



# Meeting Notice

1111 Broadway, Suite 800, Oakland, CA 94607

• 510.208.7400

• [www.AlamedaCTC.org](http://www.AlamedaCTC.org)

**Commission Chair**  
Councilmember At-Large,  
Rebecca Kaplan, City of Oakland

**Commission Vice Chair**  
Supervisor Richard Valle, District 2

**AC Transit**  
Director Elsa Ortiz

**Alameda County**  
Supervisor Scott Haggerty, District 1  
Supervisor Wilma Chan, District 3  
Supervisor Nate Miley, District 4  
Supervisor Keith Carson, District 5

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Mayor Trish Spencer

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**City of Emeryville**  
Vice Mayor John Bauters

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Mayor Lily Mei

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**City of Oakland**  
Councilmember Dan Kalb

**City of Piedmont**  
Mayor Jeff Wieler

**City of Pleasanton**  
Mayor Jerry Thorne

**City of San Leandro**  
Mayor Pauline Cutter

**City of Union City**  
Mayor Carol Dutra-Vernaci

**Executive Director**  
Arthur L. Dao

## Finance and Administration Committee

**Monday, May 8, 2017, 10:30 a.m.**

**1111 Broadway, Suite 800  
Oakland, CA 94607**

### Mission Statement

The mission of the Alameda County Transportation Commission (Alameda CTC) is to plan, fund, and deliver transportation programs and projects that expand access and improve mobility to foster a vibrant and livable Alameda County.

### Public Comments

Public comments are limited to 3 minutes. Items not on the agenda are covered during the Public Comment section of the meeting, and items specific to an agenda item are covered during that agenda item discussion. If you wish to make a comment, fill out a speaker card, hand it to the clerk of the Commission, and wait until the chair calls your name. When you are summoned, come to the microphone and give your name and comment.

### Recording of Public Meetings

The executive director or designee may designate one or more locations from which members of the public may broadcast, photograph, video record, or tape record open and public meetings without causing a distraction. If the Commission or any committee reasonably finds that noise, illumination, or obstruction of view related to these activities would persistently disrupt the proceedings, these activities must be discontinued or restricted as determined by the Commission or such committee (CA Government Code Sections 54953.5-54953.6).

### Reminder

Please turn off your cell phones during the meeting. Please do not wear scented products so individuals with environmental sensitivities may attend the meeting.

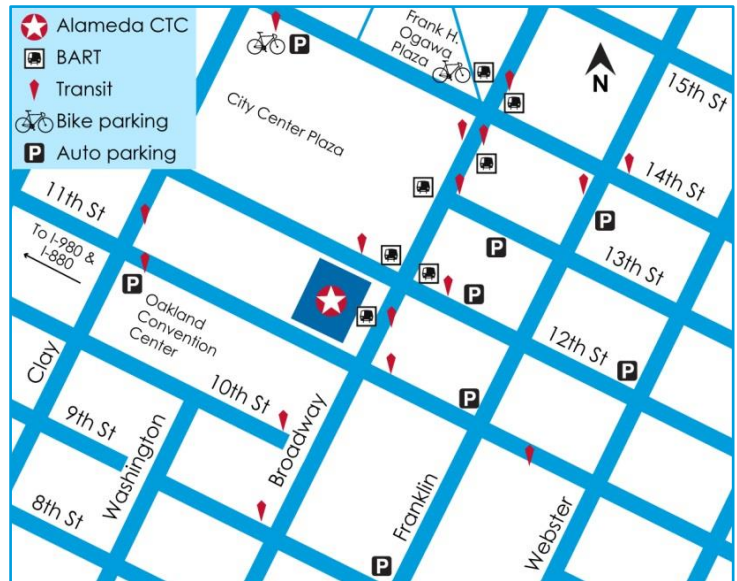
### Glossary of Acronyms

A glossary that includes frequently used acronyms is available on the Alameda CTC website at [www.AlamedaCTC.org/app\\_pages/view/8081](http://www.AlamedaCTC.org/app_pages/view/8081).

## Location Map

★ Alameda CTC  
1111 Broadway, Suite 800  
Oakland, CA 94607

Alameda CTC is accessible by multiple transportation modes. The office is conveniently located near the 12th Street/City Center BART station and many AC Transit bus lines. Bicycle parking is available on the street and in the BART station as well as in electronic lockers at 14th Street and Broadway near Frank Ogawa Plaza (requires purchase of key card from [bikelink.org](http://bikelink.org)).



Garage parking is located beneath City Center, accessible via entrances on 14th Street between 1300 Clay Street and 505 14th Street buildings, or via 11th Street just past Clay Street. To plan your trip to Alameda CTC visit [www.511.org](http://www.511.org).

## Accessibility

Public meetings at Alameda CTC are wheelchair accessible under the Americans with Disabilities Act. Guide and assistance dogs are welcome. Call 510-893-3347 (Voice) or 510-834-6754 (TTD) five days in advance to request a sign-language interpreter.



## Meeting Schedule

The Alameda CTC meeting calendar lists all public meetings and is available at [www.AlamedaCTC.org/events/upcoming/now](http://www.AlamedaCTC.org/events/upcoming/now).

## Paperless Policy

On March 28, 2013, the Alameda CTC Commission approved the implementation of paperless meeting packet distribution. Hard copies are available by request only. Agendas and all accompanying staff reports are available electronically on the Alameda CTC website at [www.AlamedaCTC.org/events/month/now](http://www.AlamedaCTC.org/events/month/now).

## Connect with Alameda CTC

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# Finance and Administration Committee Meeting Agenda Monday, May 8, 2017, 10:30 a.m.

1111 Broadway, Suite 800, Oakland, CA 94607

• PH: (510) 208-7400

• [www.AlamedaCTC.org](http://www.AlamedaCTC.org)

**Chair:** Mayor David Haubert, City of Dublin

**Vice Chair:** Supervisor Keith Carson,  
Alameda County, District 5

**Commissioners:** Scott Haggerty, Elsa Ortiz, Trish Spencer,  
Jerry Thorne, Jeff Wieler

**Ex-Officio Members:** Rebecca Kaplan, Richard Valle

**Staff Liaison:** Patricia Reavey

**Executive Director:** Arthur L. Dao

**Clerk:** Vanessa Lee

## 1. Pledge of Allegiance

## 2. Roll Call

## 3. Public Comment

## 4. Consent Calendar

	Page	A/I
4.1. <a href="#">Approve the March 13, 2017 FAC meeting minutes.</a>	1	A
4.2. <a href="#">2016 Alameda CTC Annual Report.</a>	5	A
4.3. <a href="#">FY2016-17 Third Quarter Report of Claims Acted upon Under the Government Claims Act.</a>	7	I

## 5. Regular Matters

5.1. <a href="#">Approve the Alameda CTC Draft Consolidated Budget for FY2017-18.</a>	11	A
5.2. <a href="#">Approve the Alameda CTC FY2016-17 Third Quarter Consolidated Financial Report.</a>	21	A
5.3. <a href="#">Approve the Alameda CTC FY2016-17 Third Quarter Investment Report.</a>	27	A
5.4. <a href="#">Approve updates to the Alameda CTC Investment Policy.</a>	43	A

## 6. Committee Member Reports

## 7. Staff Reports

## 8. Adjournment

**Next Meeting:** June 12, 2017

All items on the agenda are subject to action and/or change by the Committee.

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# Finance and Administration Committee Meeting Minutes Monday, March 13, 2017, 10:30 a.m.

4.1

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## 1. Pledge of Allegiance

## 2. Roll Call

A roll call was conducted. All members were present.

Commissioner Biddle was present as an alternate for Commissioner Haubert.  
Commissioner King was present as an alternate for Commissioner Carson.

## 3. Public Comment

There were no public comments.

## 4. Consent Calendar

**4.1. Approve the February 13, 2017 FAC meeting minutes.**

**4.2. Approve the Commissioner Travel to Washington D.C. for the Annual Legislative Visit.**

**4.3. Approve Commissioner Travel to the California Association of Councils of Governments Regional Leadership Forum.**

*Commissioner Ortiz moved to approve the Consent calendar. Commissioner Biddle seconded the motion. The motion passed with the following votes:*

Yes:	Biddle, King, Ortiz, Spencer, Thorne, Wieler, Haggerty, Kaplan, Valle
No:	None
Abstain:	None
Absent:	None

## 5. Regular Matters

### 5.1. Approve the Proposed FY2016-17 Mid-Year Budget Update.

Patricia Reavey recommended that the Commission approve the Proposed FY2016-17 Mid-Year Budget update. She stated that the proposed budget update reflects changes to actual fund balances, and projected revenues and expenditures on projects and programs since the original budget was adopted in June 2016. The budget update includes an increase of \$114.7 million to actual audited FY2015-16 fund balances rolled forward into FY2016-17 for a total beginning fund balance of \$390.7 million. Patricia stated that the budget also contains revenues totaling \$354.5 million of which sales tax revenues comprise \$276.7 million, or 78 percent. The total revenue amount proposed is an increase of \$44.0 million over the currently adopted budget mostly related to outside funding sources in the capital project funds which were adopted in the FY2015-16 budget, but have rolled forward to the FY2016-17 budget because they had not yet been utilized by the end of FY2015-16. Revenues are offset in the proposed budget update by \$435.3 million in total expenditures of which \$209.0 million, or 48 percent, are allocated for capital project expenditures

and \$4.9 million, or 1 percent, is allocated for salaries and benefits. The total salaries and benefits amount proposed in this budget update is a decrease of \$0.3 million from the currently adopted budget mostly due to timing of filling vacant positions. Salaries and benefits expenditures are nominal as compared to total expenditures and are much lower than that of most similar agencies. The total expenditure amount is an increase of \$153.6 million over the currently adopted budget. This significant increase is due to the adjustment for the capital roll forward balance from FY2015-16. The budget update constitutes a net increase in the projected ending fund balance of \$5.1 million and a projected consolidated ending fund balance of \$309.8 million.

*Commissioner Ortiz moved to approve this item. Commissioner Spencer seconded the motion. The motion passed with the following vote:*

Yes: Biddle, King, Ortiz, Spencer, Thorne, Wieler, Haggerty, Kaplan, Valle  
No: None  
Abstain: None  
Absent: None

## **5.2. Approve the Organizational Structure and Staff Salary Ranges for Fiscal Year 2017-18.**

Patricia Reavey recommended that the Commission approve the Organizational Structure and Staff Salary Ranges for Fiscal Year 2017-18. She stated that The Administrative Code calls for the Executive Director to annually submit for the Commission's approval a staffing plan in the form of a functional organizational structure and salary ranges for the classifications within the staffing plan. Patricia noted that currently, there are 29 employees and the agency is actively working to fill the remaining positions to the proposed 32 classifications. She stated that approval of this item would approve job classifications and associated salary ranges for FY 2017-18 and would also allow for salary ranges to be adjusted annually based on the Consumer Price Index for All Urban Consumers (CPI-U) for San Francisco-Oakland-San Jose, CA, constrained to a maximum adjustment of 3 percent and a provision to make no adjustments if the CPI decreases in any given year. Patricia then went on to state that there are no automatic pay increases or pay grade step increases, however approval of this item would allow the Executive Director to adjust salaries within the approved range based on several factors such as job performance, job expansion, added responsibilities and economic context. Patricia explained that compensation studies are necessary to ensure that the agency continues to offer competitive salaries and benefits in order to retain and attract valuable employees, and stated that Koff & Associates selected several classifications within the agency and compared the salaries and benefits to other similar agencies. She concluded by stating that projected salaries and benefits for FY2017-18 will be included in the proposed budget a draft of which will be coming before the Commission for approval in May.

Commissioner Spencer asked if the agency had adjusted the ranges based on the CPI-U in the past. Patricia stated that this is the first time the agency would do this. Commissioner Spencer then requested that the CPI-U approval be considered as a separate item so that staff could provide more information.

Commissioner Haggerty asked why the agency shows grades for job classifications. Art Dao stated that this is standard practice for compensation studies.

Commissioner Haggerty asked if staff was only recommending the approval of grades 1-70 in the salary range. Art Dao stated that the approval is for the job classifications and the associated monthly salary ranges. Zack Wasserman noted that the Executive Director has a three year contract which is not necessarily subject to approval of the item.

*Commissioner Wieler moved to approve the item with the exclusion of the automatic CPI. Commissioner Spencer seconded the motion. The motion passed with the following votes:*

Yes: Biddle, King, Ortiz, Spencer, Thorne, Wieler, Haggerty, Kaplan, Valle  
No: None  
Abstain: None  
Absent: None

Commissioner Kaplan then requested more information on the CPI-U adjustment. Patricia stated that approval of the CPI adjustment is primarily to allow the agency to annually adjust salary ranges between compensation studies in order to remain competitive. She noted that per the admin code, salary and benefits are required to come back to the Commission annually for approval so any salary range adjustments would be vetted at the Commission level. Art also noted that the agency does not give Cost of Living Adjustments (COLA), and adjusting the ranges by the CPI-U allows for the agency to keep salary ranges in line with industry standards. He noted that salary increases are not automatic but are in fact subject to a performance review process.

Commissioner Biddle moved to approve the inclusion of the CPI-U adjustment. Commissioner Haggerty seconded the motion. Commissioner Spencer opposed the motion. The motion passed with the following vote:

Yes: Biddle, King, Ortiz, Spencer, Thorne, Wieler, Haggerty, Kaplan, Valle  
No: Spencer  
Abstain: None  
Absent: None

**6. Committee Member Reports (Verbal)**

Commissioner Kaplan welcomed Commission Teddy King to the Commission as the alternate for Commissioner Keith Carson.

**7. Staff Reports**

Art stated that the BART to Warm Springs Station Opening Ceremony was taking place on March 24, 2017. He also noted that a memo regarding Ethics Training for Commissioners and Alternates was included in their folders.

