	1.350	1.350	01/23/2018	480	None	625.25	0.34
BRAND BKG CO LAWRENCEVILLE GA 0.85 11/30/2017	08/30/2016	245,000.00	245,000.00	245,019.60	0.850	0.850	11/30/2017	426	None	0.00	0.34
BROOKLINE BK MASS 0.75 10/30/2017	07/29/2016	245,000.00	245,000.00	245,061.25	0.750	0.750	10/30/2017	395	None	5.03	0.34
CAPITAL BK LITTLE ROCK 0.9 2/28/2018	05/29/2015	245,000.00	245,000.00	246,188.25	0.900	0.900	02/28/2018	516	None	6.04	0.34
CAPITAL ONE BANK USA NATL ASSN 1.8 1/22/2020	01/26/2015	245,000.00	245,000.00	253,185.45	1.800	1.800	01/22/2020	1,209	None	845.75	0.34
CIT BK SALT LAKE CITY 2.25 11/26/2019	11/26/2014	245,000.00	245,000.00	253,440.25	2.250	2.250	11/26/2019	1,152	None	1,918.05	0.34
COMENITY CAP BK SALT LAKE CITY UTAH 1.6 4/12/2021	04/11/2016	245,000.00	245,000.00	250,331.20	1.600	1.600	04/12/2021	1,655	None	204.05	0.34
COMMERCE ST BK WEST BEND WIS 1.65 9/26/2019	06/26/2015	245,000.00	245,000.00	249,819.15	1.650	1.650	09/26/2019	1,091	None	44.30	0.34
COMMONWEALTH BUSINESS BK LOS ANGELES CALIF 0.75 8/	08/29/2016	245,000.00	245,000.00	245,095.55	0.750	0.750	08/29/2017	333	None	5.03	0.34
CONNECTONE BK ENGLEWOOD 1.55 7/29/2019	01/28/2015	245,000.00	245,000.00	251,830.60	1.550	1.550	07/29/2019	1,032	None	20.81	0.34
DISCOVER BK GREENWOOD DEL 1.9 5/6/2020	05/06/2015	245,000.00	245,000.00	251,705.65	1.900	1.900	05/06/2020	1,314	None	1,874.75	0.34
EAST BOSTON SVGS NK BOSTON MA 0.7 10/27/2017	07/27/2016	245,000.00	245,000.00	245,090.65	0.700	0.700	10/27/2017	392	None	14.10	0.34
ENERBANK USA SALT LAKE CITYUTAH 1.05 8/31/2018	08/31/2016	245,000.00	245,000.00	245,031.85	1.050	1.050	08/31/2018	700	None	0.00	0.34
FIRST BUSINESS BK MADISON WIS 1.9 1/13/2021	01/13/2016	245,000.00	245,000.00	255,169.95	1.900	1.900	01/13/2021	1,566	None	1,007.52	0.34
FIRST NIAGARA BK NATL ASSN 1.35 1/8/2018	01/08/2016	245,000.00	245,000.00	246,239.70	1.350	1.350	01/08/2018	465	None	761.18	0.34
FIRSTTRUST SVGS BK CONSHOHOCKENPA 0.7 10/23/2017	07/22/2016	245,000.00	245,000.00	245,173.95	0.700	0.700	10/23/2017	388	None	37.59	0.34
FLUSHING BANK N Y 1.8 12/10/2018	12/10/2014	245,000.00	245,000.00	248,591.70	1.800	1.800	12/10/2018	801	None	181.23	0.34
FREEDOM BK OF VA VIENNA VA 0.75 11/14/2017	08/12/2016	245,000.00	245,000.00	245,068.60	0.750	0.750	11/14/2017	410	None	90.62	0.34
FREEDOM FIN BK W DES MOINES 1.5 7/26/2019	01/27/2015	245,000.00	245,000.00	251,813.45	1.500	1.500	07/26/2019	1,029	None	30.21	0.34
GOLDMAN SACHS BK USA NEW YORK 1.9 4/22/2020	05/05/2015	244,387.50	245,000.00	251,695.85	1.900	1.953	04/22/2020	1,300	None	2,053.30	0.34
INDEPENDENCE BK KY OWENSBORO 0.9 2/28/2018	08/31/2016	245,000.00	245,000.00	244,990.20	0.900	0.900	02/28/2018	516	None	0.00	0.34



