



# INVESTMENT POLICY 2026

Nicholas F. Valencia  
TREASURER – TAX COLLECTOR



## CONTENTS

I PURPOSE	1
II SCOPE	1
III AUTHORITY	1
IV GOALS AND OBJECTIVES	1
V STANDARDS OF CARE	2
VI POLICY REVIEW, ADOPTION and RETENTION	3
VII REPORTING	4
VIII AUTHORIZED FINANCIAL INSTITUTIONS, DEPOSITORIES AND BROKER/DEALERS	4
IX AUTHORIZED & SUITABLE INVESTMENTS	6
X TREASURY DEPOSITS	7
XI WITHDRAWAL POLICY	7
XII TREASURY FEES	8
GLOSSARY OF INVESTMENT TERMINOLOGY	9
APPENDIX A RESOLUTION NUMBER 19-021	17
APPENDIX B LIST OF APPROVED PROVIDERS	22
APPENDIX C CMTA CERTIFICATION	27
SAMPLE DOCUMENTS	31



## **I. PURPOSE**

The purpose of the Sutter County Investment Policy is to provide direction in the investment of the county's idle cash and the funds of the other depository agencies, participating within the Pooled Treasury, to safeguard the principle of all investments, maintain sufficient liquidity for the regular cash flows of the Treasury along with meeting unanticipated cash flow demands. This investment policy has been prepared to conform to all pertinent existing laws of the State of California and specifically California Government Code §53600 and 53635, et seq.

## **II. SCOPE**

This investment policy applies to all investment activities of the pooled treasury, which includes the participation of the County of Sutter, its school districts, and all special districts whether voluntary or mandatory participants. This policy does not include funds invested in Public Agency Retirement Services (PARS) Post-Employment Benefit Trust.

## **III. AUTHORITY**

### Delegation

The Sutter County Board of Supervisors, by county ordinance, delegates authority to invest and reinvest the county funds and those of other depositors to the Treasurer and Tax Collector pursuant to California Government Code §27000.1, which states in part:

*"...the treasurer-tax collector is hereby delegated the authority to invest or reinvest the funds of the county and the funds of other depositors in the county treasury... the treasurer-tax collector shall thereafter assume full responsibility for those transactions until the board of supervisors, by ordinance, revokes its delegation of authority or decides not to renew the annual delegation."*

Annually the Treasurer will request renewal of the delegation of authority from the Sutter County Board of Supervisors pursuant to California Government Code §53607 and Sutter County Ordinance Code §42-060.

## **IV. GOALS AND OBJECTIVES**

The Treasurer's primary goals for the investment of the pool treasury portfolio are, in order of priority:

### Safety

The primary duty and responsibility is the protection, preservation, maintenance of cash and investments placed in Treasurer's trust on the behalf of the citizens of the County of Sutter through investing procedures that best protect against loss of principle, arising from default, fraud or error. Credit risk and interest rate risk will be mitigated.

#### a. Credit Risk

Sutter County will minimize credit risk, which is the risk of loss of all or part of the investment due to the failure of the security issuer or backer, by:

- Limiting investments to the types of securities listed in Section X of this Investment Policy

- Pre-qualifying and conducting ongoing due diligence of the financial institutions, broker/dealers, intermediaries, and advisers with which Sutter County will do business in accordance with Section IX of this investment policy.
  - Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.
- b. Interest Rate Risk
- Sutter County will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:
    - Structuring the investment portfolio so that security maturities match cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.
    - Investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools and limiting individual security maturity as well as the average maturity of the portfolio in accordance with this policy (see Diversification below).

#### Performance Standards

The investment portfolio shall be designed with the objective of earning a rate of return throughout budgetary cycles, corresponding with the investment risk constraints and the cash flow needs of the Pool.

#### Liquidity

An adequate percentage of the pooled treasury portfolio will be maintained so that it may be converted to cash with little or no loss in value to cover cash flow needs of the County and when necessary to meet contingency requirements when they arise. To accomplish this goal a portion of the pool will be invested in short-term funds, such as CAMP and LAIF, which offer same-day liquidity.

#### Yield

Yield will become a consideration only after safety and liquidity objectives have been met. Yield refers to earning a reasonable return on investments within the current market condition, economic cycles, and cash flow requirements. Sutter County will strive to obtain a market rate, considering investment risk constraints and liquidity needs.

#### Diversification

It is the policy of Sutter County to diversify the pooled portfolio investments to eliminate risk of loss resulting from the overconcentration of assets in a specific maturity, issuer, or class of securities. The Pooled Portfolio shall be diversified by maturity, issuer, and security type. Diversification strategies shall be determined and revised periodically by the Treasurer and Tax Collector.