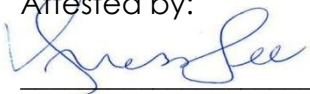
**8. Adjournment/ Next Meeting**

The next meeting is:

Date/Time: Monday, April 10, 2017 at 10:30a.m.

Location: Alameda CTC Offices, 1111 Broadway, Suite 800, Oakland, CA 94607

Attested by:

A handwritten signature in blue ink, appearing to read "Vanessa Lee", is written over a horizontal line.

Vanessa Lee,  
Clerk of the Commission





# Memorandum

4.2

1111 Broadway, Suite 800, Oakland, CA 94607

• 510.208.7400

• www.AlamedaCTC.org

**DATE:** May 1, 2017

**SUBJECT:** 2016 Alameda CTC Annual Report

**RECOMMENDATION:** Receive the 2016 Alameda CTC Annual Report.

## Summary

Alameda CTC prepares an annual report each year, as required in the Public Utilities Code section 180111, on progress made to achieve the objective of improving transportation in Alameda County. The 2016 Annual Report includes a message from Executive Director Arthur L. Dao, highlights key transportation programs and projects that Alameda CTC plans, funds, and delivers to foster a vibrant and livable Alameda County, and includes financial information for FY2015-16.

Many of these transportation investments are funded largely through local, voter-approved Measure B and Measure BB sales tax dollars and local, voter-approved Vehicle Registration Fee (VRF) funds. The annual report includes financial information related to Measure B and Measure BB revenues and expenditures for the year ended June 30, 2016, as well as information related to the VRF Program, including the total net VRF revenue from the start of the program, and revenues and expenditures through June 30, 2016.

**Fiscal Impact:** There is no fiscal impact.

## Attachment

- A. [2016 Alameda CTC Annual Report](#) (hyperlinked to web)

## Staff Contact

[Tess Lengyel](#), Deputy Executive Director of Planning and Policy

[Patricia Reavey](#), Deputy Executive Director of Finance and Administration

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# Memorandum

4.3

1111 Broadway, Suite 800, Oakland, CA 94607

• 510.208.7400

• www.AlamedaCTC.org

**DATE:** May 1, 2017

**SUBJECT:** FY2016-17 Third Quarter Report of Claims Acted Upon Under the Government Claims Act

**RECOMMENDATION:** Receive the FY2016-17 Third Quarter Report of Claims Acted Upon Under the Government Claims Act.

## Summary

Tort claims against Alameda CTC and other California government entities are governed by the Government Claims Act (Act). The Act allows the Commission to delegate authority to an agency employee to review, reject, allow, settle, or compromise tort claims pursuant to a resolution adopted by the Commission. If the authority is delegated to an employee, that employee can only reject claims or allow, settle, or compromise claims \$50,000 or less. The decision to allow, settle, or compromise claims over \$50,000 must go before the Commission for review and approval.

California Government Code section 935.4 states:

“A charter provision, or a local public entity by ordinance or resolution, may authorize an employee of the local public entity to perform those functions of the governing body of the public entity under this part that are prescribed by the local public entity, but only a charter provision may authorize that employee to allow, compromise, or settle a claim against the local public entity if the amount to be paid pursuant to the allowance, compromise or settlement exceeds fifty thousand dollars (\$50,000). A Charter provision, ordinance, or resolution may provide that, upon the written order of that employee, the auditor or other fiscal officer of the local public entity shall cause a warrant to be issued upon the treasury of the local public entity in the amount for which a claim has been allowed, compromised, or settled.”

On June 30, 2016, the Commission adopted a resolution which authorized the Executive Director to reject claims or allow, settle, or compromise claims up to and including \$50,000.

## **Background**

There have only been a handful of small claims filed against Alameda CTC and its predecessors over the years, and many of these claims were erroneously filed, and should have been filed with other agencies (such as Alameda County, AC Transit, and Caltrans). As staff moves forward with the implementation of Measure BB, Alameda CTC may experience an increase in claims against the agency as Alameda CTC puts more projects on the streets and highways of Alameda County and as Alameda CTC's name is recognized as a funding agency on these projects. Staff works directly with the agency's insurance provider, the Special District Risk Management Authority (SDRMA), when claims are received so that responsibility may be determined promptly and they might be resolved expediently or referred to the appropriate agency. This saves Alameda CTC money because when working with the SDRMA directly, much of the legal costs to address these claims are covered by insurance.

**Fiscal Impact:** There is no fiscal impact.

## **Attachment**

- A. Report on Claims Acted Upon by Staff under the Government Claims Act January 1, 2017 – March 31, 2017

## **Staff Contact**

[Patricia Reavey](#), Deputy Executive Director of Finance and Administration

**Claims Acted Upon by Staff Under the Government Claim Act**  
**January 1, 2017 - March 31, 2017**

<b>Claimant</b>	<b>Submitted By</b>	<b>Received Date</b>	<b>Amount</b>	<b>Action Taken</b>	<b>Date</b>	<b>Notes</b>
Moises Torres	claimant	February 14, 2017	\$ 678.95 + tax	Claim Rejected	March 1, 2017	Claim was rejected as non-jurisdictional.
Oliver Tevis Jr.	claimant	February 15, 2017	\$ 56.64	Claim Rejected	March 1, 2017	Claim was rejected as non-jurisdictional.

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# Memorandum

5.1

1111 Broadway, Suite 800, Oakland, CA 94607

• PH: (510) 208-7400

• [www.AlamedaCTC.org](http://www.AlamedaCTC.org)

**DATE:** May 1, 2017

**SUBJECT:** Alameda CTC Draft Consolidated Budget for FY2017-18

**RECOMMENDATION:** Approve the Alameda CTC Draft Consolidated Budget for FY2017-18.

## Summary

The Alameda County Transportation Commission's (Alameda CTC) FY2017-18 Draft Consolidated Budget (Draft Budget) demonstrates a sustainable, balanced budget utilizing projected revenues and fund balance to fund total expenditures. A budget is considered balanced when (1) total revenues equal total expenditures, (2) total revenues are greater than total expenditures, or (3) total revenues plus fund balance are greater than total expenditures. The overall consolidated Alameda CTC budget fits into the second category with total revenues greater than expenditures; however, this varies by fund as some funds fit into the third category such as the Measure B, Measure BB, Vehicle Registration Fee (VRF) and Transportation Fund for Clean Air (TFCA) funds which accumulate funds within fund balances to be utilized to fund capital projects and programs in Alameda County, and the CMA Capital Projects Fund fits into the first category.

The Draft Budget has been prepared based on the modified accrual basis of accounting, which is consistent with the basis of accounting utilized to prepare our audited financial statements. It has been segregated by fund type and includes an adjustment column to eliminate interagency revenues and expenditures on a consolidated basis. The funds are comprised of General Funds, I-580 Express Lanes Fund, Special Revenue Funds, Exchange Fund, Debt Service Fund and Capital Projects Funds.

The Draft Budget contains projected revenues totaling \$321.1 million of which sales tax revenues comprise \$282.0 million, or 87.8 percent, and VRF revenues comprise \$12.0 million, or 3.7 percent. In addition, the Draft Budget also includes a projected FY2016-17 ending fund balance of \$309.8 million for total available resources of \$631.0 million. The projected revenues are offset by \$312.1 million in anticipated expenditures of which \$121.4 million, or 38.9 percent, are allocated to capital projects funds, and \$5.4 million, or 1.2 percent when including the roll forward capital budget, is allocated for salaries and benefits. Salaries and benefits expenditures are nominal as compared to total expenditures. These revenue and expenditure totals constitute a net increase in fund balance of \$9.0 million and a projected consolidated ending fund balance of \$318.9 million.

Approval of the Draft Capital Projects budget is requested for the amount found in the "Proposed FY2017-18 Capital Budget with Estimated Roll Over" column on the Draft Capital Programs Budget sheet. This column includes both the additional capital budget amount requested for FY2017-18 as well as an estimated roll over balance from FY2016-17. The capital amount carried forward to the consolidated Alameda CTC Draft Budget does not include the roll forward budget authority because the amount is still included in the approved budget for FY2016-17 and, therefore, is included in the projected roll forward fund balance from the FY2016-17 adopted budget. During the mid-year budget update process, the roll forward fund balance will be updated to actual based on the audited financial statements. Consequently, the capital budget amount on the consolidated budget spreadsheet for the mid-year budget update will be for the full capital budget including both the actual roll forward balance from FY2016-17 and any additional requested capital budget for FY2017-18. This methodology is necessary to ensure accurate and reliable fund balance information in the Alameda CTC budget.

The Draft Budget includes revenues and expenditures necessary to provide vital programs and planning projects for Alameda County and to deliver significant capital projects that expand access and improve mobility in Alameda County consistent with the 2018 Comprehensive Investment Plan (CIP) which was approved by the Commission in April 2017.

Alameda CTC has included the General Fund balance reserve amount which was calculated based on the General Fund Balance Reserve Policy approved by the Commission in January 2014. In addition, the operational reserve has been calculated for the I-580 Express Lanes Fund in the amount of 50 percent of expenditures. The goal is to grow this operational reserve up to 100 percent of annual projected expenditures in order to mitigate risk and ensure sufficient liquidity for operations.

The Draft Budget allows for an additional inter-fund loan from the 1986 Measure B Capital Fund to the General Fund for non-sales tax related items of \$5 million, if and when necessary during FY2017-18, which would bring the total authorized loan amount to \$15 million. The loan program was adopted by the Commission in March 2011 to help cash flow non-sales tax related projects and programs.

## **Background**

Development of the Draft Budget for FY2017-18 focused on the mission and core functions of Alameda CTC that will enable Alameda CTC to plan, fund and deliver transportation programs and projects that expand access and improve mobility in Alameda County.

Staffing levels assumed in the Draft Budget for FY2017-18 are based on the organizational structure and salary ranges approved by the Commission in March 2017, which allows for staffing of up to 37 full time equivalent (FTE) positions in 32 job classifications. Salaries and benefits account for 1.2 percent of budgeted expenditures including roll forward capital



budget authority. The organizational structure was designed to prepare the agency to meet the many challenges and expanded responsibilities of administering the 2014 Measure BB sales tax, implementing the CIP, and managing and maintaining the I-580 Express Lanes and the I-680 Southbound Express Lane.

The 2000 Measure B and 2014 Measure BB Salary and Benefits Limitation ratio and the Administrative Cost Limitation ratio were calculated based on the proposed budgeted revenues and expenditures and were found to be in compliance with requirements in the Transportation Expenditure Plans and the Public Utility Code.

**Fiscal Impact:** The fiscal impact of the FY2017-18 Draft Consolidated Budget would be to provide resources of \$321.1 million and authorize expenditures of \$312.1 million, with an overall increase in fund balance of \$9.0 million for a projected ending fund balance of \$318.9 million.

### **Attachments**

- A. Alameda CTC FY2017-18 Draft Consolidated Budget
- B. I-580 Express Lanes FY2017-18 Draft Budget
- C. Alameda CTC FY2017-18 Draft Capital Programs Budget

### **Staff Contact**

[Patricia Reavey](#), Deputy Executive Director of Finance and Administration

[Seung Cho](#), Director of Budgets and Administration

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**Alameda County Transportation Commission  
Fiscal Year 2017-18 Draft Budget**

5.1A

	General Funds	I-580 Express Lanes Fund	Special Revenue Funds	Exchange Fund	Debt Service Fund	Capital Projects Funds	Inter-Agency Adjustments/ Eliminations	Total
<b>Projected Beginning Fund Balance</b>	\$ 47,381,241	\$ 5,090,755	\$ 66,662,328	\$ 5,086,439	\$ 10,522,027	\$ 175,096,728	\$ -	\$ 309,839,518
<b>Revenues:</b>								
Sales Tax Revenues	\$ 11,985,000	\$ -	\$ 171,968,116	\$ -	\$ -	\$ 98,046,884	\$ -	\$ 282,000,000
Investment Income	245,000	-	355,000	30,000	-	2,100,000	-	2,730,000
Member Agency Fees	1,394,819	-	-	-	-	-	-	1,394,819
VRF Funds	-	-	12,000,000	-	-	-	-	12,000,000
Toll Revenues	-	8,000,000	-	-	-	-	-	8,000,000
Other Revenues	-	-	31,250	-	24,618,083	-	(24,649,333)	-
Regional/State/Federal Grants	3,617,360	-	3,806,985	-	-	(224,846)	-	7,199,498
Local and Other Grants	499,451	-	-	6,835,413	-	20,017,168	(19,542,137)	7,809,895
<b>Total Revenues</b>	<b>17,741,630</b>	<b>8,000,000</b>	<b>188,161,351</b>	<b>6,865,413</b>	<b>24,618,083</b>	<b>119,939,205</b>	<b>(44,191,470)</b>	<b>321,134,212</b>
<b>Expenditures:</b>								
<u>Administration</u>								
Salaries and Benefits	2,021,871	-	-	-	-	75,132	-	2,097,004
General Office Expenses	1,571,313	-	3,000	-	-	93,897	(3,000)	1,665,209
Travel Expense	42,300	-	-	-	-	2,700	-	45,000
Debt Service	-	-	-	-	26,473,250	24,618,083	(24,618,083)	26,473,250
Other Administration	2,673,350	-	-	-	-	182,900	-	2,856,250
Commission and Community Support	252,750	-	28,250	-	-	-	(28,250)	252,750
Contingency	194,000	-	-	-	-	6,000	-	200,000
<u>Operations</u>								
Salaries and Benefits	-	194,295	-	-	-	-	-	194,295
Project Management and Support	-	290,000	-	-	-	-	-	290,000
Other Operating Expenditures	-	7,115,000	-	-	-	-	-	7,115,000
<u>Planning</u>								
Salaries and Benefits	747,266	-	-	-	-	-	-	747,266
Planning Management and Support	-	-	-	-	-	-	-	-
Transportation Planning	1,794,814	-	-	-	-	-	-	1,794,814
Congestion Management Program	575,445	-	-	-	-	-	-	575,445
Other Planning Projects	-	-	-	-	-	-	-	-
<u>Programs</u>								
Salaries and Benefits	114,101	-	1,511,566	29,016	-	-	(186,446)	1,468,237
Programs Management and Support	122,500	-	1,686,500	-	-	-	-	1,809,000
Safe Routes to School Programs	-	-	1,784,601	-	-	-	-	1,784,601
VRF Programming	-	-	14,054,000	-	-	-	-	14,054,000
Measure B/BB Direct Local Distribution	-	-	145,715,309	-	-	-	-	145,715,309
Grant Awards	-	-	17,627,828	-	-	-	-	17,627,828
TFCA Programming	-	-	1,687,785	-	-	-	-	1,687,785
CMA TIP Programming	-	-	-	6,806,397	-	-	-	6,806,397
<u>Capital Projects</u>								
Salaries and Benefits	-	-	-	-	-	930,580	-	930,580
Project Management and Support	-	-	-	-	-	3,382,780	-	3,382,780
Capital Project Expenditures	-	-	-	-	-	92,083,252	(19,542,137)	72,541,114
<u>Indirect Cost Recovery/Allocation</u>								
Indirect Cost Recovery from Capital, Spec Rev & Exch Funds	(186,446)	-	-	-	-	-	186,446	-
<b>Total Expenditures</b>	<b>9,923,263</b>	<b>7,599,295</b>	<b>184,098,839</b>	<b>6,835,413</b>	<b>26,473,250</b>	<b>121,375,324</b>	<b>(44,191,470)</b>	<b>312,113,914</b>
<b>Net Change in Fund Balance</b>	<b>7,818,366</b>	<b>400,705</b>	<b>4,062,512</b>	<b>30,000</b>	<b>(1,855,167)</b>	<b>(1,436,118)</b>	<b>-</b>	<b>9,020,298</b>
<b>Projected Ending Fund Balance</b>	<b>55,199,607</b>	<b>5,491,460</b>	<b>70,724,840</b>	<b>5,116,439</b>	<b>8,666,860</b>	<b>173,660,610</b>	<b>-</b>	<b>318,859,816</b>
<b>Fund Balance/Operational Reserves</b>	<b>30,519,054</b>	<b>3,799,648</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,318,702</b>
<b>Projected Net Fund Balance</b>	<b>\$ 24,680,553</b>	<b>\$ 1,691,812</b>	<b>\$ 70,724,840</b>	<b>\$ 5,116,439</b>	<b>\$ 8,666,860</b>	<b>\$ 173,660,610</b>	<b>\$ -</b>	<b>\$ 284,541,115</b>