Mono County Portfolio Holdings by Security Sector As of September 30, 2016

Description	Settlement Date	Cost Value	Face Amount/Shares	Market Value	Coupon Rate	YTM @ Cost	Maturity Date	Days To Maturity	Credit Rating	Accrued Interest	% of Portfolio
INVESTORS BANK 0.85 11/30/2017	08/31/2016	245,000.00	245,000.00	245,046.55	0.850	0.850	11/30/2017	426	None	171.16	0.34
ISABELLA BANK 0.75 3/28/2017	05/28/2015	245,000.00	245,000.00	245,296.45	0.750	0.750	03/28/2017	179	None	10.07	0.34
MAHOPAC NATL BK N Y 1.45 7/30/2019	01/30/2015	245,000.00	245,000.00	251,769.35	1.450	1.450	07/30/2019	1,033	None	603.44	0.34
MB FINANCIAL BANK, NATIONAL ASSN 1.8 1/15/2021	01/15/2016	245,000.00	245,000.00	255,209.15	1.800	1.800	01/15/2021	1,568	None	181.23	0.34
MERRICK BK SOUTH JORDAN UTAH 0.85 1/30/2017	01/30/2015	245,000.00	245,000.00	245,377.30	0.850	0.850	01/30/2017	122	None	11.41	0.34
MIDDLETON COMMUNITY BANK 1.4 11/27/2018	01/27/2015	245,000.00	245,000.00	249,797.10	1.400	1.400	11/27/2018	788	None	28.19	0.34
MUFG Union Bank NA 0.95 4/6/2017	04/06/2016	245,000.00	245,000.00	244,789.30	0.950	0.950	04/06/2017	188	None	1,128.68	0.34
SALLIE MAE BK SALT LAKE CITY UT 1.8 2/18/2021	02/18/2016	245,000.00	245,000.00	251,482.70	1.800	1.800	02/18/2021	1,602	None	519.53	0.34
SANTANDER BK NA WILMINGTON DE 0.75 3/2/2017	03/02/2016	245,000.00	245,000.00	245,264.60	0.750	0.750	03/02/2017	153	None	1,067.26	0.34
SOUTHERN BANK 1 1/30/2018	09/30/2016	245,000.00	245,000.00	244,914.25	1.000	1.000	01/30/2018	487	None	0.00	0.34
STATE BK & TR CO DEFIANCE OHIO 1.6 2/17/2021	02/17/2016	245,000.00	245,000.00	252,590.10	1.600	1.600	02/17/2021	1,601	None	139.62	0.34
SYNCHRONY BANK 2 3/20/2020	03/20/2015	245,000.00	245,000.00	251,833.05	2.000	2.000	03/20/2020	1,267	None	134.25	0.34
SYNOVUS BANK 0.85 2/6/2017	02/05/2015	245,000.00	245,000.00	245,418.95	0.850	0.850	02/06/2017	129	None	319.51	0.34
Third Federal Savings and Loan Assn. of Cleveland	03/26/2015	245,000.00	245,000.00	252,119.70	1.800	1.800	03/26/2020	1,273	None	48.33	0.34
UNITY BK CLINTON NJ 1.5 9/26/2019	05/26/2015	245,000.00	245,000.00	249,757.90	1.500	1.500	09/26/2019	1,091	None	40.27	0.34
WASHINGTON TR CO WESTERLY RI 1.1 8/30/2018	08/30/2016	245,000.00	245,000.00	245,031.85	1.100	1.100	08/30/2018	699	None	228.89	0.34
WELLS FARGO BK NA SIOUXFALLS SD 1.6 8/3/2021	08/03/2016	245,000.00	245,000.00	244,906.90	1.600	1.600	08/03/2021	1,768	None	289.97	0.34
Worlds Foremost Bk Sidney NE 1.75 5/5/2021	05/05/2016	200,000.00	200,000.00	202,492.00	1.750	1.750	05/05/2021	1,678	None	239.73	0.28
Sub Total / Average		11,469,387.50	11,470,000.00	11,613,636.50	1.284	1.285		797		18,420.04	16.09
Corporate Bonds											
Apple Inc 1 5/3/2018	05/15/2013	497,300.00	500,000.00	499,305.00	1.000	1.112	05/03/2018	580	S&P-AA	2,041.67	0.70
General Electric Cap Corp 1.625 4/2/2018	05/14/2013	506,735.00	500,000.00	505,105.00	1.625	1.339	04/02/2018	549	Fitch-AA	4,017.36	0.70
Intel Corp 1.35 12/15/2017-14	05/27/2014	502,250.00	500,000.00	501,560.00	1.350	1.220	12/15/2017	441	Fitch-A	1,968.75	0.70
JPMORGAN CHASE 2.35 1/28/2019	04/14/2015	1,021,450.00	1,000,000.00	1,016,650.00	2.350	1.762	01/28/2019	850	Fitch-A	4,047.22	1.40
MICROSOFT CORP 2 11/3/2020-20	12/28/2015	501,580.00	500,000.00	510,365.00	2.000	1.931	11/03/2020	1,495	Fitch-AA	4,083.33	0.70
Pfizer Inc 0.9 1/15/2017-14	01/15/2014	498,085.00	500,000.00	499,970.00	0.900	1.030	01/15/2017	107	Moody's-A1	937.50	0.70
Toyota Motor Credit Corp 1.2 4/6/2018	04/15/2016	501,005.00	500,000.00	500,145.00	1.200	1.097	04/06/2018	553	Fitch-A	2,866.67	0.70
Union Bank 2.125 6/16/2017	01/09/2013	517,250.00	500,000.00	503,570.00	2.125	1.322	06/16/2017	259	Fitch-A	3,069.44	0.70
US Bancorp 1.65 5/15/2017	05/11/2012	502,365.00	500,000.00	501,455.00	1.650	1.551	05/15/2017	227	Fitch-AA	3,093.75	0.70
Wells Fargo 1.5 1/16/2018	05/14/2013	502,950.00	500,000.00	500,635.00	1.500	1.369	01/16/2018	473	S&P-A	1,541.67	0.70
Sub Total / Average		5,550,970.00	5,500,000.00	5,538,760.00	1.641	1.409		580		27,667.36	7.71
Municipal Bonds											
City of San Jose CA Airport 4.75 3/1/2020-11	09/14/2016	550,655.00	500,000.00	547,615.00	4.750	1.724	03/01/2020	1,248	S&P-AA	1,913.19	0.70
El Monte CA School District GO 1.698 5/1/2018	06/12/2014	503,340.00	500,000.00	506,745.00	1.698	1.521	05/01/2018	578	Moody's-Aa3	3,513.92	0.70
HAWTHORNE CA CTFS 1.846 8/1/2018	05/17/2016	251,867.50	250,000.00	251,502.50	1.846	1.501	08/01/2018	670	S&P-AA	756.35	0.35
HAWTHORNE CA CTFS 2.096 8/1/2019	05/17/2016	252,680.00	250,000.00	253,130.00	2.096	1.751	08/01/2019	1,035	S&P-AA	858.78	0.35
La Mesa Spring Valley SD 1.886 8/1/2017	05/01/2014	502,920.00	500,000.00	503,360.00	1.886	1.700	08/01/2017	305	Moody's-A1	1,545.47	0.70
Lake Tahoe Unified School District 0 8/1/2017	11/19/2013	619,567.00	650,000.00	643,324.50	0.000	1.300	08/01/2017	305	Moody's-A1	0.00	0.91
LANCASTER REDEV AGY A 2.125 8/1/2021	08/01/2016	661,995.40	655,000.00	662,434.25	2.125	1.900	08/01/2021	1,766	S&P-AA	2,281.13	0.92