### **V. STANDARDS OF CARE**

#### Prudence

The investment of the county's funds will be invested by the Treasurer, in accordance to the guidance provided by the "Prudent Investor Rule," which states...

*“When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the county treasurer or the board of supervisors, as applicable, shall act with care, skill, prudence, and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the county and other depositors, 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 county and the other depositors. Within the limitations of this section and considering individual investments as part of an overall investment strategy, investments may be acquired as authorized by law” (Government Code §27000.3 (C)).*

### Ethics and Conflicts of Interest

The Treasurer and all investment staff members shall refrain from any personal business activity, which could conflict with the proper investment of County funds by impairing the individual's ability to apply impartial judgment in their investment decisions. At no time shall any investment of County Pooled Treasury funds be based on political pressure or political gain.

The Treasurer will report any material interest in any financial institution, which conducts business with the County of Sutter, by the Treasurer or any member of the Treasurer's staff to the Sutter County Board of Supervisors.

California Government Code §27133(d) requires limits to be set on the receipt of honoraria, gifts and gratuities from advisors, brokers, dealers, bankers, or other persons with whom the county treasury conducts business will be controlled and will conform to the limits set by the Fair Political Practices Commission.

## **VI. POLICY REVIEW, ADOPTION, RETENTION, AND INTERNAL CONTROLS**

The Treasurer shall retain the authority to add to, delete, or amend the Investment Policies and the Investment Guidelines as is necessary to facilitate accurate and efficient transactions pertaining to the investment of idle funds in the best interest of the County Treasury.

### Policy Review

No less than annually the Treasurer shall review the Investment Policy to assure its relevance, making any and all necessary changes and will bring the policy forward for review and adoption by the County Board of Supervisors.

### Treasury Oversight

At the March 26, 2019, County Board of Supervisors meeting the Board approved Resolution Number 19-021 disbanding the Pooled Money Investment Board (Appendix A).

California Government Code §27131 made the establishment of a treasury oversight committee optional, and after consideration by the Treasurer and the Board of Supervisors the decision was made to disband the county's committee.

To provide assurance that the Treasury is performing the investment of Pooled Treasury's funds in accordance with the Sutter County Investment Policy and California Government Code, the Treasurer will request annually that a compliance audit be performed by an outside auditing firm and will provide the resulting report to the Board of Supervisors and post the report on the Treasurer and Tax Collector's webpage for the review of the public.

## Internal Controls

The Treasurer is responsible for the establishment and maintaining an internal control structure that is designed to ensure that the assets of the county pooled treasury is protected from loss, theft, fraud, or misuse. Accordingly, the Treasurer, as part of the annual audit will provide for the review of set controls to assure compliance with policy and procedures.

## **VII. REPORTING**

The Treasurer will submit a monthly investment report to the Board of Supervisors, Auditor-Controller and Chief Administrative Officer. A copy of the report will also be posted monthly to the Treasurer and Tax Collector's webpage for public review as well.

The report will contain the following elements:

- a) Statement of Compliance or Noncompliance with Investment Policy
- b) Combined funds in the County Treasury
- c) Statement of funds under management of contracted parties
- d) Type of Investment
- e) Book Value
- f) Percentage of Managed Portfolio
- g) Invested Percentage of Pooled Portfolio
- h) Average Days to Maturity
- i) Average Yield
- j) Financial Institution
- k) Market Value
- l) Par Value
- m) Dates of Investment and Maturity
- n) Total Days Invested
- o) Yield
- p) Reconciling table of transactions, which occurred during the reporting period

## Marked to Market

Marked-to-Market is a requirement of the American Institute of Certified Public Accountants, AICPA, pronouncement GASB 31, which requires that portfolios disclose the Fair Market Value of investments on a given date. Fair market value may be determined by an independent agency. The County shall utilize its third-party custodian's fair market valuation in determining the pooled treasury portfolio's marked-to-market value.

## **VIII. AUTHORIZED FINANCIAL INSTITUTIONS, DEPOSITORIES AND BROKER/DEALERS**

In accordance with Section §53601.5 of the California Government Code which states,

*"The purchase by a local agency of any investment authorized pursuant to Section §53601 or §53601.1 of the California Government Code, not purchased directly from the issuer, will be purchased either from an institution licensed by the state as a broker-dealer as defined in Section 25004 of the Corporations Code; a member of a federally regulated securities exchange; a national or state-chartered bank; a federal or state association as defined by Section 5102 of the Financial Code; or a brokerage firm designated as a primary government dealer by the Federal Reserve Bank. However, the issuer of a repurchase agreement is not required to be a primary dealer of the Federal Reserve Bank."*

Additionally, it is prohibited to select any broker, brokerage, dealer, or securities firm that has, within any consecutive 48-month period following January 1, 1996, made a political contribution in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the local treasurer, any member of the governing board of the local agency, or any candidate for those offices.