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**I-580 Express Lanes  
Fiscal Year 2017-18  
Draft Budget**

5.1B

	<b>FY 2017-18 Proposed Budget</b>
<b>Projected Beginning Net Position</b>	<b>\$ 5,090,755</b>
<b>Operating Revenues:</b>	
Toll Revenue	8,000,000
Other Revenues	-
<b>Total Operating Revenues</b>	<b>8,000,000</b>
<b>Operating Expenses:</b>	
Operations and Maintenance (Consultant)	3,000,000
Revenue Collection Fees (BATA)	2,000,000
Other Consultant Costs	1,000,000
Contingency	500,000
Enforcement (CHP)	225,000
Express Lane Operations Technicians	210,000
Alameda CTC Operations	179,427
System Manager/Operations Support	100,000
Public Outreach / Education	100,000
Insurance	80,000
IT Support	60,000
Utilities	60,000
Express Lane Maintenance (Caltrans)	25,000
Miscellaneous	25,000
Legal	20,000
Alameda CTC Administration	14,868
Project Controls	-
<b>Total Operating Expenses</b>	<b>7,599,295</b>
<b>Operating Surplus/(Deficit)</b>	<b>400,705</b>
<b>Projected Ending Net Position</b>	<b>\$ 5,491,460</b>
<b>Net Position</b>	
Reserved for Operations & Maintenance:	3,799,648
Unrestricted	1,691,812
<b>Total Net Position</b>	<b>\$ 5,491,460</b>

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**Alameda CTC Fiscal Year 2017-18  
Draft Capital Programs Budget**

5.1C

	(A)	(B)	(A) - (B) = (C)	(D)	(C) + (D) = (E)	Funding			
	Adopted FY 2016-17 Capital Budget	Estimated FY2016-17 Expenditures	Estimated FY 2016-17 Rollover to FY 2017-18	Proposed FY 2017-18 Adjustment to Capital Budget	Proposed FY 2017-18 Capital Budget w/ Estimated Rollover	Total Local	Total Regional	Total State	Total Federal
<b>Capital Programs</b>									
1986 Measure B Capital Program	\$ 25,956,276	\$ 4,771,663	\$ 21,184,613	\$ 581,702	\$ 21,766,315	\$ 21,766,315	\$ -	\$ -	\$ -
2000 Measure B Capital Program	86,024,157	18,510,892	67,513,265	18,375,817	85,889,082	85,017,277	-	-	871,805
2014 Measure BB Capital Program	74,344,249	50,031,824	24,312,425	57,646,771	81,959,196	81,179,197	-	-	780,000
Non-Sales Tax Capital Program	58,705,988	41,908,539	16,797,450	19,792,321	36,589,771	34,582,291	639,025	607,759	760,696
	<u>\$ 245,030,671</u>	<u>\$ 115,222,917</u>	<u>\$ 129,807,754</u>	<u>\$ 96,396,612</u>	<u>\$ 226,204,365</u>	<u>\$ 222,545,080</u>	<u>\$ 639,025</u>	<u>\$ 607,759</u>	<u>\$ 2,412,500</u>

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# Memorandum

5.2

1111 Broadway, Suite 800, Oakland, CA 94607

• PH: (510) 208-7400

• www.AlamedaCTC.org

**DATE:** May 1, 2017

**SUBJECT:** Alameda CTC FY2016-17 Third Quarter Consolidated Financial Report

**RECOMMENDATION:** Approve the Alameda CTC FY2016-17 Third Quarter Consolidated Financial Report.

## Summary

Alameda CTC's expenditures through March 31, 2017 are within year-to-date budget authority per the currently adopted budget. The agency remains in a strong financial position as compared to budget through the third quarter and is on track to close out the fiscal year with no further budget adjustments required.

The attached FY2016-17 Third Quarter Financial Report has been prepared on a consolidated basis and is compared to the year-to-date currently adopted budget. This report provides a summary of FY2016-17 actual revenues and expenditures through March 31, 2017. Variances from the year-to-date budget are demonstrated as a percentage of the budget used by line item as well as stating either a favorable or unfavorable variance in dollars. Percentages over 100 percent indicate that actual revenue or expenditure items are over 75 percent of the total annual budget through the third quarter of the fiscal year, and percentages under 100 percent indicate that actual revenue or expenditure items are under 75 percent of the total annual budget through the third quarter of the fiscal year. As of March 31, 2017, Alameda CTC activity for the fiscal year results in a net increase in fund balance in the amount of \$31.8 million mostly due to sales tax revenues received but not yet spent, primarily in the Special Revenue Funds for discretionary grants.

## Activity

The following are highlights of actual revenues and expenditures compared to budget as of March 31, 2017 by expenditure category:

### Revenues

Sales tax revenues are over budget by \$5.9 million, or 2.8 percent, and investment income is over budget by \$1.5 million or 203.3 percent as interest rates have begun to rise in the last few months. Toll revenues are over budget by \$1.2 million which can help to fund the targeted operational reserve, and grant revenues are under budget by \$22.8 million

mostly related to capital and other projects. Grant revenues are recognized on a reimbursement basis, therefore correlated with directly related expenditures, so capital and other project expenditures also will be under budget.

#### *Salaries and Benefits*

Salaries and benefits in all categories is slightly over budget by \$0.06 million, or 1.6 percent, as of March 31, 2017 due to a timing difference and a 5 percent decrease in the currently adopted budget approved in March 2017 from the FY2016-17 originally adopted budget. The decrease in the budget was proposed because staff believes that the new budget is closer to where expenses will be realized by fiscal year end.

#### *Administration*

Costs for overall administration is over budget by \$6.3 million, or 25.8 percent, due to debt service which incurred 100 percent of the annual costs by March 31, 2017 and will not incur any additional costs in the fourth quarter of the fiscal year. Debt service costs are required to be recorded when incurred per government accounting standards. Debt service costs will equal budget by year-end.

#### *I-580 Express Lanes Operations*

The I-580 Express Lanes Operations expenditures are under budget by \$1.3 million, or 29.1 percent, mostly related to operations and maintenance costs and costs for revenue collection services.

#### *Planning and Programs*

Planning expenditures are under budget by \$0.8 million, or 34.3 percent, and program expenditures are under budget by \$16.3 million, or 11.8 percent, mostly related to grants and other programming awards for which incoming bills have been delayed due to continued efforts with member agencies to put required agreements in place which would allow for invoicing on Measure BB projects.

#### *Capital Projects*

Capital Projects expenditures are under budget by \$92.9 million, or 59.3 percent. This variance is related to timing issues on certain capital projects. There are currently no real budget issues on capital projects.

#### *Limitations Calculations*

Staff has completed the limitations calculations required for both 2000 Measure B and 2014 Measure BB related to salary and benefits and administration costs, and Alameda CTC is in compliance with all limitation requirements.

**Fiscal Impact:** There is no fiscal impact.

**Attachment**

- A. Alameda CTC Consolidated Revenues/Expenditures Actual vs. Budget as of March 31, 2017

**Staff Contact**

[Patricia Reavey](#), Deputy Executive Director of Finance and Administration

[Yoana Navarro](#), Accounting Manager

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**ALAMEDA COUNTY TRANSPORTATION COMMISSION**  
**Consolidated Revenues/Expenditures**  
**March 31, 2017**

5.2A

	<u>Total Consolidated</u>			<u>Favorable (Unfavorable) Variance</u>
	<u>YTD Actuals</u>	<u>YTD Budget</u>	<u>% Used</u>	
<u>REVENUES</u>				
Sales Tax Revenue	\$ 213,418,319	\$ 207,525,000	102.84	\$ 5,893,319
Investment Income	2,217,980	731,250	303.31	1,486,730
Member Agency Fees	1,046,114	1,046,114	100.00	-
VRF Funds	9,580,391	9,000,000	106.45	580,391
Toll Revenues	7,001,340	5,850,000	119.68	1,151,340
Toll Violation Revenues	2,141,422	1,056,527	202.69	1,084,896
Other Revenues	2	-	-	2
Regional/State/Federal Grants	11,058,772	20,780,176	53.22	(9,721,404)
Local and Other Grants	6,816,890	19,892,897	34.27	(13,076,007)
Total Revenues	\$ 253,281,231	\$ 265,881,964		\$ (12,600,733)
<u>EXPENDITURES</u>				
<u>Administration</u>				
Salaries and Benefits	1,627,340	1,392,851	116.84	(234,490)
General Office Expenses	1,028,409	1,141,247	90.11	112,838
Travel Expense	16,908	30,000	56.36	13,092
Debt Service	26,471,350	19,853,513	133.33	(6,617,838)
Other Administration	1,490,646	1,700,780	87.64	210,134
Commission and Community Support	139,151	185,288	75.10	46,137
Contingency	-	150,000	-	150,000
<u>I-580 Operations</u>				
Salaries and Benefits	95,728	146,309	65.43	50,580
Project Management/Controls	194,980	207,056	94.17	12,076
Other Operating Expenditures	2,981,371	4,260,000	69.99	1,278,629
<u>Planning</u>				
Salaries and Benefits	770,704	634,419	121.48	(136,285)
Planning Management and Support	52,940	504,042	10.50	451,102
Transportation Planning	603,680	937,579	64.39	333,898
Congestion Management Program	91,761	236,043	38.87	144,282
<u>Programs</u>				
Salaries and Benefits	1,010,968	1,029,554	98.19	18,586
Programs Management and Support	964,369	995,036	96.92	30,667
Safe Routes to School Program	529,347	1,332,591	39.72	803,244
VRF Programming	6,527,342	9,510,000	68.64	2,982,658
Measure B/BB Direct Local Distribution	110,281,549	107,224,930	102.85	(3,056,619)
Grant Awards	1,006,579	7,639,892	13.18	6,633,313
Other Programming	1,699,081	10,622,344	16.00	8,923,263
<u>Capital Projects</u>				
Salaries and Benefits	200,374	443,155	45.22	242,781
Capital Project Expenditures	63,652,170	156,331,587	40.72	92,679,417
Total Expenditures	\$ 221,436,748	\$ 326,508,214		\$ 105,071,466
Net revenue over / (under) expenditures	\$ 31,844,483	\$ (60,626,250)		

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# Memorandum

5.3

1111 Broadway, Suite 800, Oakland, CA 94607

• PH: (510) 208-7400

• www.AlamedaCTC.org

**DATE:** May 1, 2017

**SUBJECT:** Alameda CTC FY2016-17 Third Quarter Investment Report

**RECOMMENDATION:** Approve the Alameda CTC FY2016-17 Third Quarter Investment Report.

## Summary

For the quarter ending March 31, 2017, the Alameda CTC's investments are in compliance with the Agency's investment policy and the portfolios have met the benchmark goals for the quarter. Alameda CTC has sufficient cash flow to meet expenditure requirements over the next six months.

The Quarterly Consolidated Investment Report (Attachment A) provides balance and average return on investment information for all cash and investments held by the Alameda CTC as of March 31, 2017. The report also shows balances as of June 30, 2016 for comparison purposes. The *Portfolio Review for Quarter Ending March 31, 2017* (Attachment B), prepared by GenSpring, provides a review and outlook of current market conditions, an investment strategy to maximize return without compromising safety and liquidity, and an overview of the strategy used to develop the bond proceeds portfolio.