Mono County Portfolio Holdings by Security Sector As of September 30, 2016

Description	Settlement Date	Cost Value	Face Amount/Shares	Market Value	Coupon Rate	YTM @ Cost	Maturity Date	Days To Maturity	Credit Rating	Accrued Interest	% of Portfolio
MALIBU CA COPS (MALCTF) 1.6 11/1/2018	07/15/2016	252,935.00	250,000.00	252,502.50	1.600	1.080	11/01/2018	762	S&P-AA	1,655.56	0.35
N ORANGE CNTY CA CMNTY CLG DIST 1.54 8/1/2018	10/15/2015	604,764.00	600,000.00	603,990.00	1.540	1.250	08/01/2018	670	Moodys-Aa1	1,514.33	0.84
Riverside Unified School District-Ref 1.94 8/1/202	05/25/2016	387,156.00	385,000.00	390,547.85	1.940	1.801	08/01/2020	1,401	Moodys-Aa2	1,224.09	0.54
SALDEV 1.25 7/1/2019	08/23/2016	159,774.40	160,000.00	158,334.40	1.250	1.300	07/01/2019	1,004	Fitch-AA-	250.00	0.22
SAN BERNARDINO COMMUNITY COLLEGE DISTRICT 2.136 8/	07/15/2016	510,950.00	500,000.00	508,045.00	2.136	1.050	08/01/2018	670	Moodys-Aa2	1,750.33	0.70
Solano Co Community College 1.384 8/1/2017	05/27/2014	252,210.00	250,000.00	251,230.00	1.384	1.100	08/01/2017	305	Moodys-Aa3	567.06	0.35
SUISUN CITY CA REDEV AGY 1 10/1/2016	01/14/2015	1,030,217.25	1,025,000.00	1,025,000.00	1.000	0.701	10/01/2016	1	S&P-A	5,096.53	1.44
Union School District CA 1.573 9/1/2017	11/29/2012	506,270.00	500,000.00	501,805.00	1.573	1.300	09/01/2017	336	Moodys-Aa1	633.57	0.70
Victor Valley CA Cmnty Clg Dist 1.324 8/1/2019	05/05/2016	276,078.00	275,000.00	275,332.75	1.324	1.200	08/01/2019	1,035	Moodys-Aa2	596.72	0.39
Victor Valley CA Cmnty Clg Dist 1.676 8/1/2020	05/05/2016	261,869.40	260,000.00	261,209.00	1.676	1.500	08/01/2020	1,401	Moodys-Aa2	714.16	0.36
WALNUT VALLEY CA USD 2 8/1/2018	06/26/2015	507,500.00	500,000.00	508,550.00	2.000	1.502	08/01/2018	670	Moodys-Aa2	1,638.89	0.70
Sub Total / Average		8,092,748.95	8,010,000.00	8,104,657.75	1.728	1.365		712		26,510.08	11.23
US Agency											
FFCB 1.06 11/19/2018-16	05/19/2016	1,000,000.00	1,000,000.00	1,000,000.00	1.060	1.060	11/19/2018	780	Moodys-Aaa	3,857.22	1.40
FFCB 1.18 10/18/2019-16	07/18/2016	999,250.00	1,000,000.00	995,370.00	1.180	1.204	10/18/2019	1,113	Moodys-Aaa	2,360.00	1.40
FFCB 1.3 4/21/2020-16	07/22/2016	998,400.00	1,000,000.00	998,730.00	1.300	1.344	04/21/2020	1,299	Moodys-Aaa	2,491.67	1.40
FHLB 1.15 1/28/2019-16	07/28/2016	1,000,000.00	1,000,000.00	999,680.00	1.150	1.150	01/28/2019	850	Moodys-Aaa	1,980.56	1.40
FHLB 1.375 9/1/2020-16	09/28/2016	549,862.50	550,000.00	548,630.50	1.375	1.381	09/01/2020	1,432	Moodys-Aaa	609.20	0.77
FHLMC 0.625 11/1/2016	10/19/2012	1,997,580.00	2,000,000.00	2,000,480.00	0.625	0.655	11/01/2016	32	Moodys-Aaa	5,173.61	2.80
FHLMC 1.05 4/26/2018-16	04/26/2016	999,750.00	1,000,000.00	1,000,360.00	1.050	1.063	04/26/2018	573	Moodys-Aaa	4,491.67	1.40
FHLMC 1.25 12/28/2018-16	03/28/2016	1,000,000.00	1,000,000.00	1,000,170.00	1.250	1.250	12/28/2018	819	Moodys-Aaa	3,194.44	1.40
FHLMC 1.5 2/25/2021-16	08/25/2016	1,250,000.00	1,250,000.00	1,246,650.00	1.500	1.500	02/25/2021	1,609	Moodys-Aaa	1,822.92	1.75
FHLMC 1.7 4/28/2021-16	04/28/2016	1,000,000.00	1,000,000.00	1,000,110.00	1.700	1.700	04/28/2021	1,671	Moodys-Aaa	7,177.78	1.40
FHLMC 1.75 5/30/2019	12/31/2015	1,007,770.00	1,000,000.00	1,020,880.00	1.750	1.516	05/30/2019	972	Moodys-Aaa	5,833.33	1.40
FHLMC 1.75 8/25/2021-16	08/30/2016	1,000,000.00	1,000,000.00	998,230.00	1.750	1.750	08/25/2021	1,790	Moodys-Aaa	1,458.33	1.40
FNMA 1.06 4/26/2019-17	08/19/2016	999,490.00	1,000,000.00	998,410.00	1.060	1.079	04/26/2019	938	Moodys-Aaa	1,884.44	1.40
FNMA 1.25 11/27/2019-17	08/30/2016	1,250,000.00	1,250,000.00	1,249,312.50	1.250	1.250	11/27/2019	1,153	Moodys-Aaa	1,302.08	1.75
FNMA 1.3 1/28/2020-16	07/28/2016	1,000,000.00	1,000,000.00	999,920.00	1.300	1.300	01/28/2020	1,215	Moodys-Aaa	2,238.89	1.40
FNMA 1.32 8/26/2019-16	02/26/2016	1,000,000.00	1,000,000.00	1,000,330.00	1.320	1.320	08/26/2019	1,060	Moodys-Aaa	1,246.67	1.40
FNMA 1.4 8/24/2020-17	08/24/2016	999,900.00	1,000,000.00	1,000,090.00	1.400	1.402	08/24/2020	1,424	Moodys-Aaa	1,400.00	1.40
FNMA 1.45 1/27/2021-17	07/27/2016	999,100.00	1,000,000.00	997,860.00	1.450	1.471	01/27/2021	1,580	Moodys-Aaa	2,537.50	1.40
FNMA 1.5 11/30/2020	12/31/2015	983,000.00	1,000,000.00	1,013,460.00	1.500	1.863	11/30/2020	1,522	Fitch-AAA	5,000.00	1.40
FNMA 1.5 5/28/2021-17	08/30/2016	1,000,000.00	1,000,000.00	999,650.00	1.500	1.500	05/28/2021	1,701	Moodys-Aaa	1,250.00	1.40
FNMA 1.55 6/15/2020-16	03/15/2016	1,000,000.00	1,000,000.00	1,000,740.00	1.550	1.550	06/15/2020	1,354	Moodys-Aaa	645.83	1.40
FNMA 1.55 7/28/2021-16	07/28/2016	1,000,000.00	1,000,000.00	993,770.00	1.550	1.550	07/28/2021	1,762	Moodys-Aaa	2,669.44	1.40
FNMA 1.625 1/21/2020	06/24/2015	997,400.00	1,000,000.00	1,017,990.00	1.625	1.684	01/21/2020	1,208	Moodys-Aaa	3,114.58	1.40
FNMA 1.875 12/28/2020	12/31/2015	1,000,000.00	1,000,000.00	1,028,080.00	1.875	1.875	12/28/2020	1,550	Moodys-Aaa	4,791.67	1.40
Sub Total / Average		25,031,502.50	25,050,000.00	25,108,903.00	1.348	1.363		1,177		68,531.83	35.13
Total / Average		71,417,641.55	71,303,032.60	71,638,989.85	1.198	1.144		669		177,088.57	100



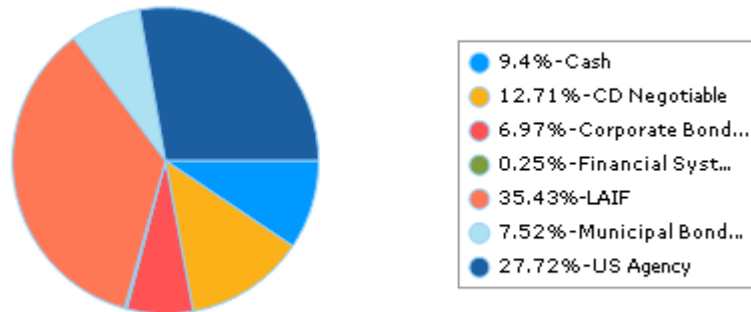
Mono County Distribution by Asset Category - Market Value Investment Portfolio

Begin Date: 6/30/2016, End Date: 9/30/2016

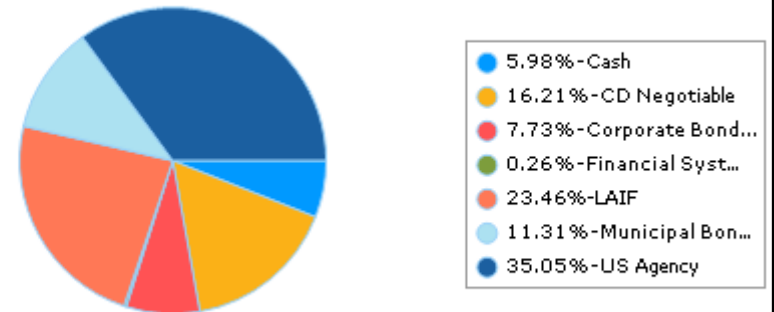
Asset Category Allocation

Asset Category	Market Value 6/30/2016	% of Portfolio 6/30/2016	Market Value 9/30/2016	% of Portfolio 9/30/2016
Cash	7,500,796.74	9.40	4,281,513.57	5.98
CD Negotiable	10,136,481.00	12.71	11,613,636.50	16.21
Corporate Bonds	5,560,795.00	6.97	5,538,760.00	7.73
Financial System Loan-Mono County	198,013.70	0.25	184,243.83	0.26
LAIF	28,262,603.51	35.43	16,807,275.20	23.46
Municipal Bonds	5,996,900.10	7.52	8,104,657.75	11.31
US Agency	22,112,090.00	27.72	25,108,903.00	35.05
Total / Average	79,767,680.05	100.00	71,638,989.85	100.00