A list will be maintained of financial institutions and depositories authorized to provide investment services. In addition, a list will be maintained of approved security broker/dealers selected by creditworthiness and/or other factors, such as FINRA broker check.

All financial institutions and broker/dealers who desire to become qualified for investment transactions must supply the following as appropriate:

- Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines
- Proof of Financial Industry Regulatory Authority (FINRA) certification (not applicable to Certificate of Deposit counterparties)
- Proof of state registration
- Completed broker/dealer questionnaire (not applicable to Certificate of Deposit counterparties)
- Certification of having read and understood and agreeing to comply with the Sutter County Investment Policy
- Evidence of adequate insurance coverage

An annual review of the financial condition and registration of all qualified financial institutions and broker/dealers will be conducted by the Treasurer and Tax Collector or their assigned staff.

See Appendix B for list of approved institutions.

### Safekeeping and Custody

#### 1. Delivery vs. Payment

All trades of marketable securities will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible custody account prior to the release of funds.

#### 2. Safekeeping

Securities will be held by an independent third-party custodian selected by the Sutter County Treasury with all securities held in Sutter County's name. The safekeeping institution shall annually provide a copy of their most recent report on internal controls (Statement of Auditing Standards No. 70, or SAS 70).

**IX. Authorized and Suitable Investments**

All investments shall be made in accordance with the provisions contained in Government Code Section §53601-§53645 and §16429.1-§16429.3. Acceptable categories, terms and percentages of total pooled treasury portfolio for Sutter County will be as follows:

<b>Category of Investment</b>	<b>Allowable Percentage of Portfolio *</b>	<b>Maximum Allowable Term of Investment</b>
US Treasury Notes, Bonds, Bills	Unlimited	5 Years
US Government Agencies	Unlimited	5 Years
Medium Term Notes	30%	5 Years
Commercial Paper of "Prime" Quality	40% No more than 10% in one issuer	270 Days or 31-day dollar-weighted average
Negotiable Certificates of Deposit	30%	5 Years
Local Agency Investment Fund (LAIF) (GC §16429.1-16429.3)	\$75,000,000 Limited by LAIF	No Maximum
California Asset Management Program (CAMP)	Unlimited	No Maximum
Investment Trust of California (CalTRUST)	Unlimited	No Maximum
Bankers Acceptances	40% No more than 30% in one bank	180 Days
Repurchase Agreement	Unlimited	1 Year
Certificates of Deposit	Unlimited	5 Year
Money Market Mutual Funds	20% No more than 10% in one fund	No Maximum
State or Local Agency Obligations (GC §53601(e))	Unlimited	5 Year

\*Allowable percentage per investment category, listed above, is of the date of purchase of the investment, R&T code §53601. It is possible during the portfolio's cycles these guidelines may be exceeded due to a reduction in the total portfolio. When this occurs, no new purchases will be made in any category exceeding the defined limit. Due to these factors, compliance testing is only applicable to the day of purchase.

In addition to the limitations shown above all investments shall, at the time of purchase, be rated in a rating category of "A" or better with Moody's and Standard and Poor's as required by California Government Code §53601.7.

The Treasurer shall establish procedures to review the investments held by the portfolio and to report to the County Board, major and critical incidences of noncompliance identified during the review.

**Maximum Maturities**

The maximum maturity of any investment purchased will be five years except for investments and investment pools authorized by the Board of Supervisors or the appropriate legislative body to be invested in longer than five-year maturities.

## Due Diligence – Investment Pools and Mutual Funds

Due diligence shall be performed by investigating any pool or fund prior to investing and on an annual basis thereafter. A completed questionnaire will be required which will answer the following questions:

- A description of eligible investment securities, and a written statement of investment policy and objectives.
- A description of interest calculations and how interest is distributed, and how gains and losses are treated.
- A description of how the securities are safeguarded (including the settlement processes), how often the securities are priced, and the how often the program is audited for compliance.
- A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
- A schedule for receiving statements and portfolio listings.
- Are reserves, retained earnings, etc. utilized by the pool/fund?
- A fee schedule, and when and how is it assessed.
- Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

All Due Diligence reviews will be maintained with the annual investment files for a period of five (5)

## Collateralization

All institutions receiving and retaining demand deposits shall adhere to California Government Code §16521, which states in part:

*“To be eligible to receive and retain demand or time deposits, a bank shall deposit with the Treasurer as security for such deposits, securities specified in Section 16522, and approved by the Treasurer, in an amount in value at least 10 percent in excess of the amount deposited with the bank...”*

## **X. TREASURY DEPOSITS**

In addition to County agencies that are required to place deposits into the County Treasury, any public agency not required to deposit funds with the County Treasury may do so on a voluntary basis subject to the approval of the County Treasurer pursuant to Government Code §53684.