## Portfolio Highlights

The following are key highlights of cash and investment information as of March 31, 2017:

- As of March 31, 2017, total cash and investments held by the Alameda CTC was \$431.3 million, an increase of \$12.7 million or 3.0 percent over June 30, 2016.
- Compared to prior year-end balances:
  - The 1986 Measure B investment balance decreased \$3.4 million or 2.5 percent due to capital projects expenditures.
  - The 2000 Measure B investment balance decreased \$7.2 million or 4.6 percent, in large part due to a required principal payment made on the outstanding bonds during March 2017.

- The 2014 Measure BB investment balance increased \$21.1 million or 32.0 percent mostly due to the continued effort with member agencies to put required agreements in place which would authorize invoicing for expenditures incurred on Measure BB projects.
- The Non-Sales Tax investment balance increased \$2.2 million or 3.8 percent primarily due to the reimbursement of grant funds which outpaced expenditures slightly during the third quarter as non-sales tax capital projects wind down.

Investment yields have increased slightly with the approximate average return on investments through the third quarter at 0.71 percent compared to the prior year's average return of 0.46 percent. Return on investments were projected for the FY2016-17 budget year at varying rates ranging from 0.2 - 0.7 percent depending on investment type.

**Fiscal Impact:** There is no fiscal impact.

### **Attachments**

- A. Consolidated Investment Report as of March 31, 2017
- B. Portfolio Review for Quarter Ending March 31, 2017 (provided by GenSpring)
- C. Fixed Income Portfolio as of March 31, 2017

### **Staff Contacts**

[Patricia Reavey](#), Deputy Executive Director of Finance and Administration

[Lily Balinton](#), Director of Finance

[Yoana Navarro](#), Accounting Manager



Alameda CTC Consolidated Investment Report As of March 31, 2017							
1986 Measure B	Un-Audited	Interest Earned				FY 2015-2016	
	Investment Balance	As of March 31, 2017				Investment Balance	Interest earned
		Interest earned	Approx. ROI	Budget	Difference	June 30, 2016	FY 2015-2016
Bank Accounts	\$ 1,885,212	\$ 2,149	0.15%			\$ 2,924,961	8,766
State Treasurer Pool (LAIF) <sup>(1)</sup>	8,858,949	57,205	0.86%			11,806,194	62,150
Investment Advisor <sup>(1) (2)</sup>	114,910,417	707,666	0.82%			114,339,737	699,222
Loan to Non-Sales Tax General Fund	10,000,000	-	-			10,000,000	-
1986 Measure B Total	\$ 135,654,579	\$ 767,020	0.75%	\$ 157,500	\$ 609,520	\$ 139,070,893	\$ 770,137
						Approx. ROI	0.55%
2000 Measure B	Un-Audited	Interest Earned				FY 2015-2016	
	Investment Balance	As of March 31, 2017				Investment Balance	Interest earned
		Interest earned	Approx. ROI	Budget	Difference	June 30, 2016	FY 2015-2016
Bank Accounts	\$ 2,661,992	\$ 4,100	0.21%			\$ 6,165,527	15,678
State Treasurer Pool (LAIF) <sup>(1)</sup>	28,476,624	137,722	0.64%			29,931,996	114,809
Investment Advisor <sup>(1) (2)</sup>	105,173,820	577,562	0.73%			96,727,857	511,093
2014 Series A Bond Project Fund <sup>(1)</sup>	1,156	2,159	0.07%			5,778,998	29,488
2014 Series A Bond Interest Fund <sup>(1)</sup>	3,535,727	45,186	1.70%			9,158,139	86,048
2014 Series A Bond Principal Fund <sup>(1)</sup>	1,814,817	32,151	2.36%			-	-
Project Deferred Revenue <sup>(1) (3)</sup>	6,656,782	38,068	0.76%			7,753,151	34,739
2000 Measure B Total	\$ 148,320,918	\$ 836,947	0.75%	\$ 330,000	\$ 506,947	\$ 155,515,667	\$ 791,855
						Approx. ROI	0.51%
2014 Measure BB	Un-Audited	Interest Earned				FY 2015-2016	
	Investment Balance	As of March 31, 2017				Investment Balance	Interest earned
		Interest earned	Approx. ROI	Budget	Difference	June 30, 2016	FY 2015-2016
Bank Accounts	\$ 6,795,181	\$ 5,942	0.12%			\$ 12,751,139	33,307
State Treasurer Pool (LAIF) <sup>(1)</sup>	50,090,768	290,966	0.77%			53,043,649	100,165
Investment Advisor <sup>(1) (2)</sup>	29,959,947	86,054	0.38%			-	-
2014 Measure BB Total	\$ 86,845,896	\$ 382,962	0.59%	\$ 165,000	\$ 217,962	\$ 65,794,788	\$ 133,472
						Approx. ROI	0.20%
Non-Sales Tax	Un-Audited	Interest Earned				FY 2015-2016	
	Investment Balance	As of March 31, 2017				Investment Balance	Interest earned
		Interest earned	Approx. ROI	Budget	Difference	June 30, 2016	FY 2015-2016
Bank Accounts	\$ 8,507,523	\$ 10,826	0.17%			\$ 20,552,837	34,696
State Treasurer Pool (LAIF) <sup>(1)</sup>	53,434,406	258,292	0.64%			33,601,132	119,890
Project Deferred Revenue <sup>(1) (4)</sup>	8,549,031	49,702	0.78%			14,124,614	65,492
Loan from 1986 Measure B	(10,000,000)	-	-			(10,000,000)	-
Non-Sales Tax Total	\$ 60,490,961	\$ 318,820	0.70%	\$ 78,750	\$ 240,070	\$ 58,278,584	\$ 220,078
						Approx. ROI	0.38%
Alameda CTC TOTAL	\$ 431,312,352	\$ 2,305,750	0.71%	\$ 731,250	\$ 1,574,500	\$ 418,659,932	\$ 1,915,542

## Notes:

- (1) All investments are marked to market on the financial statements at the end of the fiscal year per GASB 31 requirements.
- (2) See attachments for detail of investment holdings managed by Investment Advisor.
- (3) Project funds in deferred revenue are invested in LAIF with interest accruing back to the respective fund which includes TVTC funds.
- (4) Project funds in deferred revenue are invested in LAIF with interest accruing back to the respective fund which include VRF, TVTC, San Leandro Marina, TCRP, PTMISEA and Cal OES.
- (5) Alameda CTC has sufficient cash flow to meet expenditure requirements over the next six months.

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***Alameda County Transportation Commission***  
***Portfolio Review for the Quarter Ending***  
***March 31, 2017***

***Fixed Income Market Review and Outlook***

Economic data, especially European and US economic figures, continued to show steady improvement. The Federal Reserve (Fed) continued on their gradual path of normalization, raising interest rates by 0.25% at their March meeting. Importantly, the Fed's target rate—currently at a range of 0.75% to 1.00%—remains low by historical standards.

There has been a growing gap between investor expectations and actual economic performance. Many have attributed the cheerier outlook to the so-called Trump Trade. Indeed, confidence-related data of nearly all stripes improved since November; most notably, the University of Michigan Consumer Sentiment Index, which spiked to a 14-year high.

Accordingly, markets digested the Fed's rate increase, which hampered global stock returns for the balance of March. Yet, most major global stock indices finished just off of multi-year highs and posted their best quarter in more than three years. International stocks wrestled back the top spot for March and the first quarter.

Given that the bond market largely expected the Fed's rate increase, bond yields reset modestly lower. While choppy rates caused most bond sectors to post small losses for March, US core bonds had gains for the first quarter. Outside of government issues, high yield bonds led the pack.

***Portfolio Allocation***

As of the end of the quarter, the consolidated Alameda CTC portfolio consisted of 34.3% US Government Agency securities, 40.3% US Treasury securities, 23.8% High Grade Corporate Bonds and 1.6% of cash and cash equivalents.

***Compliance with Investment Policy Statement***

For the quarter ending March 31, 2017 the Alameda CTC portfolio continues to have one compliance item of note which is expected to remain through the maturity of the bond in July 2017;

Anheuser Busch bonds were purchased for both the 1986 Measure B and the 2000 Measure B investment portfolios in May of 2015. The invested amounts are \$3,000,000 in each account. The security has a maturity date of 7/15/17. The credit ratings at the time of

purchase were A2/A by Moody's and S&P, respectively. In part due to a proposed merger, the security's credit rating was downgraded to A3 by Moody's and A- by S&P. Based on the credit outlook and strong fundamentals, we recommend that Alameda CTC continue to hold the security, and the Alameda CTC investment officer agreed.

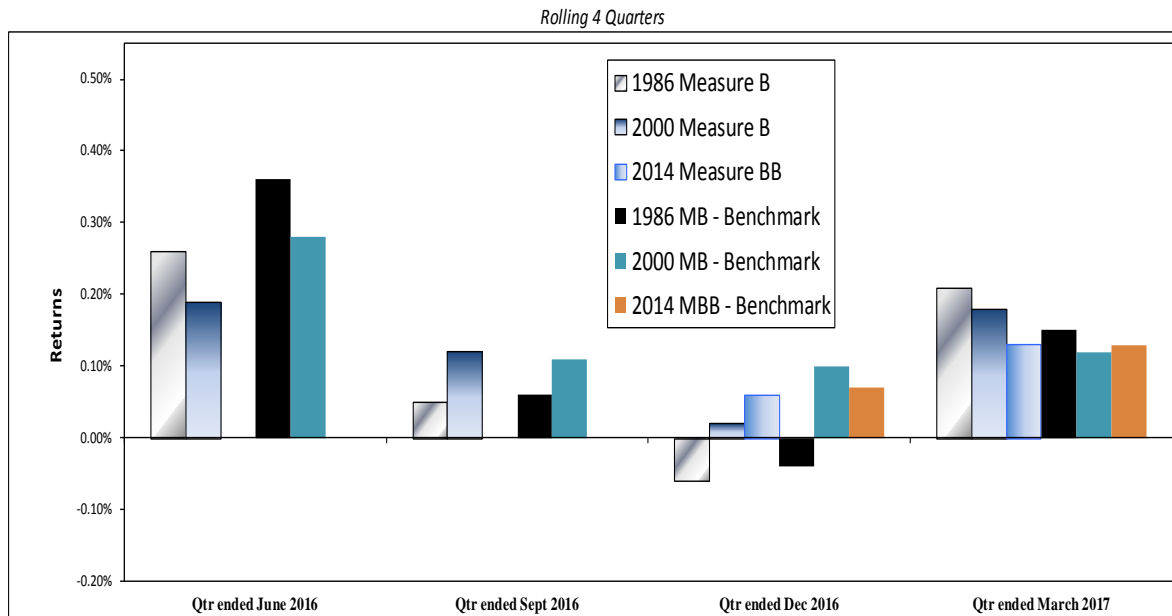
### **Budget Impact**

The portfolio's performance is reported on a total economic return basis. This method includes the coupon interest, amortization of discounts and premiums, capital gains and losses and price changes (i.e., unrealized gains and losses) but does not include the deduction of management fees. For the quarter ending March 31, 2017, the 1986 Measure B portfolio returned **0.21%**. This compares to the benchmark return of **0.15%**. For the quarter ending March 31, 2017, the 2000 Measure B portfolio returned **0.18%**. This compares to the benchmark return of **0.12%**. For the quarter ending March 31, 2017, the 2014 Measure BB portfolio returned **0.13%**. This compares to the benchmark return of **0.13%**. The exhibit below shows the performance of the Alameda CTC's portfolios relative to their respective benchmarks.

The portfolio's yield to maturity, the return the portfolio will earn in the future if all securities are held to maturity, is also reported. This calculation is based on the current market value of the portfolio including unrealized gains and losses. For the quarter ending March 31, 2017, the 1986 Measure B portfolio's yield to maturity or call was **1.16%**. The benchmark's yield to maturity was **1.01%**. For the quarter ending March 31, 2017, the 2000 Measure B portfolio's yield to maturity or call was **1.11%**. The benchmark's yield to maturity was **0.90%**. For the quarter ending March 31, 2017, the 2014 Measure BB portfolio's yield to maturity or call was **0.97%**. The benchmark's yield to maturity was **0.83%**.

## Alameda CTC

### Quarterly Review - Account vs. Benchmark



Trailing 12 Months	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Trailing 12 Months
<b>MONTHLY PERFORMANCE DATA</b>													
1986 Measure B	0.03%	-0.01%	0.24%	0.02%	-0.02%	0.05%	0.03%	-0.15%	0.06%	0.12%	0.08%	0.01%	0.46%
2000 Measure B	0.05%	0.00%	0.14%	0.04%	0.03%	0.05%	0.04%	-0.08%	0.06%	0.10%	0.07%	0.01%	0.51%
2014 Measure BB								0.00%	0.06%	0.09%	0.04%	0.00%	0.19%
Benchmark - 1986 MB <sup>1</sup>	0.09%	-0.05%	0.32%	0.01%	-0.05%	0.10%	0.01%	-0.10%	0.05%	0.11%	0.07%	-0.03%	0.53%
Benchmark - 2000 MB <sup>2</sup>	0.10%	-0.02%	0.20%	0.03%	-0.01%	0.09%	0.04%	0.01%	0.05%	0.10%	0.06%	-0.04%	0.61%
Benchmark - 2014 MBB <sup>3</sup>								0.02%	0.05%	0.07%	0.06%	0.00%	0.20%

Note: Past performance is not an indication of future results. Performance is presented prior to the deduction of investment management fees.

<sup>1</sup> (1986 Measure B) Benchmark is a customized benchmark comprised of 25% ML 1 -3 year Tsy index, 25% ML 6mo. Tsy index and 50% ML 1 year Tsy index

<sup>2</sup> (2000 Measure B) Benchmark is currently a customized benchmark comprised of 50% ML 6mo. Tsy index and 50% ML 1 year Tsy index.