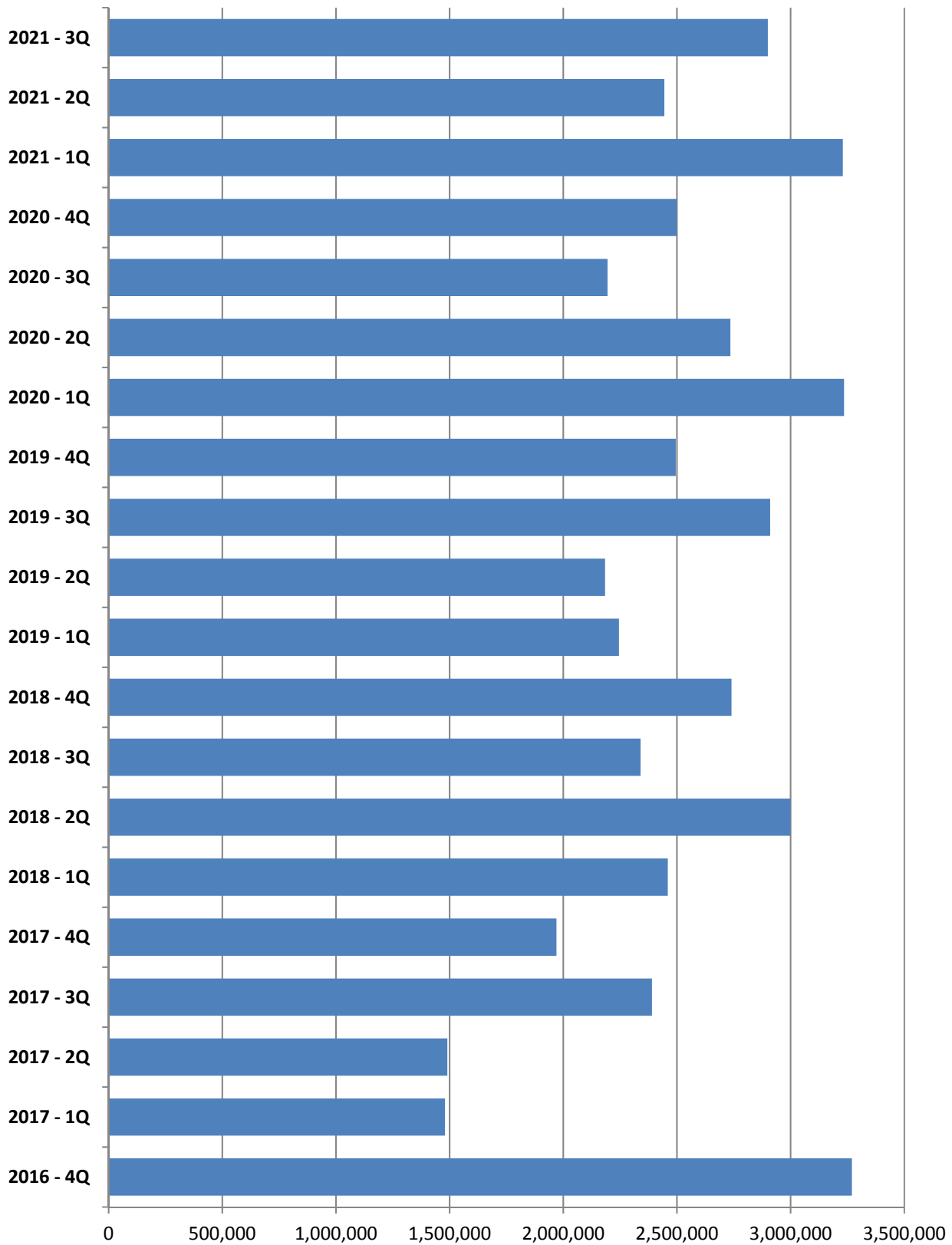
Portfolio Holdings as of 6/30/2016



Portfolio Holdings as of 9/30/2016

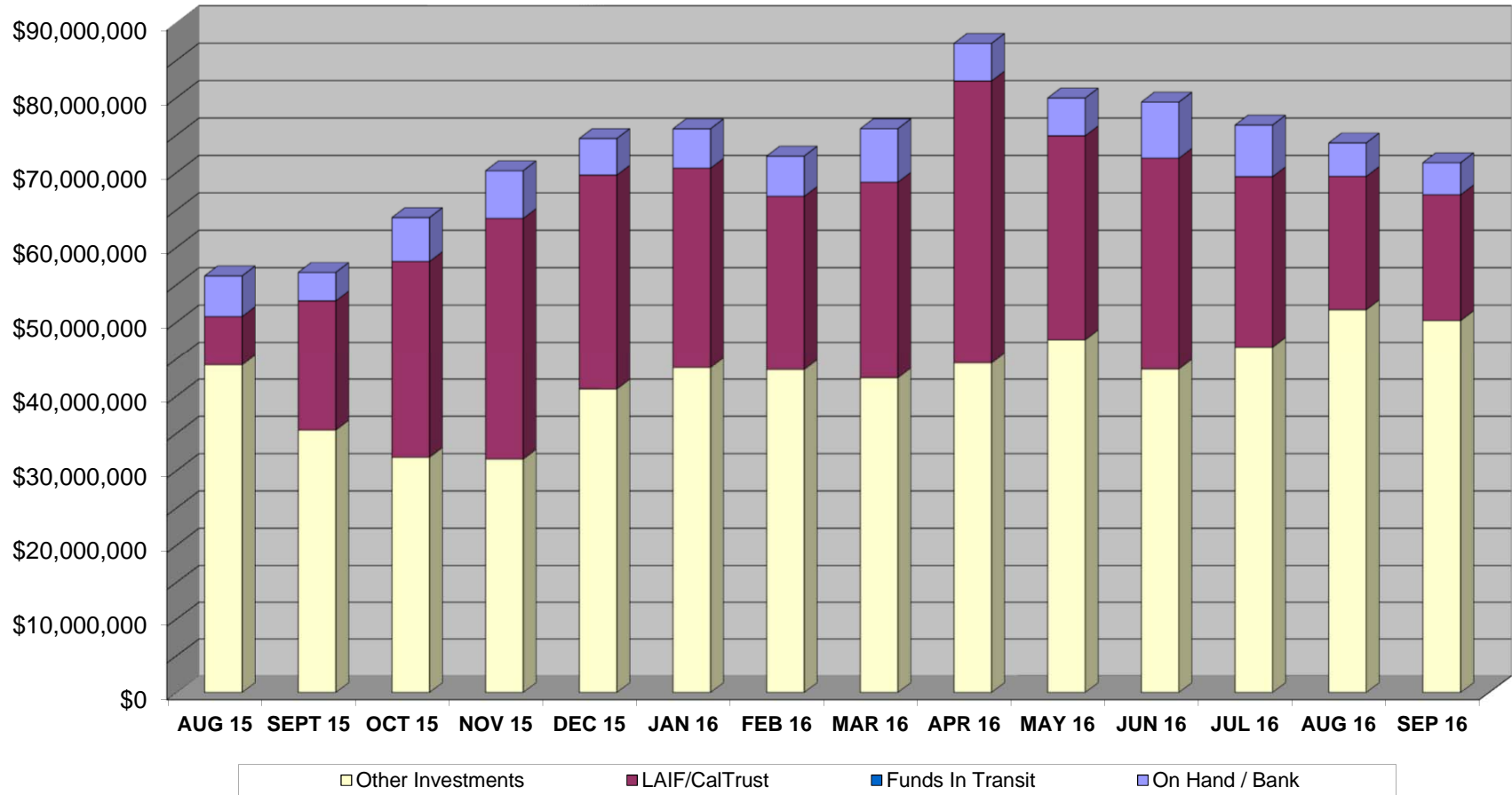


Maturity Distribution As of 9/30/2016



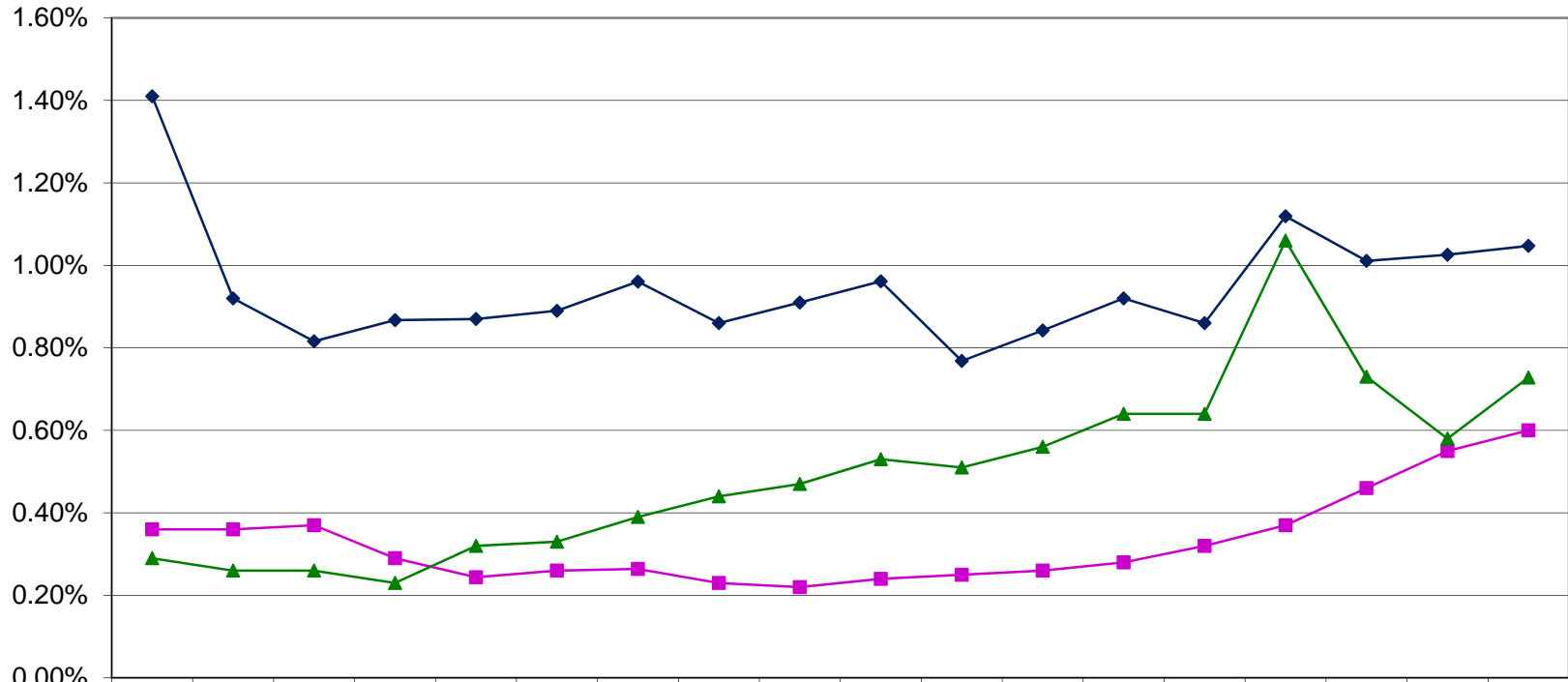
TREASURY CASH BALANCES AS OF THE LAST DAY OF THE MOST RECENT 14 MONTHS

	AUG 15	SEPT 15	OCT 15	NOV 15	DEC 15	JAN 16	FEB 16	MAR 16	APR 16	MAY 16	JUN 16	JUL 16	AUG 16	SEP 16
On Hand / Bank	\$5,438,684	\$3,806,378	\$5,871,008	\$6,384,643	\$4,880,835	\$5,266,681	\$5,380,023	\$7,145,998	\$5,026,692	\$5,045,518	\$7,500,797	\$6,889,192	\$4,479,085	\$4,281,514
Funds In Transit														
LAIF/CalTrust	\$6,544,423	\$17,394,423	\$26,303,579	\$32,303,579	\$28,703,579	\$26,732,825	\$23,232,825	\$26,232,825	\$37,762,604	\$27,262,604	\$28,262,604	\$22,807,275	\$17,807,275	\$16,807,275
Other Investments	\$44,200,000	\$35,450,000	\$31,800,000	\$31,550,000	\$40,950,000	\$43,837,987	\$43,572,987	\$42,470,915	\$44,460,915	\$47,640,915	\$43,643,014	\$46,638,013	\$51,668,014	\$50,214,244
TOTAL	\$56,183,107	\$56,650,801	\$63,974,587	\$70,238,222	\$74,534,414	\$75,837,493	\$72,185,835	\$75,849,738	\$87,250,211	\$79,949,037	\$79,406,414	\$76,334,480	\$73,954,374	\$71,303,033



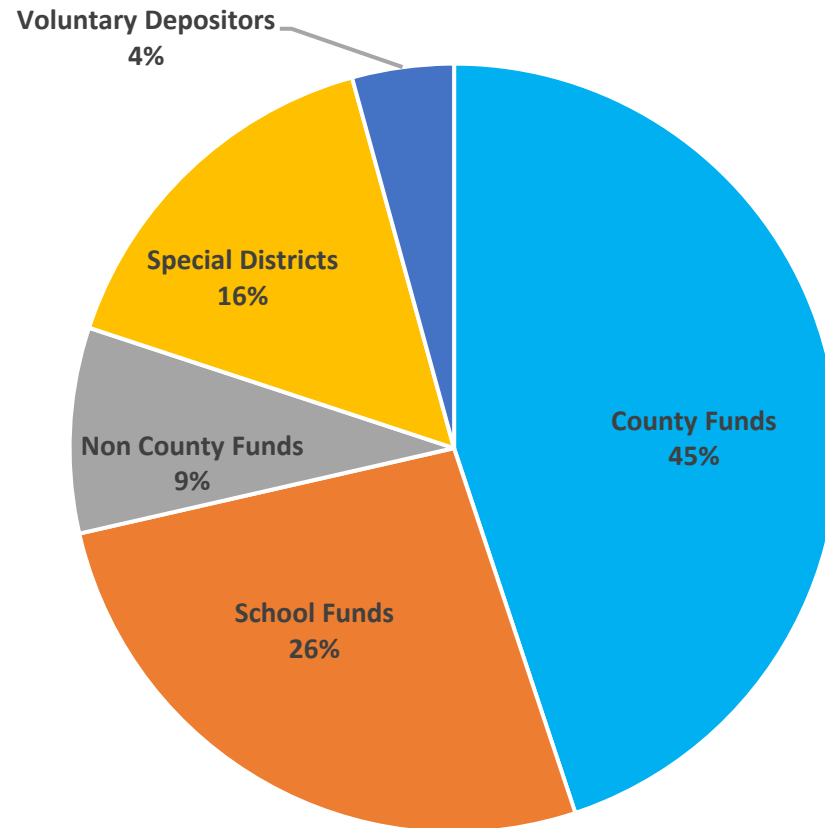
MATURITIES	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTALS
Calendar Year 2016										\$1,025,000.00	\$2,000,000.00	\$245,000.00	\$3,270,000.00
Calendar Year 2017	\$745,000.00	\$245,000.00	\$490,000.00	\$245,000.00	\$500,000.00	\$745,000.00		\$1,890,000.00	\$500,000.00	\$735,000.00	\$735,000.00	\$500,000.00	\$7,330,000.00
