



**SACRAMENTO CITY UNIFIED SCHOOL DISTRICT
BOARD OF EDUCATION**

Meeting Date:

Subject: Business and Financial Information: Calendar Year 2024 Investment Policy for the Pooled Investment Fund



Division:

Recommendation:

Background/Rationale:

Financial Considerations:

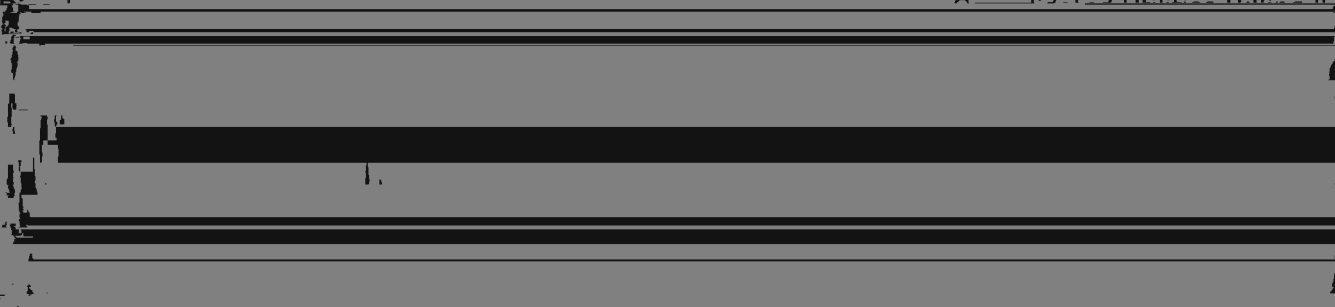
LCAP Goal(s):

Documents Attached:

<p>Estimated Time</p>

<p>Submitted by</p>

<p>Approved by</p>



Service

Investments

Revenue Recovery

Tax Collection & Licensing

Treasury

County of Sacramento

January 24, 2024

To: Board Chair, Pooled Investment Fund Participant Agency

Subject: **CALENDAR YEAR 2024 INVESTMENT POLICY FOR THE POOLED INVESTMENT FUND**



SACRAMENTO COUNTY

**Annual Investment Policy
of the Pooled Investment Fund**

CALFORNIA JANUARY 2024

*Approved by the
Sacramento County Board of Supervisors*

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SACRAMENTO COUNTY

Board of Supervisors

Ordinance

CALENDAR YEAR 2024

I. Authority

Under the Sacramento County Charter, the Board of Supervisors established the position of Director of Finance and by ordinance will annually review and renew the Director of Finance's authority to invest and reinvest all the funds in the County Treasury.

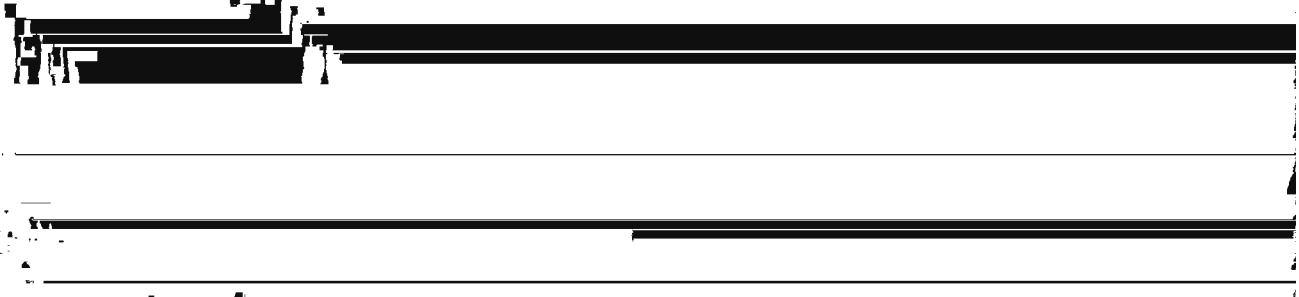
II. Policy Statement

[REDACTED]

for the Director of Finance, who is responsible for the stewardship of the Sacramento County Pooled Investment Fund. Each transaction and the entire portfolio must comply with California Government Code and this Policy. All portfolio activities will be judged by the standards of the Policy and its investment objectives. Activities that violate the

B. Liquidity

As a second objective, the Pooled Investment Fund should remain sufficiently flexible to enable the Director of Finance to meet all operating requirements that may be reasonably anticipated in any depositable fund.