<sup>3</sup> (2014 Measure BB) Benchmark is the ML 6mo. Tsy index

### **Bond Proceeds Portfolios**

On March 4, 2014, in conjunction with the issuance of the Alameda County Transportation Commission Sales Tax Revenue Bonds, Series 2014, (the Series 2014 Bonds), Alameda CTC established both an **Interest Fund** and **Project Fund** at Union Bank of California, the Series 2014 Bond trustee. These portfolios were initially funded with \$108,944,688 in the Project Fund and \$20,335,856 in the Interest Fund, which was an amount net of the initial drawdown for bond related project costs incurred prior to closing.

As of March 31, 2017, nearly all of the funds had been distributed from the Project Fund in the amount of \$109,105,985.46 which includes interest earnings on the bond funds, and \$17,056,538.75 had been distributed from the Interest Fund. The quarter end values of the Project and Interest Funds, including unrealized gains and losses, were \$1,156.23 and \$3,546,377.73 respectively.

The portfolios were invested by buying allowable high grade fixed income securities. As of March 31, 2017 the average life of the cash flows for the Interest Fund was roughly **0.52** years while the average life of the cash flows of the Project Fund was anticipated to be approximately 1 week.

One way to measure the anticipated return of the portfolios is their *yield to maturity*. This is the return the portfolio will earn in the future if all securities are held to maturity. This calculation is based on the current market value of the portfolio. As of the end of the quarter the Interest Fund portfolio's yield to maturity was **0.89%** and the Project Fund portfolio's yield to maturity was **0.62%** (the current money market fund yield). By comparison, an investment in a U.S. Treasury note of comparable average maturity at the end of the month would yield **0.90%** and **0.71%** respectively.

For the quarter ending March 31, 2017, the Alameda CTC Series 2014 Bonds Interest Fund and Project Fund portfolios were invested in compliance with the Bond Indenture dated February 1, 2014.

**FIXED INCOME PORTFOLIO**  
**Alameda County Transportation Commission**  
**ACTA 1986 Measure B**  
**Account # N001**  
**March 31, 2017**

Quantity	Security Symbol	Security	Moody	S & P	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	Total Market Value	Pct Assets	Yield To Mat	Duration
<b>CASH</b>													
	61747c70s	MORGAN STANLEY GOVERNMENT INST				187,046.38		187,046.38		187,046.38	0.16		0.0
	pendingcash	PENDING SETTLEMENT				729.57		729.57		729.57	0.00		0.0
						187,775.95		187,775.95		187,775.95	0.16		0.0
<b>CORPORATE BONDS</b>													
1,000,000.0000	94974bfd7	WELLS FARGO CO MTN BE	A2	A	101.77	1,017,700.00	100.07	1,000,720.00	8,341.67	1,009,061.67	0.87	1.35	0.1
		2.100% Due 05-08-17											
1,000,000.0000	037833bb5	APPLE INC	AA1	AA+	100.10	1,001,000.00	99.99	999,880.00	3,450.00	1,003,330.00	0.87	0.98	0.1
		0.900% Due 05-12-17											
1,500,000.0000	084664bs9	BERKSHIRE HATHAWAY FIN CORP	AA2	AA	101.35	1,520,175.00	100.02	1,500,315.00	9,066.67	1,509,381.67	1.31	1.39	0.1
		1.600% Due 05-15-17											
3,000,000.0000	91159hhd5	U S BANCORP MTNS BK ENT	A1	A+	101.52	3,045,480.00	100.01	3,000,261.00	18,700.00	3,018,961.00	2.62	1.53	0.1
		1.650% Due 05-15-17											
1,000,000.0000	89233p6d3	TOYOTA MTR CRD CORP MTN BE	AA3	AA-	101.32	1,013,200.00	100.08	1,000,830.00	6,270.83	1,007,100.83	0.87	1.13	0.1
		1.750% Due 05-22-17											
1,000,000.0000	88579yae1	3M CO	A1	AA-	100.35	1,003,500.00	100.00	1,000,002.00	2,638.89	1,002,640.89	0.87	0.98	0.2
		1.000% Due 06-26-17											
3,000,000.0000	03523tbn7	ANHEUSER BUSCH INBEV WORLDWIDE	A3	A-	100.78	3,023,430.00	99.90	2,996,982.00	8,708.33	3,005,690.33	2.61	1.70	0.3
		1.375% Due 07-15-17											
1,000,000.0000	911312ap1	UNITED PARCEL SERVICE INC	A1	A+	100.33	1,003,320.00	99.87	998,678.00	5,625.00	1,004,303.00	0.87	1.38	0.5
		1.125% Due 10-01-17											
2,500,000.0000	713448db1	PEPSICO INC	A1	A	100.05	2,501,250.00	99.86	2,496,467.50	11,666.67	2,508,134.17	2.18	1.26	0.5
		1.000% Due 10-13-17											
2,500,000.0000	22160kae5	COSTCO WHSL CORP NEW	A1	A+	100.14	2,503,475.00	99.85	2,496,347.50	8,281.25	2,504,628.75	2.18	1.33	0.7
		1.125% Due 12-15-17											
2,500,000.0000	458140al4	INTEL CORP	A1	A+	100.55	2,513,750.00	100.06	2,501,612.50	9,937.50	2,511,550.00	2.18	1.25	0.7
		1.350% Due 12-15-17											
1,700,000.0000	05531fam5	BB&T CORPORATION	A2	A-	99.52	1,691,806.00	99.98	1,699,743.30	5,409.31	1,705,152.61	1.48	1.46	0.8
		1.450% Due 01-12-18											
1,000,000.0000	166764av2	CHEVRON CORP NEW	AA2	AA-	99.72	997,200.00	99.94	999,422.00	1,099.58	1,000,521.58	0.87	1.42	0.9
		1.365% Due 03-02-18											
2,500,000.0000	594918as3	MICROSOFT CORP	AAA	AAA	99.70	2,492,500.00	99.66	2,491,477.50	10,416.67	2,501,894.17	2.17	1.31	1.1
		1.000% Due 05-01-18											
1,000,000.0000	478160br4	JOHNSON & JOHNSON	AAA	AAA	99.64	996,390.00	99.55	995,523.00	937.50	996,460.50	0.87	1.36	1.9
		1.125% Due 03-01-19											
1,000,000.0000	06406hcr8	BANK NEW YORK MTN BK ENT	A1	A	100.85	1,008,470.00	100.74	1,007,413.00	1,650.00	1,009,063.00	0.88	1.80	1.9
		2.200% Due 03-04-19											
						27,332,646.00		27,185,674.30	112,199.86	27,297,874.16	23.71	1.38	0.6
<b>GOVERNMENT BONDS</b>													
1,000,000.0000	3135g0zb2	FEDERAL NATL MTG ASSN	AAA	AA+	100.32	1,003,180.00	100.00	999,978.00	3,354.17	1,003,332.17	0.87	0.75	0.1
		0.750% Due 04-20-17											
10,000,000.0000	912828k66	UNITED STATES TREAS NTS	AAA	AA+	99.73	9,972,656.25	99.99	9,998,800.00	20,994.48	10,019,794.48	8.72	0.64	0.1
		0.500% Due 04-30-17											
3,000,000.0000	912828tg5	UNITED STATES TREAS NTS	AAA	AA+	99.93	2,997,890.64	99.91	2,997,180.00	2,486.19	2,999,666.19	2.61	0.78	0.3
		0.500% Due 07-31-17											
2,000,000.0000	3130a6sw8	FEDERAL HOME LOAN BANKS	AAA	AA+	99.97	1,999,340.00	99.98	1,999,606.00	5,666.67	2,005,272.67	1.74	1.02	0.7
		1.000% Due 12-19-17											

**FIXED INCOME PORTFOLIO**  
**Alameda County Transportation Commission**  
**ACTA 1986 Measure B**  
**Account # N001**  
**March 31, 2017**

Quantity	Security Symbol	Security	Moody	S & P	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	Total Market Value	Pct Assets	Yield To Mat	Duration
3,000,000.0000	912828hr4	UNITED STATES TREAS NTS 3.500% Due 02-15-18	AAA	AA+	105.50	3,164,882.82	102.09	3,062,814.00	13,416.67	3,076,230.67	2.67	1.08	0.9
2,000,000.0000	3137eadp1	FEDERAL HOME LN MTG CORP 0.875% Due 03-07-18	AAA	AA+	99.52	1,990,460.00	99.77	1,995,480.00	1,166.67	1,996,646.67	1.74	1.12	0.9
3,000,000.0000	912828qb9	UNITED STATES TREAS NTS 2.875% Due 03-31-18	AAA	AA+	104.16	3,124,921.89	101.74	3,052,149.00	239.58	3,052,388.58	2.66	1.12	1.0
2,500,000.0000	3130a4gj5	FEDERAL HOME LOAN BANKS 1.125% Due 04-25-18	AAA	AA+	100.02	2,500,500.00	99.97	2,499,335.00	12,187.50	2,511,522.50	2.18	1.15	1.1
6,000,000.0000	912828xa3	UNITED STATES TREAS NTS 1.000% Due 05-15-18	AAA	AA+	100.48	6,029,062.50	99.88	5,992,500.00	22,707.18	6,015,207.18	5.23	1.11	1.1
5,000,000.0000	3135g0wj8	FEDERAL NATL MTG ASSN 0.875% Due 05-21-18	AAA	AA+	100.20	5,010,000.00	99.66	4,982,950.00	15,798.61	4,998,748.61	4.35	1.17	1.1
2,500,000.0000	912828qq6	UNITED STATES TREAS NTS 2.375% Due 05-31-18	AAA	AA+	103.19	2,579,687.50	101.41	2,535,352.50	19,956.60	2,555,309.10	2.21	1.15	1.1
5,000,000.0000	3137eabp3	FEDERAL HOME LN MTG CORP 4.875% Due 06-13-18	AAA	AA+	106.92	5,346,000.00	104.29	5,214,605.00	73,125.00	5,287,730.00	4.55	1.26	1.2
5,000,000.0000	3135g0e33	FEDERAL NATL MTG ASSN 1.125% Due 07-20-18	AAA	AA+	100.57	5,028,500.00	99.94	4,996,850.00	11,093.75	5,007,943.75	4.36	1.17	1.3
3,000,000.0000	3130a8pk3	FEDERAL HOME LOAN BANKS 0.625% Due 08-07-18	AAA	AA+	99.65	2,989,500.00	99.24	2,977,227.00	2,812.50	2,980,039.50	2.60	1.19	1.3
2,500,000.0000	912828re2	UNITED STATES TREAS NTS 1.500% Due 08-31-18	AAA	AA+	101.40	2,535,066.98	100.45	2,511,230.00	3,260.87	2,514,490.87	2.19	1.18	1.4
5,000,000.0000	3135g0ym9	FEDERAL NATL MTG ASSN 1.875% Due 09-18-18	AAA	AA+	102.08	5,104,000.00	100.97	5,048,675.00	3,385.42	5,052,060.42	4.40	1.20	1.4
5,000,000.0000	912828rh5	UNITED STATES TREAS NTS 1.375% Due 09-30-18	AAA	AA+	101.18	5,059,001.10	100.29	5,014,650.00	187.84	5,014,837.84	4.37	1.18	1.5
3,000,000.0000	3137eae7	FEDERAL HOME LN MTG CORP 0.875% Due 10-12-18	AAA	AA+	99.85	2,995,620.00	99.46	2,983,734.00	14,218.75	2,997,952.75	2.60	1.23	1.5
3,000,000.0000	3136g0x22	FEDERAL NATL MTG ASSN 1.000% Due 10-29-18	AAA	AA+	100.06	3,001,740.00	99.70	2,991,030.00	12,666.67	3,003,696.67	2.61	1.19	1.6
4,000,000.0000	912828rp7	UNITED STATES TREAS NTS 1.750% Due 10-31-18	AAA	AA+	101.77	4,070,625.00	100.88	4,035,000.00	29,392.27	4,064,392.27	3.52	1.19	1.5
1,300,000.0000	912828n22	UNITED STATES TREAS NTS 1.250% Due 12-15-18	AAA	AA+	100.00	1,300,000.00	100.05	1,300,711.10	4,776.79	1,305,487.89	1.13	1.22	1.7
1,590,000.0000	912828b33	UNITED STATES TREAS NTS 1.500% Due 01-31-19	AAA	AA+	100.38	1,596,024.61	100.46	1,597,390.32	4,041.25	1,601,431.57	1.39	1.24	1.8
1,950,000.0000	912828c24	UNITED STATES TREAS NTS 1.500% Due 02-28-19	AAA	AA+	100.66	1,962,796.88	100.47	1,959,141.60	2,543.48	1,961,685.08	1.71	1.25	1.9
1,500,000.0000	912828sh4	UNITED STATES TREAS NTS 1.375% Due 02-28-19	AAA	AA+	100.13	1,501,933.59	100.24	1,503,574.50	1,793.48	1,505,367.98	1.31	1.25	1.9
5,000,000.0000	912828sn1	UNITED STATES TREAS NTS 1.500% Due 03-31-19	AAA	AA+	100.29	5,014,453.15	100.47	5,023,635.00	204.92	5,023,839.92	4.38	1.26	2.0
					87,877,842.91			87,273,598.02	281,477.27	87,555,075.29	76.12	1.10	1.1
<b>TOTAL PORTFOLIO</b>					<b>115,398,264.86</b>			<b>114,647,048.27</b>	<b>393,677.13</b>	<b>115,040,725.40</b>	<b>100.00</b>	<b>1.16</b>	<b>1.0</b>



**FIXED INCOME PORTFOLIO**  
**Alameda County Transportation Commission**  
**ACTIA 2000 Measure B**  
**Account # N001UNB1**  
*March 31, 2017*