Calendar Year 2018	\$1,480,000.00	\$735,000.00	\$245,000.00	\$2,000,000.00	\$1,000,000.00			\$2,340,000.00			\$1,495,000.00	\$1,245,000.00	\$10,540,000.00
Calendar Year 2019	\$2,000,000.00	\$245,000.00		\$1,000,000.00	\$1,000,000.00	\$184,243.83	\$895,000.00	\$1,525,000.00	\$490,000.00	\$1,000,000.00	\$1,495,000.00		\$9,834,243.83
Calendar Year 2020	\$2,245,000.00		\$990,000.00	\$1,490,000.00	\$245,000.00	\$1,000,000.00		\$1,645,000.00	\$550,000.00		\$1,500,000.00	\$1,000,000.00	\$10,665,000.00
Calendar Year 2021	\$1,490,000.00	\$1,740,000.00		\$1,245,000.00	\$1,200,000.00		\$1,000,000.00	\$1,900,000.00					\$8,575,000.00
TOTAL													\$50,214,243.83

MONO COUNTY TREASURY POOL QUARTERLY YIELD COMPARISON



	6/30 2012	9/30 2012	12/31 2012	3/31 2013	6/30 2013	9/30 2013	12/31 2013	3/31 2014	6/30 2014	9/30 2014	12/31 2014	3/31 2015	6/30 2015	9/30 2015	12/31 2015	3/31 2016	6/30 2016	9/30 2016
—◆— COUNTY	1.41%	0.92%	0.82%	0.87%	0.87%	0.89%	0.96%	0.86%	0.91%	0.96%	0.77%	0.84%	0.92%	0.86%	1.12%	1.01%	1.03%	1.05%
—■— LAIF	0.36%	0.36%	0.37%	0.29%	0.24%	0.26%	0.26%	0.23%	0.22%	0.24%	0.25%	0.26%	0.28%	0.32%	0.37%	0.46%	0.55%	0.60%
—▲— 2YR TREAS	0.29%	0.26%	0.26%	0.23%	0.32%	0.33%	0.39%	0.44%	0.47%	0.53%	0.51%	0.56%	0.64%	0.64%	1.06%	0.73%	0.58%	0.73%

Investment Pool Participants



The Pool is comprised of monies deposited by mandatory and voluntary participants. Mandatory participants include the County of Mono, School Districts, and Special Districts. Voluntary participants are those agencies that are not required to invest their monies in the County Pool and do so only as an investment option.