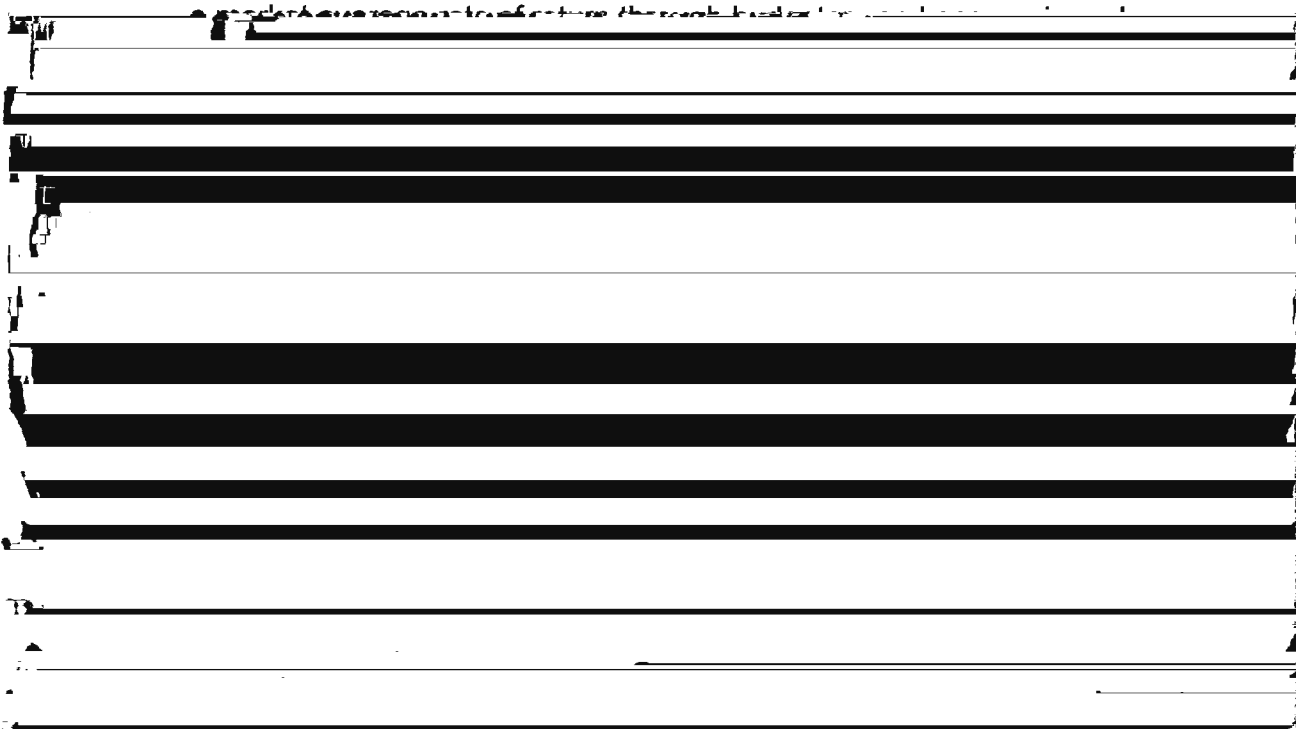


C. Public Trust

In managing the Pooled Investment Fund, the Director of Finance and the authorized investment traders should avoid any transactions that might impair public confidence in Sacramento County and the participating local agencies. Investments should be made with precision and care, considering the probable safety of the capital as well as the probable income to be derived.

D. Maximum Rate of Return

As the fourth objective, the Pooled Investment Fund should be designed to attain



consistent with the risk limitations, prudent investment principles and cash flow characteristics identified herein. For comparative purposes, the State of California Local Agency Investment Fund (LAIF) will be used as a performance benchmark.

VII. Internal Controls

The Director of Finance shall establish internal controls to provide reasonable assurance that the investment objectives are met and to ensure that the assets are protected from

[REDACTED]

loss, theft, or misuse. To assist in implementation and internal controls, the Director of Finance has established an Investment Group and a Review Group.

The Investment Group, which is comprised of the Director of Finance and his/her

[REDACTED]

designees, is responsible for maintenance of the investment guidelines and Approved Lists. These guidelines and lists can be altered daily, if needed, to adjust to the ever-changing financial markets. The guidelines can be more conservative or match the policy

A member of the Oversight Committee may not be employed by an entity that has contributed to the campaign of a candidate for the office of local treasurer, or contributed to the campaign of a candidate to be a member of a legislative body of any local agency that has deposited funds in the county treasury in the previous three years or during the

period that the employee is a member of the Oversight Committee. A member may not directly or indirectly raise money for a candidate for local treasurer or a member of the Sacramento County Board of Supervisors or governing board of any local agency that has deposited funds in the county treasury while a member of the Oversight Committee.

Finally, a member may not secure employment with, or be employed by bond

C. Prohibited Investments

[REDACTED]

negative yield if held to maturity except for securities issued by, or backed by, the United States government during a period of negative market interest rates. Prohibited investments shall include inverse floaters, range notes, and interest only strips derived from a pool of mortgages.