## **XI. WITHDRAWAL POLICY**

Withdrawal or disbursement of funds in excess of \$500,000 shall require a two-business day advance notice; amounts exceeding \$2,000,000 shall require a five-business day advance notice.

Any funds placed in the County pooled treasury may be withdrawn to meet the financial obligations of the public agency depositing the funds. Withdrawal of funds intended for reinvestment in other financial institutions will not be permitted without the prior approval of the County Treasurer pursuant to Government Code §27136. In no event will funds be withdrawn that, in the judgment of the County Treasurer, will adversely affect the interests of the other depositors in the County.

## **XII. TREASURY FEES**

The actual costs of investing, depositing, banking, auditing, reporting, or otherwise handling or managing funds as authorized by California Government Code §27013 will be apportioned among the depositors on the basis of each entity's aggregate average daily cash balance at the time of interest apportionment.

## GLOSSARY OF INVESTMENT TERMINOLOGY



## GLOSSARY OF INVESTMENT TERMINOLOGY

**Accrued Interest:** The amount of interest that is earned, but unpaid since the last payment date.

**Agency:** Securities issued by government-sponsored corporations such as Federal Home Loan Banks (FHLB) and Federal Land Banks (FLB).

**Accretion:** Accounting procedure that gradually increases the book value of a bond purchased at a discount to par.

**Amortization:** Accounting procedure that gradually reduces the cost value of a limited life or intangible asset through periodic charges to income. Purchase Premiums are amortized over the par life of the bond purchased above par.

**Asked Price:** The price at which securities are offered by a seller.

**Asset Backed Securities (ABS):** Securities collateralized with consumer receivables, such as consumer loans, owned by the issuer but placed with a trustee for the benefit of the investor.

**Basis Point:** One basis point equals 1/100 of one percent. For example, 0.35% is equal to 35 basis points or 35bp. Basis points are commonly used to describe changes in yield.

**Bid Price:** The price at which a buyer offers to buy a security.

**Bond:** Long-term debt instrument in which investors lend money to the bond issuer, who agrees to pay a stated rate of interest over a specific period.

**Bond Rating:** A rating scale which is an indication of relative risk/likelihood of default.

**Book Entry:** The system maintained by the Federal Reserve, by which money market securities are delivered to an investor's custodian bank. The Federal Reserve maintains a computerized record of the ownership of these securities and records any changes in ownership corresponding to payments made over the Federal Reserve wire (delivery versus payment). Physical certificates are not received.

**Book Value:** The original cost of the investment plus any applicable accretion of discount or less any applicable amortization of premium.

**Broker:** Brokers bring buyer and sellers together and is compensated for their service.

**Bullet:** A bond without a call option, a non-callable bond.

**Call Option:** A contract which allows the holder to buy a specific quantity of an asset at a specific price on or within a specified date.

**Callable Bonds:** Bonds which may be redeemed by the issuer prior to the maturity date.

**Capital gain/Loss:** the profit or loss realized from the sale of a capital asset.

**Collateral:** Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Securities pledged by a financial institution to secure deposits of public monies.

**Commercial Paper (CP):** Short-term, unsecured obligations of 2 to 270 days issued by banks, corporations and others.

**Coupon or Coupon Rate:** The rate at which a bond pays interest.

**Current Yield:** The annual income from an investment divided by the current market value. Note, since the mathematical calculation relies on the current market value rather than cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

**Custodian:** A bank or other financial institution that holds custody of stock certificates and other assets.

**Dealer:** A dealer may be considered the opposite of a broker. The dealer acts as a principal in all transactions, buying and selling for his own account.

**Delivery Versus Payment (DVP):** Delivery of securities with a simultaneous exchange of money or securities.

**Derivative:** A security whose interest rate or principle amount may vary and is determined by a market index or a combination of indexes.

**Discount:** The difference between the par value of a bond and the cost of the bond, when the cost is below par.

**Diversification:** An investment strategy designed to spread portfolio risk by dividing investments among different sectors, industries and companies.

**Dollar-Weighted Average Maturity:** A calculation that expresses the average maturity of a portfolio using each investment's maturity weighted by the size of that investment.