MONO COUNTY STATEMENT OF INVESTMENT POLICY



January 12, 2017

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APPENDIX A – Summary of Investment Limitations

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COUNTY OF MONO
INVESTMENT POLICY

I. Introduction

The intent of the Investment Policy of the County of Mono is to define the parameters within which funds are to be managed. In methods, procedures, and practices, the policy formalizes the framework for the County's investment activities that must be exercised to ensure effective and judicious fiscal and investment management of the County's funds. The guidelines are intended to be broad enough to allow the Director of Finance to function properly within the parameters of responsibility and authority, yet specific enough to adequately safeguard the investment assets.

II. Governing Authority

The investment program shall be operated in conformance with Government Code §53601, et seq. which provides legal authorization for the investment and deposit of funds of local agencies.

III. Scope

The policy applies to activities of the County with regard to investing the financial assets of all funds. In addition, funds held by trustees or fiscal agents are excluded from these rules; however, all funds are subject to regulations established by the State of California.

Note that any excluded funds such as the Other Post Employment Benefit Trust Fund are covered by separate policies.

Except for funds in certain restricted and special funds, the County commingles its funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

IV. General Objectives

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

1. **Safety** – Safety of principal is the foremost objective of the investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The goal will be to mitigate the credit risk and interest rate risk.
2. **Liquidity** – The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.
3. **Yield** – The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints of safety and liquidity needs.

V. Standards of Care

1. **Prudence** – The standard to be used by the Director of Finance/Investment Officer shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. The Finance Director acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal liability for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

The “prudent person” standard states that,

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

2. **Ethics and Conflicts of Interest** – Officers and employees involved in the investment process shall refrain from personal activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose any material interests in financial institutions with which they conduct business. Disclosure shall be made to the governing body. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees and officers shall refrain from undertaking any personal investment transactions with the same individual with whom business is conducted on behalf of the County.

3. **Delegation of Authority and Responsibilities**

Governing Body – The Board of Supervisors (Board) will retain ultimate fiduciary responsibility for the portfolio. The Board will receive monthly and quarterly reports, designate investment officers and annually review the investment policy making any necessary changes by adoption.

Delegation of Authority – Pursuant to Government Code §53607, authority to invest or reinvest, or to sell or exchange securities so purchased, may be delegated for a one year period; thereafter, the County Finance Director shall assume full responsibility for those transactions until the delegation of authority is revoked or expires.

Responsibility for the operation of the investment program shall be delegated by ordinance pursuant to Government Code §27000.1 to the Finance Director until the Board of Supervisors revokes its delegation of authority, by ordinance, or decides not to renew the annual delegation. The Finance Director shall act in accordance with established, written procedures and internal controls for the operation of the investment program consistent with this Investment Policy.

All participants in the investment process shall seek to act responsibly as custodians of the public trust.

Treasury Oversight Committee – A County Treasury Oversight Committee has been established in accordance with §27130 et seq. of the Government Code to promote public interest by involving depositors in the management of their funds. The Treasury Oversight Committee shall:

- A. Review and monitor the Investment Policy,
- B. Annually review the investments made by the County Treasury,
- C. Cause an annual audit to be conducted to determine the County Treasury’s compliance with Government Code §27130 et seq., and
- D. Meet on other matters as necessary.

By statute, the County Treasury Oversight Committee has no authority to direct individual investment decisions, select individual investment advisors, brokers, or dealers, or to impinge on the day-to-day operations of the County Treasury.

Committee members may not accept any honoraria, gifts or gratuities from advisors, brokers, dealers, bankers, or other persons with whom the County Treasury conducts business, which are in excess of the limits imposed by State Law, or by the Fair Political Practices Commission.

Investment Advisor – The County may engage the services of one or more external investment managers to assist in the management of the entity’s investment portfolio in a manner consistent with the entity’s objectives. Such external managers may be granted discretion to purchase and sell investment securities in accordance with this Investment Policy. Such managers must be registered under the Investment Advisers Act of 1940.

VI. Authorized Financial Institutions, Depositories and Broker/Dealers

1. Financial institutions and depositories authorized to provide investment services and security broker/dealers will be selected by creditworthiness (e.g., a minimum capital requirement of \$10,000,000 and at least five years of operation). These may include “primary” dealers or regional dealers that qualify under both Government Code §53601.5 and Securities and Exchange Commission (SEC) Rule 15C3-1 (uniform net capital rule).
2. All financial institutions and broker/dealers who desire to become qualified for investment transactions shall meet the requirements of Government Code §53601.5 and, in addition, must supply the following as deemed appropriate by the Finance Director.
 - A. Audited financial statements demonstrating compliance with the state and federal capital adequacy guidelines.
 - B. Proof of Financial Industry Regulation Authority (FINRA) certification (not applicable to Certificate of Deposit counterparties).
 - C. Proof of California state registration.
 - D. Certification of having read and understood and agreeing to comply with the County’s investment policy.

- E. Evidence of adequate insurance coverage meeting any applicable requirements of State law and otherwise deemed adequate by the Finance Director.
- 3. An annual review of the financial condition and registration of all qualified financial institutions and broker/dealers will be conducted by the Finance Director.

VII. Safekeeping and Custody

1. **Delivery vs. Payment** – All trades, where applicable, will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds.
2. **Safekeeping** – Pursuant to Government Code §53608, , the Board delegates to the Finance Director its authority to deposit securities for safekeeping. Securities will be held by a third-party custodian meeting the requirements of Government Code §53608 or other applicable law and selected by the Finance Director. The safekeeping institution shall annually provide a copy of their most recent report on internal controls (Statement of Auditing Standards No. 70)
3. **Internal Controls** – The Finance Director is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the County are protected from loss, theft or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of the control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management. The internal controls shall address the following points at a minimum:
 - A. Control of collusion,
 - B. Separation of transaction authority from accounting and recordkeeping,
 - C. Custodial safekeeping,
 - D. Avoidance of physical delivery securities,
 - E. Clear delegation of authority to subordinate staff members,
 - F. Written confirmation of transactions for investments and wire transfers,
 - G. Dual authorization of wire transfers,
 - H. Development of a wire transfer agreement with the lead bank and third-party custodian,
 - I. Staff training, and
 - J. Review, maintenance and monitoring of security procedures both manual and automated.