Quantity	Security Symbol	Security	Moody	S & P	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	Total Market Value	Pct Assets	Yield To Mat	Duration
<b>CASH</b>													
	61747c70s	MORGAN STANLEY GOVERNMENT INST				3,184,168.63		3,184,168.63		3,184,168.63	3.03		0.0
	pendingcash	PENDING SETTLEMENT				1,150.80		1,150.80		1,150.80	0.00		0.0
						3,185,319.43		3,185,319.43		3,185,319.43	3.03		0.0
<b>CORPORATE BONDS</b>													
3,000,000.0000	87612eap1	TARGET CORP	A2	A	104.18	3,125,490.00	100.28	3,008,325.00	67,187.50	3,075,512.50	2.87	1.93	0.1
		5.375% Due 05-01-17											
1,000,000.0000	94974bfd7	WELLS FARGO CO MTN BE	A2	A	100.95	1,009,500.00	100.07	1,000,720.00	8,341.67	1,009,061.67	0.95	1.35	0.1
		2.100% Due 05-08-17											
1,000,000.0000	037833bb5	APPLE INC	AA1	AA+	100.08	1,000,790.00	99.99	999,880.00	3,450.00	1,003,330.00	0.95	0.98	0.1
		0.900% Due 05-12-17											
3,000,000.0000	717081dj9	PFIZER INC	A1	AA	100.28	3,008,490.00	99.98	2,999,310.00	12,466.67	3,011,776.67	2.86	1.25	0.1
		1.100% Due 05-15-17											
1,000,000.0000	91159hhd5	U S BANCORP MTNS BK ENT	A1	A+	100.56	1,005,590.00	100.01	1,000,087.00	6,233.33	1,006,320.33	0.95	1.53	0.1
		1.650% Due 05-15-17											
3,000,000.0000	89233p6d3	TOYOTA MTR CRD CORP MTN BE	AA3	AA-	100.82	3,024,690.00	100.08	3,002,490.00	18,812.50	3,021,302.50	2.86	1.13	0.1
		1.750% Due 05-22-17											
3,000,000.0000	03523tbn7	ANHEUSER BUSCH INBEV WORLDWIDE	A3	A-	100.78	3,023,430.00	99.90	2,996,982.00	8,708.33	3,005,690.33	2.85	1.70	0.3
		1.375% Due 07-15-17											
1,000,000.0000	48126eaa5	JPMORGAN CHASE & CO	A3	A-	100.77	1,007,690.00	100.22	1,002,230.00	2,555.56	1,004,785.56	0.95	1.38	0.4
		2.000% Due 08-15-17											
1,500,000.0000	06406hce7	BANK NEW YORK MTN BK ENT	A1	A	100.29	1,504,380.00	99.90	1,498,512.00	3,575.00	1,502,087.00	1.43	1.42	0.8
		1.300% Due 01-25-18											
1,500,000.0000	459200hk0	INTERNATIONAL BUSINESS MACHS	AA3	AA-	100.03	1,500,390.00	99.95	1,499,284.50	2,760.42	1,502,044.92	1.43	1.30	0.8
		1.250% Due 02-08-18											
1,500,000.0000	36962g6w9	GENERAL ELEC CAP CORP MTN BE	A1	AA-	100.35	1,505,235.00	100.22	1,503,250.50	12,119.79	1,515,370.29	1.43	1.40	1.0
		1.625% Due 04-02-18											
1,000,000.0000	084664by6	BERKSHIRE HATHAWAY FIN CORP	AA2	AA	101.50	1,015,000.00	100.74	1,007,392.00	2,555.56	1,009,947.56	0.96	1.45	1.4
		2.000% Due 08-15-18											
1,000,000.0000	25468pdd5	DISNEY WALT CO MTNS BE	A2	A	100.67	1,006,670.00	100.21	1,002,090.00	583.33	1,002,673.33	0.95	1.35	1.4
		1.500% Due 09-17-18											
1,000,000.0000	07330nad7	BB&T BRH BKG & TR CO GLOBAL BK	A1	A	101.67	1,016,700.00	100.70	1,006,968.00	10,605.56	1,017,573.56	0.96	1.84	1.5
		2.300% Due 10-15-18											
1,000,000.0000	291011ax2	EMERSON ELEC CO	A2	A	108.13	1,081,300.00	105.58	1,055,751.00	24,208.33	1,079,959.33	1.01	1.57	1.5
		5.250% Due 10-15-18											
1,500,000.0000	713448de5	PEPSICO INC	A1	A	100.15	1,502,295.00	100.01	1,500,148.50	2,437.50	1,502,586.00	1.43	1.49	1.9
		1.500% Due 02-22-19											
						26,337,640.00		26,083,420.50	186,601.04	26,270,021.54	24.84	1.46	0.6
<b>GOVERNMENT BONDS</b>													
4,000,000.0000	3135g0zb2	FEDERAL NATL MTG ASSN	AAA	AA+	100.03	4,001,080.00	100.00	3,999,912.00	13,416.67	4,013,328.67	3.81	0.75	0.1
		0.750% Due 04-20-17											
4,000,000.0000	3135g0ja2	FEDERAL NATL MTG ASSN	AAA	AA+	100.37	4,014,813.76	100.02	4,000,972.00	19,250.00	4,020,222.00	3.81	0.76	0.1
		1.125% Due 04-27-17											
1,300,000.0000	3130a5ep0	FEDERAL HOME LOAN BANKS	AAA	AA+	99.75	1,296,711.00	99.97	1,299,625.60	2,730.90	1,302,356.50	1.24	0.80	0.2
		0.625% Due 05-30-17											
5,000,000.0000	912828ng1	UNITED STATES TREAS NTS	AAA	AA+	102.02	5,101,171.90	100.31	5,015,615.00	46,215.28	5,061,830.28	4.78	0.87	0.2
		2.750% Due 05-31-17											

**FIXED INCOME PORTFOLIO**  
**Alameda County Transportation Commission**  
**ACTIA 2000 Measure B**  
**Account # N001UNB1**  
*March 31, 2017*

Quantity	Security Symbol	Security	Moody	S & P	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	Total Market Value	Pct Assets	Yield To Mat	Duration
4,000,000.0000	313379dd8	FEDERAL HOME LOAN BANKS 1.000% Due 06-21-17	AAA	AA+	100.24	4,009,776.00	100.04	4,001,472.00	11,111.11	4,012,583.11	3.81	0.82	0.2
4,000,000.0000	3135g0zl0	FEDERAL NATL MTG ASSN 1.000% Due 09-27-17	AAA	AA+	100.32	4,012,960.00	100.03	4,001,100.00	444.44	4,001,544.44	3.81	0.94	0.5
5,000,000.0000	3137eadl0	FEDERAL HOME LN MTG CORP 1.000% Due 09-29-17	AAA	AA+	100.32	5,015,900.00	100.02	5,001,115.00	277.78	5,001,392.78	4.76	0.95	0.5
5,000,000.0000	912828m72	UNITED STATES TREAS NTS 0.875% Due 11-30-17	AAA	AA+	99.99	4,999,414.05	99.93	4,996,300.00	14,663.46	5,010,963.46	4.76	0.99	0.7
2,000,000.0000	3137eadx4	FEDERAL HOME LN MTG CORP 1.000% Due 12-15-17	AAA	AA+	100.35	2,007,000.00	99.99	1,999,762.00	5,888.89	2,005,650.89	1.90	1.01	0.7
5,000,000.0000	912828ue8	UNITED STATES TREAS NTS 0.750% Due 12-31-17	AAA	AA+	99.84	4,992,187.50	99.80	4,989,850.00	9,479.17	4,999,329.17	4.75	1.02	0.7
1,200,000.0000	912828hr4	UNITED STATES TREAS NTS 3.500% Due 02-15-18	AAA	AA+	105.50	1,265,953.13	102.09	1,225,125.60	5,366.67	1,230,492.27	1.17	1.08	0.9
3,000,000.0000	313378a43	FEDERAL HOME LOAN BANKS 1.375% Due 03-09-18	AAA	AA+	100.35	3,010,350.00	100.23	3,006,882.00	2,520.83	3,009,402.83	2.86	1.13	0.9
2,000,000.0000	912828q45	UNITED STATES TREAS NTS 0.875% Due 03-31-18	AAA	AA+	100.20	2,003,984.38	99.80	1,995,940.00	47.81	1,995,987.81	1.90	1.08	1.0
4,900,000.0000	912828qb9	UNITED STATES TREAS NTS 2.875% Due 03-31-18	AAA	AA+	101.95	4,995,320.34	101.74	4,985,176.70	391.32	4,985,568.02	4.75	1.12	1.0
1,525,000.0000	912828qg8	UNITED STATES TREAS NTS 2.625% Due 04-30-18	AAA	AA+	101.66	1,550,376.96	101.62	1,549,662.30	16,808.70	1,566,471.00	1.48	1.12	1.1
2,000,000.0000	3135g0wj8	FEDERAL NATL MTG ASSN 0.875% Due 05-21-18	AAA	AA+	100.14	2,002,700.00	99.66	1,993,180.00	6,319.44	1,999,499.44	1.90	1.17	1.1
2,000,000.0000	3137eabp3	FEDERAL HOME LN MTG CORP 4.875% Due 06-13-18	AAA	AA+	106.92	2,138,400.00	104.29	2,085,842.00	29,250.00	2,115,092.00	1.99	1.26	1.2
2,000,000.0000	3130a8pk3	FEDERAL HOME LOAN BANKS 0.625% Due 08-07-18	AAA	AA+	99.65	1,993,000.00	99.24	1,984,818.00	1,875.00	1,986,693.00	1.89	1.19	1.3
2,000,000.0000	912828re2	UNITED STATES TREAS NTS 1.500% Due 08-31-18	AAA	AA+	101.40	2,028,053.58	100.45	2,008,984.00	2,608.70	2,011,592.70	1.91	1.18	1.4
2,000,000.0000	3135g0ym9	FEDERAL NATL MTG ASSN 1.875% Due 09-18-18	AAA	AA+	102.08	2,041,600.00	100.97	2,019,470.00	1,354.17	2,020,824.17	1.92	1.20	1.4
3,000,000.0000	912828rh5	UNITED STATES TREAS NTS 1.375% Due 09-30-18	AAA	AA+	101.18	3,035,400.66	100.29	3,008,790.00	112.70	3,008,902.70	2.87	1.18	1.5
3,000,000.0000	912828rp7	UNITED STATES TREAS NTS 1.750% Due 10-31-18	AAA	AA+	102.00	3,059,892.87	100.88	3,026,250.00	22,044.20	3,048,294.20	2.88	1.19	1.5
1,750,000.0000	912828wd8	UNITED STATES TREAS NTS 1.250% Due 10-31-18	AAA	AA+	100.75	1,763,125.00	100.08	1,751,366.75	9,185.08	1,760,551.83	1.67	1.20	1.6
3,500,000.0000	912828n22	UNITED STATES TREAS NTS 1.250% Due 12-15-18	AAA	AA+	100.00	3,500,000.00	100.05	3,501,914.50	12,860.58	3,514,775.08	3.34	1.22	1.7
2,250,000.0000	3135g0za4	FEDERAL NATL MTG ASSN 1.875% Due 02-19-19	AAA	AA+	101.36	2,280,559.50	101.01	2,272,655.25	4,921.88	2,277,577.13	2.16	1.33	1.8
					76,119,730.63			75,721,780.70	239,144.78	75,960,925.48	72.12	1.03	0.8
<b>TOTAL PORTFOLIO</b>					<b>105,642,690.06</b>			<b>104,990,520.63</b>	<b>425,745.82</b>	<b>105,416,266.45</b>	<b>100.00</b>	<b>1.11</b>	<b>0.7</b>

**FIXED INCOME PORTFOLIO**  
**Alameda County Transportation Commission**  
**2014 Measure BB**  
**Account # N001UNB4**  
*March 31, 2017*