**Fed Funds:** All government securities are traded on Fed Funds, funds on deposit with the Federal Reserve Bank, also known as same day funds.

**Federal Fund Rate:** Interest rate at which banks lend federal funds to each other.

**Federal Reserve System:** A U.S. centralized banking system, which has supervision over the twelve (12) Federal Reserve banks and its members.

**Fixed Income Security:** Security which returns a fixed income over a specified period.

**Floating Rate Note:** A debt security, whose interest rate is reset periodically and is based on a market index (e.g. Treasury Bills, LIBOR, ect.).

**Interest:** The amount earned while owning a security based on a percentage of the par value.

**Liquidity:** The speed at which an investment can be converted to cash.

**Local Agency:** County, city, school district, community college district, superintendent of schools, or any public or municipal corporation.

**Market:** A place, physical or electronic, that investment transactions take place. The New York Stock Exchange (NYSE) is a recognized exchange (stock market) physically located in New York. The Chicago Board of Trade (CBT) is a recognized exchange (commodities market) physically located in Chicago. The “over-the-counter” market is an electronic and phone system used to trade investments, which are not traded on recognized exchanges. Bond and money market investments (fixed income securities) are traded on the “over-the-counter” market.

**Market Risk:** The risk that changes in the overall market conditions or interest rate may adversely affect current market prices.

**Mark-to-Market:** Market valuation of all securities in a portfolio used to determine Net Asset Value (NAV).

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

**Maturity:** The date on which the principle or stated value of an investment becomes due.

**Medium Term Note (MTN):** Debt securities issued by corporations or depository institutions with maturities of nine months to five years.

**Money Market:** The market in which short-term debt instruments such as Treasury Bills are traded.

**Money Market Mutual Funds:** An investment company that pools money from investors and invest in a variety of short-term money market investments.

**Municipal Debt:** Debt issued by a public entity to meet capital needs.

**Nationally Recognized Rating Service:** Firm that reviews the creditworthiness of debt security issuers and expresses an alpha rating based on their opinion. The primary rating agencies include Standard & Poor’s Corporation; Moody’s Investor Services, Inc; Fitch Investor Service; Duff & Phelps Investment Service; Thompson Bank Watch and International Bank Credit Analyst.

**Net Asset Value (NAV):** A per-share valuation of a mutual fund based on total assets minus total liabilities.

**Non-Callable:** Bond that is exempt from any kind of early redemption for the state term of the bond. Also known as a “bullet”.

**Offer Price:** The price asked by a seller.

**Par Value:** The principal amount that must be paid at maturity.

**Physical Delivery:** The delivery of an investment to a custodian bank in the form of a certificate and/or supporting documents evidencing the investment as opposed to “book entry”.

**Portfolio:** A group of securities held by an investor.

**Premium:** The difference between market value of a bond and the par value when the market value is greater than par.

**Price:** The percentage of par at which a security is bought or sold.

**Price Risk:** The risk that the price of a bond at maturity will be less than the price at which it was originally purchased.

**Primary Dealer:** A group of government securities dealers, who submit daily reports of market activity and positions along with monthly financial statements to the Federal Reserve Bank of New York, and are subject to its informal oversight.

**Prime Rate:** The interest rate banks charge the largest borrowers with the highest credit ratings.

**Principle:** The face value or par value of an investment.

**Registered State Warrant:** A short-term obligation of a state governmental body issued in anticipation of revenue.

**Reinvestment Risk:** The risk that coupon payments cannot be reinvested at the same rate as the initial investment.

**Revenue Anticipation Notes or RANs:** Short-term notes, thirteen months or less, issued to cover cash flow in anticipation of receiving future revenue.

**Rule G-37 Municipal Securities Rulemaking Board:** Federal regulations to sever any connection between the making of political contributions and the awarding of municipal securities business.

**Safekeeping:** The holding of securities in a segregated account by a custody agent or trustee. Safekeeping services are typically provided by banks and financial institutions.

**Security and Exchange Commission (SEC):** The federal agency responsible for supervising and regulating the security industry.

**Settlement Date:** The date on which the purchase or sale of securities is executed.

**Tax Anticipation Notes or TANs:** Short-term notes issued for thirteen months or less used to finance cash flows in anticipation of future tax revenue.

**Tax and Revenue Anticipation Notes or TRAns:** Short-term notes issued for thirteen months or less. They are a combination of Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN).

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

**Treasuries:** Securities issued by the U.S. Treasury and are back by the Full Faith and Credit of the United States. Treasuries are considered to have no credit risk and are the benchmark for interest rates on all other securities in the U.S. and overseas.