VIII. Authorized Investments

1. **Investment Types** – All investments shall be made in accordance with §53600 et seq. of the California Government Code and as described within this Investment

Policy and summarized in Appendix A. Permitted investments under this policy shall include:

- A. **United States Treasury notes, bonds bills, or certificates of indebtedness**, or those for which the faith and credit of the United States are pledged for the payment of principal and interest. §53601(b)
There is no limitation as to the percentage of the portfolio that can be invested in this category.
- B. **Federal Agency or United States Government-Sponsored Enterprise Obligations, Participations, or other Instruments**, including those issued by or fully guaranteed as to principal and interest by Federal agencies or United States government-sponsored enterprises §53601(f) such as Fannie Mae and Freddie Mac.
There is no limitation as to the percentage of the portfolio that can be invested in this category.
- C. **State of California Notes & Bonds** registered state warrants or treasury notes of California including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of the state.
There is no limitation as to the percentage of the portfolio that can be invested in this category.
- D. **Notes and Bonds of Other 49 States** registered treasury notes or bonds of any of the other 49 states, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the state or by a department, board, agency, or authority of that state.
There is no limitation as to the percentage of the portfolio that can be invested in this category.
- E. **Negotiable Certificates of Deposit (NCDs)** issued by a nationally or state chartered bank or a state or federal savings and loan association or by a state-licensed branch of a foreign bank.
No more than 30% of the portfolio may be invested in NCDs
- F. **Banker's acceptances**, otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank.
May not exceed 180 days to maturity or be more than 40% of the market value of the portfolio and no more than 30% of the County's moneys may be invested in banker's acceptances in the same bank.
- G. **Commercial paper** of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization (NRSRO) such as Standard & Poor's or Moody's.
Must have a maximum maturity of 270 days or less, no more than 40% of the portfolio may be invested in eligible commercial paper and no more than 10% may be invested in any one issuer's commercial paper.

- H. **Medium-term notes** include corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States and rated "A" or better by an NRSRO.
- May not exceed 30% of the portfolio may be invested in medium-term notes.*
- I. **Reverse repurchase agreements** whose underlying purchased securities consist of the aforementioned instruments, subject to all the conditions set forth in Government Code §53601(j)(3).
- May not exceed 20% of the base value of the portfolio and no agreement may exceed 92 days.*
- J. **Money market mutual funds** – shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment company Act of 1940 (15 U.S.C. §80a-1 et sec.
- No more than 20% of the portfolio may be invested in money market funds.*
- K. **Local Agency Investment Fund** – established by the State Treasurer for the benefit of local agencies.
- No more than \$65 million may be invested in LAIF (LAIF rules)*
- L. **California Asset Management Program (CAMP)**. Shares in a California common law trust established pursuant to Title 1, Division 7, Chapter 5 of the Government Code of the State of California which invests exclusively in investments permitted by §53601 of the Government Code as it may be amended.
- No more than \$15 million may be invested (10% of the CAMP Pool - \$150 million as of 8/5/2014)*
- M. **Commercial or Savings Bank, Savings and Loan or Credit Union** may be used to invest surplus funds up to 30% of the portfolio pursuant to §§56301.8 and 53635.8 of the Government Code.
- No more than 10% can be invested in any one institution.*
- N. **Bonds, notes, warrants or other evidences of indebtedness** of a local agency within the State of California, including local agencies formed within Mono County.
- May not exceed 5 years to maturity. All investments with local agencies formed within Mono County must be pre-approved by the Board of Supervisors.*
- O. **Supranationals** – United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, with a maximum remaining maturity of five years or less, and eligible for

purchase and sale within the United States and rated AA or better by an NRSRO.

No more than 30% may be invested in supranationals

2. ***Collateralization*** – Where allowed by state law, full collateralization will be required on all demand deposit accounts, including checking accounts and non-negotiable certificates of deposit. Repurchase agreements will be collateralized at 102 percent.

IX. Investment Parameters

1. ***Mitigating Credit Risk in the portfolio*** – Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The County shall mitigate credit risk by adopting the following:

Diversification – The investments will be diversified by

- i. Limiting investments to avoid overconcentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities),
- ii. Limiting investment in securities that have higher credit risks,
- iii. Investing in securities with varying maturities, and
- iv. Continuously investing a portion of the portfolio in readily available funds such as local government investment pools, money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

Due to fluctuations in the aggregate surplus funds balance, maximum percentages for a particular issuer or investment type may be exceeded at a point in time subsequent to the purchase of a particular issuer or investment type. Securities need not be liquidated to realign the portfolio; however, consideration should be given to this matter when future purchases are made to ensure that appropriate diversification is maintained.

2. ***Mitigating Market Risk in the portfolio*** – Market risk is the risk that the portfolio value will fluctuate due to changes in the general level of interest rates. The County recognizes that, over time, longer-term/core portfolios have the potential to achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. The County shall mitigate market risk by providing adequate liquidity for short-term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes. The County further recognizes that certain types of securities, including variable rate securities, securities with principal pay downs prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments. The

County, therefore, adopts the following strategies to control and mitigate market risk:

- i. The County shall maintain a minimum of three months of budgeted operating expenditures in short term investments to provide sufficient liquidity for expected disbursements,
- ii. The maximum percent of callable securities in the portfolio shall be 35%,
- iii. The maximum stated final maturity of individual securities in the portfolio shall be five years, except as otherwise stated in this policy,
- iv. Liquidity funds will be held in LAIF, CAMP or money market instruments maturing one year and shorter,
- v. Longer term/Core funds will be defined as the funds in excess of liquidity requirements. The investments in this portion of the portfolio will have maturities between 1 day and 5 years and will be only invested in higher quality and liquid securities.
- vi. The Weighted Average Maturity of the portfolio shall never exceed 24 months or such shorter dollar-weighted average maturity as may be required by State law.

X. Reporting

1. The Finance Director shall provide quarterly investment reports to the Board of Supervisors and The Treasury Oversight Committee within 30 days following the end of the quarter covered by the report. These reports shall include the following investment information as required by Government Code §53646(b):
 - A. The type of investment, issuer, date of maturity, par and dollar amount invested in all securities, investments and moneys held in the County Treasury,
 - B. Market value as of the date of the report and the source of this valuation,
 - C. The weighted average maturity of the investments within the Treasury,
 - D. Distribution by type of investment,
 - E. A description of all the County's funds and investments that are under the management of contracted parties,
 - F. A statement of compliance of the portfolio to this Statement of Investment Policy or manner in which the portfolio is not in compliance, and
 - G. A statement denoting the ability of the County to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

2. The Treasury Oversight committee shall cause an annual audit to be conducted to determine the county treasury's compliance with Chapter 5, Article 6 (§27130-§27137) of the Government Code and this Statement of Investment Policy.

XI. Investment Pool Costs and Earnings Distribution

Costs directly related to the operation and management of the investment pool shall be deducted quarterly directly from net interest earnings prior to the distribution of interest earnings for the quarter. Pool costs include, but are not limited to, staff time, investment tracking costs, brokerage costs, and treasury pool audit costs.

Interest earnings shall be allocated quarterly according to each fund's average daily cash balances as a percentage of the total investment pool. Earnings shall be the net of received interest, amortized premiums, accreted discounts and profit or loss on the sale of trade of a security attributable to the quarter being apportioned, plus adjustments from prior quarters. The interest shall be apportioned as of the last day of the quarter and added to each participating fund's balance in the pooled investment fund.

XII. Withdrawal Requests

Any entity that seeks to withdraw funds for the purpose of investing or depositing those funds outside the county treasury pool, shall first submit the request for withdrawal to the Finance Director who shall evaluate the effect of the proposed withdrawal on the stability and predictability of the investments in the county treasury. Prior to approval, the Finance Director shall find that the proposed withdrawal will not adversely affect the interests of the other depositors in the pool (GC§27136). If it is necessary to liquidate securities, all losses occurring from the sale of a security prior to its maturity shall be borne by the entity wishing to withdraw funds.

XIII. Terms and Conditions for Outside Investors

Outside local agencies, where the County Finance Director does not serve as the agency's treasurer, may invest in Mono County's Investment Pool as permitted by Government Code Section 53684. Deposits are subject to the consent of the County Finance Director. The local agency legislative body must approve the county investment pool as an authorized investment. If the County Finance Director deems appropriate, the deposits may be returned at any time.

XIV. Policy Review

This investment policy shall be reviewed at least annually to ensure its consistency with the overall objectives of preservation of principal liquidity, rate of return and its relevance to current law and financial and economic trends.