Quantity	Security Symbol	Security	Moody	S & P	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	Total Market Value	Pct Assets	Yield To Mat	Duration
<b>CASH</b>													
	61747c70s	MORGAN STANLEY GOVERNMENT INST				664,540.13		664,540.13		664,540.13	2.22		0.0
	pendingcash	PENDING SETTLEMENT				620.51		620.51		620.51	0.00		0.0
						665,160.64		665,160.64		665,160.64	2.22		0.0
<b>CORPORATE BONDS</b>													
600,000.0000	36962g7j7	GENERAL ELEC CAP CORP MTN BE	A1	AA-	100.18	601,080.00	100.00	600,000.00	2,833.33	602,833.33	2.00	1.22	0.1
		1.250% Due 05-15-17											
600,000.0000	717081dj9	PFIZER INC	A1	AA	100.13	600,780.00	99.98	599,862.00	2,493.33	602,355.33	2.00	1.25	0.1
		1.100% Due 05-15-17											
600,000.0000	88579yae1	3M CO	A1	AA-	100.15	600,912.00	100.00	600,001.20	1,583.33	601,584.53	2.00	0.98	0.2
		1.000% Due 06-26-17											
600,000.0000	713448cw6	PEPSICO INC	A1	A	100.12	600,720.00	99.95	599,712.00	1,387.50	601,099.50	2.00	1.27	0.3
		1.125% Due 07-17-17											
600,000.0000	89233p6s0	TOYOTA MTR CRD CORP MTN BE	AA3	AA-	100.14	600,864.00	99.96	599,784.00	3,666.67	603,450.67	2.00	1.31	0.5
		1.250% Due 10-05-17											
600,000.0000	68389xan5	ORACLE CORP	A1	AA-	100.14	600,852.00	99.97	599,844.00	3,320.00	603,164.00	2.00	1.24	0.5
		1.200% Due 10-15-17											
600,000.0000	594918ap9	MICROSOFT CORP	AAA	AAA	99.99	599,952.00	99.69	598,122.60	1,983.33	600,105.93	2.00	1.38	0.6
		0.875% Due 11-15-17											
600,000.0000	478160b17	JOHNSON & JOHNSON	AAA	AAA	100.17	601,008.00	99.89	599,355.60	2,437.50	601,793.10	2.00	1.29	0.6
		1.125% Due 11-21-17											
600,000.0000	22160kae5	COSTCO WHSL CORP NEW	A1	A+	100.03	600,160.80	99.85	599,123.40	1,987.50	601,110.90	2.00	1.33	0.7
		1.125% Due 12-15-17											
600,000.0000	458140a14	INTEL CORP	A1	A+	100.18	601,074.00	100.06	600,387.00	2,385.00	602,772.00	2.01	1.25	0.7
		1.350% Due 12-15-17											
						6,007,402.80		5,996,191.80	24,077.50	6,020,269.30	20.03	1.25	0.4
<b>GOVERNMENT BONDS</b>													
1,350,000.0000	3137eaa8	FEDERAL HOME LN MTG CORP	AAA	AA+	102.15	1,378,971.00	100.17	1,352,357.10	30,562.50	1,382,919.60	4.52	1.20	0.0
		5.000% Due 04-18-17											
1,500,000.0000	3135g0ja2	FEDERAL NATL MTG ASSN	AAA	AA+	100.32	1,504,779.42	100.02	1,500,364.50	7,218.75	1,507,583.25	5.01	0.76	0.1
		1.125% Due 04-27-17											
1,500,000.0000	912828k66	UNITED STATES TREAS NTS	AAA	AA+	100.00	1,500,058.59	99.99	1,499,820.00	3,149.17	1,502,969.17	5.01	0.64	0.1
		0.500% Due 04-30-17											
1,500,000.0000	912828ss0	UNITED STATES TREAS NTS	AAA	AA+	100.20	1,502,988.29	100.02	1,500,237.00	5,511.05	1,505,748.05	5.01	0.68	0.1
		0.875% Due 04-30-17											
1,500,000.0000	3137eadv8	FEDERAL HOME LN MTG CORP	AAA	AA+	100.08	1,501,170.00	99.96	1,499,446.50	2,406.25	1,501,852.75	5.01	0.87	0.3
		0.750% Due 07-14-17											
1,500,000.0000	3137eadj5	FEDERAL HOME LN MTG CORP	AAA	AA+	100.28	1,504,155.00	100.04	1,500,537.00	2,625.00	1,503,162.00	5.01	0.88	0.3
		1.000% Due 07-28-17											
1,000,000.0000	912828nr7	UNITED STATES TREAS NTS	AAA	AA+	101.34	1,013,359.38	100.51	1,005,077.00	3,936.46	1,009,013.46	3.36	0.86	0.3
		2.375% Due 07-31-17											
1,000,000.0000	912828tg5	UNITED STATES TREAS NTS	AAA	AA+	99.93	999,257.81	99.91	999,060.00	828.73	999,888.73	3.34	0.78	0.3
		0.500% Due 07-31-17											
800,000.0000	3133edxa5	FEDERAL FARM CR BKS	AAA	AA+	100.40	803,176.20	100.07	800,592.00	4,370.00	804,962.00	2.67	1.00	0.5
		1.150% Due 10-10-17											
1,500,000.0000	912828f54	UNITED STATES TREAS NTS	AAA	AA+	100.18	1,502,636.72	99.96	1,499,413.50	6,052.08	1,505,465.58	5.01	0.94	0.5
		0.875% Due 10-15-17											

**FIXED INCOME PORTFOLIO**  
**Alameda County Transportation Commission**  
**2014 Measure BB**  
**Account # N001UNB4**  
 March 31, 2017

Quantity	Security Symbol	Security	Moody	S & P	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	Total Market Value	Pct Assets	Yield To Mat	Duration
1,500,000.0000	3130a6lz8	FEDERAL HOME LOAN BANKS 0.625% Due 10-26-17	AAA	AA+	99.92	1,498,731.00	99.80	1,497,070.50	4,036.46	1,501,106.96	5.00	0.96	0.6
700,000.0000	3135g0pq0	FEDERAL NATL MTG ASSN 0.875% Due 10-26-17	AAA	AA+	100.16	701,127.00	99.93	699,496.00	2,637.15	702,133.15	2.34	1.00	0.6
1,000,000.0000	912828pf1	UNITED STATES TREAS NTS 1.875% Due 10-31-17	AAA	AA+	101.18	1,011,796.88	100.52	1,005,156.00	7,872.93	1,013,028.93	3.36	0.99	0.6
1,250,000.0000	912828m72	UNITED STATES TREAS NTS 0.875% Due 11-30-17	AAA	AA+	100.08	1,250,976.56	99.93	1,249,075.00	3,665.87	1,252,740.87	4.17	0.99	0.7
1,250,000.0000	3130a3hf4	FEDERAL HOME LOAN BANKS 1.125% Due 12-08-17	AAA	AA+	100.31	1,253,875.00	100.05	1,250,647.50	4,414.06	1,255,061.56	4.18	1.04	0.7
1,150,000.0000	3137eadx4	FEDERAL HOME LN MTG CORP 1.000% Due 12-15-17	AAA	AA+	100.16	1,151,828.50	99.99	1,149,863.15	3,386.11	1,153,249.26	3.84	1.01	0.7
1,250,000.0000	912828n55	UNITED STATES TREAS NTS 1.000% Due 12-31-17	AAA	AA+	100.15	1,251,855.48	99.98	1,249,756.25	3,142.27	1,252,898.52	4.18	1.03	0.7
1,000,000.0000	912828pt1	UNITED STATES TREAS NTS 2.625% Due 01-31-18	AAA	AA+	101.36	1,013,632.81	101.30	1,013,047.00	4,350.83	1,017,397.83	3.38	1.05	0.8
1,000,000.0000	912828h94	UNITED STATES TREAS NTS 1.000% Due 02-15-18	AAA	AA+	99.96	999,609.38	99.95	999,492.00	1,243.09	1,000,735.09	3.34	1.06	0.9
						23,343,985.02		23,270,508.00	101,408.76	23,371,916.76	77.74	0.92	0.4
<b>TOTAL PORTFOLIO</b>						<b>30,016,548.46</b>		<b>29,931,860.44</b>	<b>125,486.26</b>	<b>30,057,346.70</b>	<b>100.00</b>	<b>0.97</b>	<b>0.4</b>

**FIXED INCOME PORTFOLIO**  
**Alameda County Transportation Commission**  
**Interest Fund**  
**Account # N001UNB2**  
 March 31, 2017

Quantity	Security Symbol	Security	Moody	S & P	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	Total Market Value	Pct Assets	Yield To Mat	Dur- ation
<b>CASH</b>													
	61747c70s	MORGAN STANLEY GOVERNMENT INST				286,140.31		286,140.31		286,140.31	8.09		0.0
	pendingcash	PENDING SETTLEMENT				130.54		130.54		130.54	0.00		0.0
						286,270.85		286,270.85		286,270.85	8.09		0.0
<b>CORPORATE BONDS</b>													
950,000.0000	478160aq7	JOHNSON & JOHNSON 5.550% Due 08-15-17	AAA	AAA	115.02	1,092,709.00	101.65	965,715.85	6,737.08	972,452.93	27.29	1.07	0.4
<b>GOVERNMENT BONDS</b>													
1,540,000.0000	912828tm2	UNITED STATES TREAS NTS 0.625% Due 08-31-17	AAA	AA+	98.58	1,518,163.28	99.90	1,538,435.36	836.96	1,539,272.32	43.48	0.87	0.4
750,000.0000	912828ur9	UNITED STATES TREAS NTS 0.750% Due 02-28-18	AAA	AA+	98.00	734,970.70	99.72	747,892.50	489.13	748,381.63	21.14	1.06	0.9
						2,253,133.98		2,286,327.86	1,326.09	2,287,653.95	64.62	0.93	0.6
<b>TOTAL PORTFOLIO</b>						<b>3,632,113.83</b>		<b>3,538,314.56</b>	<b>8,063.17</b>	<b>3,546,377.73</b>	<b>100.00</b>	<b>0.89</b>	<b>0.5</b>

**FIXED INCOME PORTFOLIO**  
*Alameda County Transportation Commission*  
*Project Fund*  
*Account # N001UNB3*  
*March 31, 2017*

Quantity	Security Symbol	Security	Moody	S & P	Unit Cost	Total Cost	Price	Market Value	Accrued Interest	Total Market Value	Pct Assets	Yield To Mat	Dur- ation
<b>CASH</b>													
	61747c70s	MORGAN STANLEY GOVERNMENT INST				1,155.62		1,155.62		1,155.62	99.95		0.0
	pendingcash	PENDING SETTLEMENT				0.61		0.61		0.61	0.05		0.0
						1,156.23		1,156.23		1,156.23	100.00		0.0
<b>TOTAL PORTFOLIO</b>						<b>1,156.23</b>		<b>1,156.23</b>	<b>0.00</b>	<b>1,156.23</b>	<b>100.00</b>	<b>0.00</b>	<b>0.0</b>



# Memorandum

5.4

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• PH: (510) 208-7400

• www.AlamedaCTC.org

**DATE:** May 1, 2017

**SUBJECT:** Investment Policy

**RECOMMENDATION:** Approve updates to the Alameda CTC investment policy.

## Summary

The California Government Code Section 53600.5 states, "... the primary objective of a trustee shall be to safeguard the principal of the funds under its control. The secondary objective shall be to meet the liquidity needs of the depositor. The third objective shall be to achieve a return on the funds under its control." These objectives also are reflected in Alameda CTC's investment policy, in the order of priority demonstrated in the California Government Code. To achieve these objectives, the agency's Investment Officers, are recommending some minor changes to the investment policy that was last reviewed and adopted by the Commission in May 2016.

The recommended changes to the policy appear in red line in Attachment A and include:

- An increase in the investment balance allowed by the Local Agency Investment Fund (LAIF) as determined by the State Treasurer,
- An increase from 5 to 10 percent to the allowance of investments in the California Asset Management Program (CAMP), a Standard and Poor's AAAM rated short-term money market portfolio. This increase will give Investment Officers a highly liquid and secure investment option, in addition to LAIF, with an attractive return on investment which will provide prompt access to funds as project activities increase with the implementation of Measure BB capital projects, and
- Minor wording and formatting changes.

There was discussion at the February 2017 Finance and Administration Committee (FAC) meeting regarding divesting of certain investments based on social responsibility. The FAC decided at that time to address the issue when reviewing the investment policy.

The Public Utilities Code 130000 series, which is the enabling legislation for Measure B, states in Section 130001 (c), "Recognizing the scarcity of resources available for all transportation development, the commissions shall give priority to low-cost highway and transit

improvements, and **shall work toward maximizing the effectiveness of existing resources available to the commissions."**

Alameda CTC has a narrow mission, to improve transportation in Alameda County and provide funds to the projects and programs specified in the Transportation Expenditure Plans adopted in 2000 (for Measure B) and 2014 (for Measure BB). Based on enabling legislation which enables sales tax authorities, the Investment Officers believe it would not be within the guidelines of the Public Utility Code to make investment decisions based on social responsibility, because it would not maximize the effectiveness of resources available to the agency as required, and it could limit the ability of the agency to implement transportation projects and programs.

While staff understands the moral and political need to promote social changes for the good of all people, socially responsible investing is a continually evolving concept, the benefits, effectiveness and intended consequences (and unintended consequences) of which are still being debated. As a practical matter, however, the application of socially responsible investing principles to a portfolio has been known to interfere with an economic performance-based investment approach and the full evaluation of the market on a portfolio. In addition, the practice of disallowing specific investments or investment types will increase the cost for the management of our portfolio, further reducing return on investments and increasing risk in the portfolio, which is in direct contrast to the primary objectives of the agency's portfolio as defined in the California Government Code.

In response to the discussion at the February FAC meeting, staff did a survey of many of our member agencies and the State of California and found that very few of our member agencies have socially responsible investment restrictions in their own investment policies. The Commission has reviewed the concept of socially responsible investing in the past and chose not to move forward with socially responsible investing as it didn't make economic sense based on the priorities and mission of the Alameda CTC, to plan, fund, and deliver transportation programs and projects in Alameda County.

## **Background**

The attached investment policy was developed in accordance with the California Government Code in order to define parameters and guide staff and investment advisors in managing Alameda CTC's investment portfolio. The policy formalizes the framework for Alameda CTC's investment activities that must be exercised to ensure effective and prudent fiscal and investment management of Alameda CTC's funds. The guidelines are intended to be broad enough to allow staff and the investment advisors to function properly within the parameters of fiscal responsibility and authority, yet specific enough to adequately safeguard the investment assets.



The primary objectives of the investment activities within the policy safeguard Alameda CTC assets by mitigating credit and interest rate risk, provide adequate liquidity to meet all operating requirements of Alameda CTC, and attain a market rate of return on investments taking into account the investment risk constraints of safety and liquidity needs.

Through the proposed investment policy, the Commission appoints the Executive Director and the Deputy Executive Director of Finance and Administration as Investment Officers who are responsible for the investment program of the Alameda CTC and will act responsibly as custodians of the public trust. The policy requires the Investment Officers to design internal controls around investments that would prevent the loss of public funds from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets or imprudent actions by employees and officers of the Alameda CTC. It also allows the Investment Officers to periodically reset performance benchmarks to reflect changing investment objectives and constraints.

**Fiscal Impact:** There is no fiscal impact.

#### **Attachment**

A. Draft Alameda CTC Investment Policy May 2017 (redline)

#### **Staff Contact**

[Patricia Reavey](#), Deputy Executive Director of Finance and Administration

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***Alameda County Transportation Commission*****DRAFT****Investment Policy****May 201~~7~~<sup>6</sup>****I. Introduction**

The intent of the Investment Policy of the Alameda County Transportation Commission (Alameda CTC) is to define the parameters within which funds are to be managed. The policy formalizes the framework for Alameda CTC's investment activities that must be exercised to ensure effective and prudent fiscal and investment management of Alameda CTC's funds. The guidelines are intended to be broad enough to allow Alameda CTC's Investment Officers (as defined below) 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 federal, state, and other legal requirements, including the California Government Code.