**Treasury Bill:** Non-interest bearing discount security with a maturity under one year and issued by the U.S. Treasury to finance national debt.

**Treasury Note (USTN):** Interest bearing obligation issued by the U.S. Treasury with maturities that range from two years to ten years from the date of issue.

**Treasury Bond:** Interest bearing obligation issued by the U.S. Treasury with maturities ranging from ten to thirty years from date of issue.

**Yield:** The annual rate of return on a debt investment computed as if held to maturity and expressed as a percentage.



APPENDIX A

Sutter County Board of Supervisor's Resolution 19-021









APPENDIX B

Authorized Financial Institutions  
Depositories  
Broker/Dealers



**Depositories:**

U.S. Bank National Association  
621 Capitol Mall  
Suite 800  
Sacramento CA 95814

Five Star Bancorp  
2240 Douglas Blvd, Suite 100  
Roseville, CA 95661

**Custodian:**

The Bank of New York Mellon (BNY Mellon)  
2001 Bryan Street  
11<sup>th</sup> Floor  
Dallas, TX 75201

**Broker/Dealers:** (Main offices)

California Asset Management Program (CAMP)  
213 Market Street  
Harrisburg, PA 17101-2141

Investment Trust of California (CalTrust)  
1100 K Street, Suite 101  
Sacramento, CA 95814

Local Agency Investment Fund (LAIF)  
PO Box 942809  
Sacramento, CA 94209-0001

BMO Capital Markets  
One Market Plaza, Spear Tower, Suite 1515  
San Francisco, CA 94105

Cantor Fitzgerald & Co.  
110 East 59<sup>th</sup> Street  
7<sup>th</sup> Floor  
New York, NY 10022

FHN Financial  
845 Crossover Lane  
Suite 150  
Memphis, TN 38117

Piper Sandler & Co.  
800 Nicollet Mall  
Suite 1000, Minneapolis, MN 55402-7036

Stifel Financial Corp.  
501 North Broadway  
St. Louis, MO 63102

Wedbush Capital Market Business  
1000 Wilshire Blvd  
Los Angeles, CA 90017

Brean Capital, LLC  
505 5<sup>th</sup> Avenue, 5<sup>th</sup> Floor  
New York, NY 10017



APPENDIX C

California Municipal Treasurers Association

INVESTMENT POLICY CERTIFICATION





## FOR IMMEDIATE RELEASE

Date: August 12, 2020

For more information contact:

Shaun L. Farrell, Chairperson

CMTA Investment Policy Certification

Phone: 209-712-0428

Email: [sfarrell@ci.galt.ca.us](mailto:sfarrell@ci.galt.ca.us)

(Sacramento, California) – The California Municipal Treasurers Association (CMTA) Investment Policy Certification has been granted to the **County of Sutter**.

This Investment Policy Certification recognizes that CMTA has validated that the County of Sutter’s Investment Policy adheres with the State of California Government Code and meets the program requirements within 18 different topics areas deemed to be best practices for investment policies. Those topics include: Scope, Prudence, Objective, Delegation of Authority, Ethics and Conflicts of Interest, Authorized Financial Dealers and Institutions, Authorized and Suitable Investments, Review of Investment Portfolio, Investment Pools/Mutual Funds, Collateralization, Safekeeping and Custody, Diversification, Maximum Maturities, Internal Controls, Performance Standards, Reporting, Investment Policy Adoption and Glossary. Once a policy is received by CMTA, it is independently evaluated using a scoring matrix by three separate CMTA professionals. When the agency receives a passing score, the Investment Policy earns the ‘Certified’ distinction.

To enhance the municipal treasurer’s role, CMTA has developed a number of certification programs to reflect best practices and increase an individual’s knowledge of fixed income instruments. The Investment Policy Certification program began in 2012 with the support from the California Debt and Investment Advisory Commission. It is open to all government agencies within the State of California including special districts, cities and counties.

*CMTA was founded in 1958 by a handful of Municipal Treasurers from both Northern and Southern California whose primary interest was to improve their function in local Government. CMTA is a professional organization governed by active public officials who are representatives of their own local governmental units.*

# California Municipal Treasurers Association



## *Investment Policy Certification*

Issued on 08/12/2020



## County of Sutter

The California Municipal Treasurers Association certifies that the investment policy of the County of Sutter complies with the current State statutes governing the investment practices of local government entities located within the State of California.



A handwritten signature in black ink, appearing to read "D. De..."