SUMMARY OF INVESTMENT LIMITATIONS

Investment Type	Government Code Reference	Limit ¹ Per Investment Type(s)	Limit ¹ Per Institution	Minimum ² Ratings	Maxium ² Allowable Maturity
United States Treasuries	§53601 (b & f)	None	None	None	5 years
United States Federal Agencies & Government-Sponsored Enterprises	§53601 (b & f)	None	None	None	5 years
State of California Notes & Bonds	§53601 (c) & 53601 (e)	None	None	None	5 years
Notes & Bonds of Other 49 States	§53601 (e)	None	None	None	5 years
California Local Agency Debt	§53601 (a), (c) & (e)	None	None	None	5 years
Medium-Term Notes	§53601 (k)	30%	None	A	5 years
Negotiable Certificates of Deposit	§53601 (i)	30%	None	N/A	5 years
Bankers Acceptances	§53601 (g)	40%	30%	A-1	180 days
Commercial Paper	§53601 (h) & 53635 (a)	40%	10%	A-1 (short) A (long)	270 days
Reverse Repurchase Agreements	§53601 (j)	20%	None	Primary Dealer	92 days
Local Agency Investment Fund (LAIF)	§16429.1 & 53601(p)	N/A	N/A	N/A	N/A
California Asset Management Program (CAMP)	§16429.1 & 53601(p)	N/A	N/A	N/A	N/A
Money Market Mutual Funds	§53601 (k)&(p), & 6509.7	20%	10%	AAA	N/A
Commercial or Savings Bank, Savings and Loan or Credit Union	§53601.8 & 53635.8	30%	10%	N/A	N/A
Supranationals	§53601(q)	30%	N/A	AA	5 years

¹ Based on total of surplus funds at the time the investment decision is made.

² At the time of purchase.

GLOSSARY

Accreted Discount – The increase in the value of a discounted instrument as time passes and it approaches maturity. The value of the instrument will accrete (grow) at the interest rate implied by the discounted issuance price, the value at maturity and the term to maturity.

Accrued Interest – Interest that has accumulated by has not yet been paid from the most recent interest payment date or issue date to a certain date.

Amortization – The reduction of debt through regular payment of principal scheduled to complete repayment by maturity. Usually the payment of interest is incorporated to compensate the lender over the life of the debt.

Bankers' Acceptance – A time bill of exchange drawn on and accepted by a commercial bank to finance the exchange of goods. When a bank “accepts” such a bill, the time draft becomes, in effect, a predated, certified check payable to the bearer at some future specified date. Little risk is involved for the investor because the commercial bank assumes primary liability once the draft is accepted.

Basis point – One basis point is equal to 1/100 of 1%. For example, if interest rates increase from 4.25% to 4.5%, the difference is referred to as a 25-basis-point increase.

Book Value – The value of a security as carried in the records of an investor. Generally, this is the initial outlay for the investment and may be net or gross of expenses such as trading costs, services charges, etc.

Bond – A debt investment in which an investor loans money to an entity (corporate or governmental) that borrows the funds for a defined period of time at a fixed interest rate. Bonds are used by companies, municipalities, states and U.S. and foreign governments to finance a variety of projects and activities.

Broker/Dealer – Any person engaged in the business of effecting transactions in securities in this state for the account of others or for his/her own account. Broker/Dealer also includes a person engaged in the regular business of issuing or guaranteeing options with regard to securities not of his/her own issue.

Commercial Paper – Short-term, unsecured promissory note issued in either registered or bearer form and usually backed by a line of credit with a bank. Maturities do not exceed 270 days and generally average 30 – 45 days.

Coupon Rate – The interest rate stated on a bond when it is issued. The coupon is typically paid semi-annually.

Current Yield – The annual income (interest or dividends) divided by the current price of the security. Since the mathematical calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

CUSIP Numbers – An acronym for Committee on Uniform Security Identification Procedures, CUSIP numbers are identification numbers assigned to each maturity of a security issue and usually printed on the face of each individual security in the issue. The CUSIP numbers are intended to facilitate identification and clearance of securities.

Debt Instrument – An instrument or promissory note which evidences and documents the terms of the loaning of funds from one party to another. Typically, the instrument contains the loan date, the maturity date, the repayment provisions, and the interest rate of the borrowing.

Default – The failure to pay debt obligations as agreed in the terms of the debt

Discount – The condition of the price of a bond that is lower than par. The discount equals the difference between the price paid for a security and the security's par value.

Earnings Apportionment – The quarterly interest distribution to the Pool participants.

Fair Value – The amount at which an investment could be exchanged in a current transaction between willing parties, other than a forced or liquidation sale.

Fannie Mae (FNMA, Federal National Mortgage Association) – A government-sponsored enterprise (GSE) that was created in 1938 to expand the flow of mortgage money by creating a secondary mortgage market. Fannie Mae is a publicly traded company which operates under a congressional charter that directs Fannie Mae to channel its efforts into increasing the availability and affordability of homeownership for low-, moderate-, and middle-income Americans.

Federal Government Agency – Debt issued by government sponsored entities (GSE) to facilitate various types of lending. For example, the Federal Farm Credit Bank provides funds to farmers and FNMA provides funds to the real estate mortgage markets.

Freddie Mac (FHLMC, Federal Home Loan Mortgage Corp.) – A stockholder owned government sponsored enterprise (GSE) chartered by Congress in 1970 to keep money flowing to mortgage lenders in support of homeownership and rental housing for middle-income Americans. The FHLMC purchases, guarantees and securitizes mortgages to form mortgage-backed securities. The mortgage-backed securities that it issues tend to be very liquid and carry a credit rating close to that of U.S. Treasuries.

Government-Sponsored Enterprise (GSE) – Privately held corporations with public purposes created by the U.S. Congress to reduce the cost of capital for the certain borrowing sectors of the economy. Members of these sectors include students, farmers and homeowners.

Local Agency Investment Fund (LAIF) – The State of California investment pool in which money of local agencies is pooled as a method for managing and investing local funds.

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

Maturity – The date upon which the principal of a security becomes due and payable to the holder.

Money Market Mutual Fund – A mutual fund with investments directed in short-term money market instruments only, which can be withdrawn daily without penalty

Par Value – The face value of a bond. Par value is important for a bond or fixed-income instrument because it determines its maturity value as well as the dollar value of coupon payments.

Premium – The condition of the price of a bond that is higher than par. The premium equals the difference between the price paid for a security and the security's par value.

Principal – The face amount of a security not taking into account discounts or premiums. The amount borrowed or the amount still owed on a loan, separate from interest.

Repurchase Agreement (Repo) – A form of short-term borrowing for dealers in government securities. The dealer sells the government securities to investors, usually on an overnight basis, and buys them back the following day. For the party selling the security (and agreeing to repurchase it in the future) it is a repo; for the party on the other end of the transaction, (buying the security and agreeing to sell in the future) it is a reverse repurchase agreement.

Reverse Repurchase Agreement – The purchase of securities with the agreement to sell them at a higher price at a specific future date.

Registered Warrants – A “promise to pay” with interest, that is issued by the State of California when there is not enough cash to meet all of the State's payment obligations.

Settlement Date – The date on which the purchase or sale of securities is executed. For example, in a purchase transaction, the day the securities are physically delivered or wired to the buyer in exchange for cash is the settlement date.

Supranational Bonds – These bonds are issued when two or more central governments issue foreign bonds to promote economic development for the member countries. These include bonds issued by the International Bank for Reconstruction and Development, or World Bank, and the International American Development Bank.

Trade Date – The date and time corresponding to an investor's commitment to buy or sell a security.

U.S. Treasury Obligation – Direct obligations of the United States Treasury whose payment is guaranteed by the United States of America.

Weighted Average Maturity (WAM) - The weighted average of the time until all securities in a portfolio mature.

TEMPORARY CONSTRAINTS AND RESTRICTIONS ON INVESTMENTS

1. County of Mono restricts transactions with the following banks from October 20, 2015 until June 30, 2020:

Citigroup, JP Morgan Chase, Barclays, and Royal Bank of Scotland

2. County of Mono restricts the purchase of any retail products issued by Wells Fargo Bank from December 1, 2016 until June 30, 2019.