All legal investments issued by a tobacco-related company are prohibited. A tobacco-related company is defined as an entity that makes smoking products from tobacco used in cigarettes, cigars, or snuff or for smoking in pipes. The tobacco-related issuers restricted from any investment are any component companies in the Dow Jones U.S. Tobacco Index or the NYSE Arca Tobacco Index.

D. Credit Requirements

Except for municipal obligations and Community Development Financial Institutions (CDFIs),

[REDACTED]

Eligible banks must have Community Reinvestment Act performance ratings of “satisfactory” or “outstanding” from their federal regulator. In addition, deposits greater than the federally-insured amount must be collateralized. Banks must either have a letter of credit issued by the Federal Home Loan Bank of San Francisco or place securities worth between 110% and 150% of the value of the deposit with the Federal Reserve Bank of San Francisco, the Home Loan Bank of San Francisco, or a trust bank.

Since credit unions do not have Community Reinvestment Act performance ratings, they must demonstrate a commitment to community reinvestment lending

..... 180 days

..... 1 year

..... 180 days

All commercial paper and medium-term note issues must be issued by corporations operating within the United States and having total assets in excess of one billion dollars (\$1,000,000,000).

The Investment Group may raise these credit standards as part of the Investment Guidelines and Approved Lists. Appendix A provides a Comparison and Interpretation of Credit Ratings by Standard & Poor's, Moody's, and Fitch

The Investment Group may reduce these maturity limits to a shorter term as part of the Investment Group's investment strategy.

[REDACTED]

[REDACTED]

[REDACTED]

The ultimate maximum maturity of any investment shall be five (5) years. The dollar-weighted average maturity of all securities shall be equal to or less than three (3) years.

F Maximum Concentrations

No more than 80% of the portfolio may be invested in issues other than U.S. Treasury and Agency obligations. The maximum dollar amount of any

[REDACTED]

All repurchase agreements must have an executed Sacramento County Master Repurchase Agreement on file with both the Director of Finance and the Broker/Dealer. Repurchase Agreements executed with approved broker-dealers

must be collateralized with either: (1) U.S. Treasury and Agency obligations with a

market value of 102% for collateral marked to market daily; or (2) money market instruments on the Approved Lists of the County that meet the qualifications of the Policy, with a market value of 102%. Since the market value of the underlying securities is subject to daily market fluctuations, investments in repurchase agreements shall be in compliance if the value of the underlying securities is

acknowledge receipt of such materials to qualify for the Approved List of

[REDACTED]

Each broker/dealer and direct issuer authorized to do business with Sacramento

[REDACTED]

County shall, at least annually, supply the Director of Finance with audited financial statements.

J Investment Guidelines, Management Style and Strategy

The Investment Group shall issue and maintain Investment Guidelines specifying

[REDACTED]

A. Reviewing, Monitoring and Reporting of the Portfolio

The Review Group will prepare and present to the Director of Finance at least monthly a comprehensive review and evaluation of the transactions, positions, performance of the Pooled Investment Fund and compliance to the California Government Code, Policy, and Investment Guidelines.

Quarterly, the Director of Finance will provide to the Board of Supervisors, the Oversight Committee, and to any local agency participant that requests a copy, a detailed report

[REDACTED]

The Pooled Investment Fund's report will also be posted on the Department of Finance's website. Pursuant to California Government Code section 53646, the report will list the type of investments; name of the issuer; and any other information that is required to be disclosed.

[REDACTED]

XIII. Terms and Conditions for Outside Investors

Outside investors may invest in the Pooled Investment Fund through California Government Code Section 53684. Their deposits are subject to the consent of the Director of Finance. The legislative body of the local agency must approve the

[REDACTED]

Memorandum of Understanding. Any withdrawal of these deposits must be made in

[REDACTED]

Appendix A

Comparison and Interpretation of Credit Ratings

Long Term Debt & Individual Bank Ratings

Rating Interpretation	Moody's	S&P	Fitch
<i>Best-quality grade</i>	Aaa	AAA	AAA
	Aa1	AA+	AA+
<i>Upper Medium Grade</i>	Aa3	AA-	AA-
	A1	A+	A+
	A2	A	A
	A3	A-	A-
<i>Medium Grade</i>	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-
<i>Speculative Grade</i>	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB-	BB-
<i>Low Grade</i>	B1	B+	B+
	B2	B	B
	B3	B-	B-
<i>Poor Grade to Default</i>	Caa	CCC+	CCC
		CCC/	
<i>In Poor Standing</i>		CCC-	
		CC	
<i>Highly Speculative</i>	Ca	CC	CC
	C		
<i>Default</i>			DDD
			DD
			D

Append x A

Rating Interpretation	Moody's	S&P	Fitch
<i>Superior Capacity</i>	P-1	A-1+/A-1	F1+/F1
<i>Strong Capacity</i>	P-2	A-2	F2
<i>Acceptable Capacity</i>	P-3	A-3	F3