\_\_\_\_\_  
*President*

08/12/2020

\_\_\_\_\_  
*Date*

## SAMPLE DOCUMENTS



**BROKER/DIRECT ISSUER RECEIPT FOR INVESTMENT POLICY AND  
CERTIFICATE OF COMPLIANCE**

Nicholas F. Valencia  
Treasurer – Tax Collector  
County of Sutter  
PO Box 546  
Yuba City, CA 95992

By signing below, I \_\_\_\_\_ of \_\_\_\_\_  
(Name) (Company)

Hereby certify that:

- 1) I have reviewed the Investment Policy governing the Sutter County Treasurer's Pooled Portfolio, and that I understand its content. I am not expected to enforce provisions concerning Average Maturity, Category Limits or Issuer Limits. I am expected to offer only those investments that qualify under the County's credit requirement as directed in the Policy. The responsibility for overall portfolio structure and composition remains with the County.
  
- 2) I further certify that I have not, nor do I intend to make, political contributions to any candidate for any Sutter County elective office

Signed: \_\_\_\_\_ Date \_\_\_\_\_

COUNTY OF SUTTER  
BROKER/DEALER REQUEST FOR QUALIFICATION APPLICATION

The Sutter County Treasurer shall determine which financial institutions are authorized to provide investment services to the County. Institutions eligible to transact investment business with the County include Primary Government Dealers as designated by the Federal Reserve Bank and nationally or state-chartered banks.

All financial institutions, which desire to become authorized dealers for investment transactions, must complete this application. Each qualified dealer must certify in writing that they have reviewed the relevant California Government Code Sections and the County's Investment Policy and that all securities offered to the County shall comply fully and in every instance with each.

Any authorized dealer or financial institution must not have made any political contribution to the Treasurer, Board of Supervisors, or candidates for these offices for 48 months before and any time during their engagements with the County.

Any authorized dealer or financial institution must agree not to provide any honoraria, gift, or gratuity to any Sutter County investment personnel.

The Treasurer, or designee, will create and review periodically an approved list of firms and financial institutions authorized to do business with the Treasurer. The Treasurer will maintain firms on the authorized list as long as it is in the best interest of the County to do so.

County of Sutter  
Broker/Dealer Request For Qualification Application

Request for General Information from Broker/Dealer Candidates

1. Name of Firm:
2. Business Address:  
Local:  
National:  
  
(Provide both street address and/or PO Box # if applicable)
3. Telephone Number:  
If available: (800)  
Local:  
National:
4. Legal Structure: (Check)  
 Corporation  Sole Proprietorship  
 Partnerships (Limited/General)  
 Joint Venture
5. Date the company was established:
6. Ownership: List names of proprietors, partners, officers, directors, and stockholders who have any ownership.

Name:  
Title:  
Percent Owned:  
Functional Role:  
Weekly hours worked at firm:  
Citizenship:

Name:  
Title:  
Percent Owned:  
Functional Role:  
Weekly hours worked at firm:  
Citizenship:

If there are additional owners, please provide insert information on this page in the above format.

County of Sutter  
 Broker/Dealer Request For Qualification Application

7. How long has current management been in place?
8. What proof of ownership do you have? If applicable, please provide a current copy of your annual report and annually thereafter.
9. What is the equity capitalization of your firm and are you in compliance with SEC Rule 15c3-1? Please provide supporting documentation.
10. What are your credit ratings as reported by S&P, Moody's, and Fitch?
11. Please provide a copy of your latest audited financial statements and within 180 days of your fiscal year end annually thereafter.
12. Please complete this chart.

<b>Number of Employees:</b>	<b>Full Time:</b>	<b>Part Time:</b>	<b>Contract:</b>
Traders			
Marketing			
Research			
Industry Analysts			
Other			
<b>TOTAL</b>			

13. Describe the precautions taken by your firm to protect the interests of the public when dealing with governmental agencies as investors.
14. Please explain your normal custody and delivery process. Who audits these fiduciary systems?
15. All personnel assigned to the County of Sutter should be required to read and abide by the County's investment policy. What procedures and controls does your firm have in place to ensure that this occurs prior to your representative(s) assignment to the County's account?

County of Sutter  
 Broker/Dealer Request For Qualification Application

16. Specifically state the minimum criteria, qualifications, and experience your firm requires of any of its representatives assigned to a County's account.

Identify all personnel of those individuals who meet the above criteria and who would be assigned as direct representatives to the County of Sutter and trading or quoting securities to the County. Please include the number of years in institutional sales, the number of years with the firm and the number of years covering large California public agencies.

Name                      Title                      Licenses                      Phone

(ATTACH RESUMES OF ALL THE ABOVE PERSONS)

17. Please provide the following information regarding three public-sector clients in our geographical area with whom any of the representatives listed in #16 has an established relationship.

Entity                      Contact Person                      Telephone #                      Client Since

18. Are you a recognized primary dealer in Government securities? If so, how many years?

19. Are you a Broker rather than a Dealer, i.e., you DO NOT own positions of securities?

20. Are you registered with the NASD?

If so, for how long?

If not, why?

21. What was your firm's trading total volume in the following categories of securities trading over the last 12 months?

	<u>Total</u> \$	<u>Firmwide</u> %	<u>Local</u> \$	<u>Office</u> %
T-Bills				
T Notes/Bonds				

County of Sutter  
 Broker/Dealer Request For Qualification Application

Agencies (Specify)				
Instrumentalities (Specify)				
Banker's Acceptances				
Commercial Paper				
Corporate Notes				
Negotiable CD's				
Repurchase Agreements				
Other (Specify)				
	\$	100%	\$	100%

22. Do you have performance liability insurance?

If yes, amount of coverage?

23. Does your firm utilize the Bloomberg system to access market information?

24. List all the Exchanges on which you participate:

25. How do you execute bond orders?

Please list the correspondents who execute bond trades for you:

26. Do you clear your own bond trades for all securities?

County of Sutter  
Broker/Dealer Request For Qualification Application

If no, list the firms you clear through by each type of security:

Please provide financial statements of executing and clearing organizations if separate from your firm.

Are your trade deliveries guaranteed by your correspondents' firm? If yes, enclose a copy of the guarantee letter.

27. What qualified research do you provide?

Please include samples of research reports that your firm regularly supplies to public sector clients.

28. Briefly describe any other services you provide.

29. Describe and provide summary detail on the capitalization level of your firm. Have there been any SEC inquiries into the adequacy of your firm's capital in the last three years?

30. Is any litigation currently pending against the company, or any of the principals and/or employees of the firm? Please note this includes SEC inquiries.

31. What, if any, particular "specialty" do you possess that can maximize investment income to Sutter County?

32. What sort of technical market perspective, if any, do you propose to bring to a relationship with Sutter County?

33. Is there anything in your background in the security business that makes you stand out above the rest? Why should Sutter County deal with you?

34. Have any of your public sector clients ever sustained a loss on a securities transaction arising from an alleged misunderstanding or misrepresentation of the risk characteristics of a particular instrument? If so, please explain.

35. Have any of your public sector clients ever reported to your firm, its officers or employees, orally or in writing, that they sustained a loss (in a single year) exceeding 10 percent of the original purchase price on any individual security purchased through your firm? If so, please explain.

County of Sutter  
Broker/Dealer Request For Qualification Application

36. Has your firm ever been investigated, censored, sanctioned, or disciplined by any regulatory, state, or federal agency for alleged improper, fraudulent, disreputable, or unfair activities related to the sale of government securities or money market instruments? Have any of your employees ever been so investigated? If so, please explain:
37. Has any public sector client ever claimed in writing that your firm was responsible for investment losses?
38. What portfolio information do you require from clients?
39. How many and what percentage of your transactions failed last month?  
Last year?
40. Please explain how your firm can add value to our investment program.

CERTIFICATION

I attest to the accuracy and veracity of all the foregoing statements and information covered in the above questionnaire and have read the County of Sutter Investment Policy and will comply with its guidelines.

Authorized Signatory: \_\_\_\_\_

Name and Title: \_\_\_\_\_

Date: \_\_\_\_\_

(Countersigned by company president or person in charge of government security operations and compliance)

\_\_\_\_\_

PLEASE BE ADVISED THAT ANY BROKER/DEALER DOING BUSINESS WITH THE COUNTY OF SUTTER MUST COMPLY WITH ALL APPLICABLE STATE OF CALIFORNIA, SEC, NASD AND MSRB RULES, REGULATIONS AND GUIDELINES AND WITH THE COUNTY OF SUTTER INVESTMENT POLICY. BY SIGNING AND SUBMITTING THIS FORM, YOU CERTIFY: YOUR PRESENT AND ONGOING COMPLIANCE IN THESE REGULATORY MATTERS, AND HEREBY AGREE TO UPDATE AND RESUBMIT THIS FORM WITHIN THIRTY DAYS IF YOUR FIRM'S STATUS MATERIALLY CHANGES.

Firm: \_\_\_\_\_

Authorized Signatory: \_\_\_\_\_

Name and Title: \_\_\_\_\_

Date: \_\_\_\_\_

Please return this form to:

Nicholas F. Valencia  
Treasurer – Tax Collector  
County of Sutter  
PO Box 546  
Yuba City, CA 95992  
Telephone: (530) 822-7117