**III. Scope**

This policy applies to activities of Alameda CTC with regard to investing the financial assets of all funds (except bond funds and retirement funds). In addition, any funds held by trustees or fiscal agents are excluded from these rules; however, all such funds are subject to regulations established by the State of California.

Note that any excluded funds such as employee retirement funds, proceeds from certain bond issuances and Other Postemployment Benefits (OPEB) trust assets are covered by separate policies.

**IV. General Objectives**

The primary objectives, in order of priority, 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 credit and interest rate risk.

**2. *Liquidity***

The investment portfolio shall remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated.

**3. *Return***

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. Standard of Care

### 1. *Prudence*

The standard of prudence to be used by investment officials shall be the "prudent investor" standard (California Government Code Section 53600.3) and shall be applied in the context of managing an overall portfolio. Investment Officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility 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.

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

### 2. *Delegation of Authority and Responsibilities*

Responsibilities of the Commission - The Commission, in its role as Alameda CTC's governing body, will retain ultimate fiduciary responsibility for the portfolios. They will receive quarterly reports for review, designate Investment Officers and annually review and adopt the investment policy.

The Commission hereby designates the Executive Director and the Deputy Executive Director of Finance and Administration, as Treasurer, as the Investment Officers.

Responsibilities of the Investment Officers - The Investment Officers are jointly responsible for the operation of the investment program. The Investment Officers shall act in accordance with written procedures and internal controls for the operation of the investment program consistent with the Investment Policy. All participants in the investment process shall seek to act responsibly as custodians of the public trust. No officer may engage in an investment transaction except as provided under the terms of this policy and supporting procedures.

Responsibilities of the Investment Advisor - Alameda CTC may engage the services of one or more external investment advisors to assist in the management of the investment portfolio in a manner consistent with Alameda CTC's objectives. Investment advisors may be granted discretion to purchase and sell investment securities in accordance with this Investment Policy and the California Government Code and must be registered under the Investment Advisors Act of 1940 or be a bank, regulated by the Office of the Comptroller of the Currency (OCC) or Federal Reserve operating under the fiduciary exemption from the Security and Exchange Commission. Any investment advisor shall be required to prepare and provide comprehensive reports on Alameda CTC's investments on a monthly and quarterly basis, and as requested by Alameda CTC's Investment Officers. At no time shall the investment advisor maintain custody of Alameda CTC cash or assets.

Responsibilities of the Custodian - A third party bank custodian shall hold Alameda CTC cash and assets under management by any investment advisor in the name of Alameda CTC. The custodian shall receive direction from the investment advisor on settlement of investment transactions.

## VI. Selection of Financial Institutions and Broker/Dealers

Alameda CTC's procedures are designed to encourage competitive bidding on transactions from an approved list of broker/dealers in order to provide for the best execution on transactions.

The Investment Officer, or the investment advisors, shall maintain a list of authorized broker/dealers and financial institutions that are approved for investment purposes. This list will be developed after a process of due diligence confirming that the firms qualify under the Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule). Alameda CTC shall purchase securities only from authorized institutions or firms.

The Investment Officer, or the investment advisor, shall obtain competitive ~~offers~~<sup>bid</sup> ~~information~~ on all purchases of investment instruments purchased on the secondary market. A competitive bid can be executed through a bidding process involving at least three separate brokers/financial institutions or through the use of a nationally recognized trading platform.

## VII. Safekeeping and Custody

### 1. *Delivery vs. Payment*

All trades of marketable securities will be executed on a delivery vs. payment (DVP) basis to ensure that securities are deposited in Alameda CTC's safekeeping institution prior to the release of funds.

### 2. *Third-Party Safekeeping*

Securities will be held by an independent third-party safekeeping institution selected by Alameda CTC's Investment Officers. All securities will be evidenced by safekeeping receipts in Alameda CTC's name. The safekeeping institution shall annually provide a copy of its most recent report on internal controls – Service Organization Control Reports (formerly SAS 70) prepared in accordance with the Statement on Standards for Attestation Engagements (SSAE) No. 16 (effective June 15, 2011.)

### 3. *Internal Controls*

The Investment Officers are responsible for establishing, maintaining and documenting an internal control structure designed to ensure that the assets of Alameda CTC are protected from loss, theft or misuse. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees and officers of Alameda CTC.

## VIII. Authorized Investments

The following investments will be permitted by this policy and are those authorized in the California Government Code.

1. 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.
  - a. Maximum maturity: 5 years
  - b. Maximum percent of portfolio: 100%
2. 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.
  - a. Maximum maturity: 5 years
  - b. Maximum percent of portfolio: 100%
  - c. Type: Senior debt obligations
  - d. Maximum per issuer: 35%
3. Repurchase Agreements used solely as short-term investments.

The following collateral restrictions will be observed: Only U.S. Treasury securities or Federal Agency securities, as described in VIII 1 and 2 above, will be acceptable collateral. All securities underlying Repurchase Agreements must be delivered to Alameda CTC's custodian bank versus payment or be handled under a tri-party repurchase agreement. The total of all collateral for each Repurchase Agreement must equal or exceed, on the basis of market value plus accrued interest, 102 percent of the total dollar value of the money invested by Alameda CTC for the term of the investment. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102 percent no later than the next business day. For any Repurchase Agreement with a term of more than one day, the value of the underlying securities must be reviewed on a regular basis.

Market value must be calculated each time there is a substitution of collateral.

Alameda CTC or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to Repurchase Agreement.

Alameda CTC may enter into Repurchase Agreements with (1) primary dealers in U.S. Government securities who are eligible to transact business with, and who report to, the Federal Reserve Bank of New York, and (2) California and non-California banking institutions having assets in excess of \$25 billion and having debt rated in the highest short-term rating category as provided by a nationally recognized statistical rating organization.

Alameda CTC will enter into a Master Repurchase Agreement, substantially in the form approved by the Securities Industry and Financial Markets Association

(SIFMA) and by Alameda CTC's counsel, with each firm with which it enters into Repurchase Agreements.

- a. Maximum maturity: 90 days
  - b. Maximum percent of portfolio: 20%
4. Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled or operated by the state or any local agency or by a department, board, agency or authority of the state or any local agency.
  - a. Maximum maturity: 5 years
  - b. Maximum percent of portfolio: 10%
  - c. Minimum credit quality: A (S&P); or A2 (Moody's); or A (Fitch)
  - d. Maximum per issuer: 5%
5. Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of revenues from a revenue-producing property owned, controlled or operated by the state or by a department, board, agency or authority of any of the other 49 states, in addition to California.
  - a. Maximum maturity: 5 years
  - b. Maximum percent of portfolio: 10%
  - c. Minimum credit quality: A (S&P); or A2 (Moody's); or A (Fitch)
  - d. Maximum per issuer: 5%
6. Bankers' Acceptances, otherwise known as bills of exchange or time drafts which are drawn on and accepted by a commercial bank.
  - a. Maximum maturity: 180 days
  - b. Maximum percent of portfolio: 40%
  - c. Minimum credit quality: A1 (S&P); or P1 (Moody's); or F1 (Fitch)
  - d. Maximum per issuer: 5%
7. Commercial paper rated in the highest two short-term rating categories, as provided by a nationally recognized statistical rating organization. The entity that issues the commercial paper shall meet all of the following conditions: (a) is organized and operating in the United States as a general corporation; (b) has total assets in excess of five hundred million dollars (\$500,000,000); and (c) has debt other than commercial paper, if any, that is rated "A" or higher by a nationally recognized statistical-rating organization.
  - a. Maximum maturity: 270 days
  - b. Maximum percent of portfolio: 25%
  - c. Minimum credit quality: A1 (S&P); or P1 (Moody's); or F1 (Fitch)
  - d. Maximum per issuer: 5%

8. Medium-term notes, defined as all 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 U.S. or any state and operating within the U.S. Medium-term corporate notes shall be rated a minimum of "A" or its equivalent by a nationally recognized statistical rating organization.
  - a. Maximum maturity: 5 years
  - b. Maximum percent of portfolio: 30%
  - c. Minimum credit quality: A (S&P); or A2 (Moody's); or A (Fitch)
  - d. Maximum per issuer: 5%
9. FDIC insured or fully collateralized time certificates of deposit in financial institutions located in California.
  - a. Maximum maturity: 1 year
  - b. Maximum percent of portfolio: 10%
  - c. Maximum per issuer: 5%
10. Negotiable certificates of deposit or deposit notes issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank.
  - a. Maximum maturity: 3 years
  - b. Maximum percent of portfolio: 30%
  - c. Minimum credit quality: A (S&P); or A2 (Moody's); or A (Fitch)
  - d. Maximum per issuer: 5%
11. State of California Local Agency Investment Fund (LAIF)

Although LAIF may invest in securities not permitted in the Alameda CTC's Investment Policy, such investments shall not exclude LAIF from the Alameda CTC's list of eligible investments, provided that LAIF's periodic reports allow the Investment Officer to adequately assess the risk inherent in LAIF's portfolio. Funds invested in LAIF will follow LAIF policies and procedures.

- a. Maximum percent of portfolio: as determined by LAIF

The LAIF portfolio shall be reviewed annually in order to monitor its continuing suitability as an investment option for the Alameda CTC.

12. The California Asset Management Program (CAMP)

- a. Maximum percent of portfolio: ~~5~~<sup>10</sup>%

The CAMP shall be reviewed annually in order to monitor its continuing suitability as an investment option for Alameda CTC. Funds invested in CAMP will follow CAMP policies and procedures.



13. 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. Sec. 80a-1, et seq.). To be eligible for investment pursuant to this subdivision, these companies shall either: (1) attain the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations; or (2) retain an investment advisor registered or exempt from registration with the Securities and Exchange Commission with not less than five years experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000).
  - a. Maximum percent of portfolio: 20%
  - b. Maximum per Prime Money Market Fund: 5%
  - c. Maximum per Government Money Market Fund: 10%
  - d. Minimum credit quality: AAAm (S&P); or Aaa-mf (Moody's); AAAmmf (Fitch)
14. 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 and eligible for purchase and sale within the United States.
  - a. Maximum maturity: 5 years
  - b. Maximum percent of portfolio: 10%
  - c. Minimum credit quality: AA (S&P); or Aa (Moody's); or AA (Fitch)

*Important Notes:*

- a) The percentage limitation for all categories of investments refers to the percentage in the overall Alameda CTC portfolio on the date the security or shares are purchased.
- b) If the credit rating of a security is downgraded below the minimum required rating level for a new investment of that security type subsequent to its purchase, the investment advisor shall promptly notify the Investment Officer. The Investment Officer shall evaluate the downgrade on a case-by-case basis in order to determine if the security should be held or sold. The Investment Officer will apply the general objectives of safety, liquidity, yield and legality to make the decision.

**IX. Ineligible Investments**

Any security type or structure not specifically approved by this policy is hereby specifically prohibited. Security types which are thereby prohibited include, but are not limited to:

1. "Complex" derivative structures such as range notes, dual index notes, inverse floaters, leveraged or de-leveraged floating-rate notes, or any other complex variable-rate or structured note;

2. Interest-only strips that are derived from a pool of mortgages, or any security that could result in zero interest accrual if held to maturity;
3. Mortgage-backed pass-through securities;
4. Other mortgage-backed securities;
5. Collateralized mortgage obligations; and
6. Asset-backed securities.

**X. Investment Parameters**

1. Credit Risk – 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 diversification requirements included in Section VIII are designed to mitigate credit risk. Alameda CTC shall additionally mitigate credit risk by adopting the following diversification strategies:
  - a. Avoiding overconcentration in any one issuer or business sector;
  - ~~b.~~ Limiting investments in securities with higher credit risks; and
  - ~~c.~~
  - ~~d.b.~~ Investing in securities with varying maturities; and
  - ~~e.c.~~ Maintaining a portion of the portfolio in a highly liquid investment such as LAIF
2. Market Risk - Market risk is the risk that the portfolio will fluctuate due to changes in the general level of interest rates. Alameda CTC recognizes that, over time, longer-term portfolios have the potential to achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. Alameda CTC shall mitigate market risk by providing adequate liquidity for short-term cash needs, and by making some longer-term investments only with funds that are not needed for current cash flow purposes. Alameda CTC further recognizes that certain types of securities, including variable rate securities, securities with principal paydowns prior to maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments. Alameda CTC, therefore, adopts the following strategies to control and mitigate its exposure to market risk:
  - a. Alameda CTC shall invest in securities with varying maturities, maintaining a minimum of three months of budgeted operating expenditures in short term investments to provide sufficient liquidity for expected disbursements;
  - b. The maximum percent of callable securities in the portfolio shall be 25%;

- c. The maximum stated final maturity of individual securities in the portfolio shall be five years, except as otherwise stated in this policy;
  - d. Liquidity funds will be held in LAIF, CAMP or in money market instruments maturing within one year or less;
  - e. 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 only be invested in higher quality and liquid securities; and
  - f. The duration of the portfolio shall at all times be approximately equal to the duration of a Market Benchmark Index selected by Alameda CTC based on Alameda CTC's investment objectives, constraints and risk tolerances, plus or minus 25%. ~~This increase in d~~Duration flexibility is necessary because of the ~~very~~ short-term benchmarks ~~currently~~ utilized on the portfolio due to capital project cashflow demands.
3. 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.

#### **XI. Performance and Program Evaluation**

The investment portfolio will be managed in accordance with the parameters specified within this policy. The portfolio should obtain a market average rate of return during a market/economic environment of stable interest rates. A series of appropriate benchmarks shall be established against which portfolio performance shall be compared on a regular basis. The benchmarks shall be reflective of the actual securities being purchased and risks undertaken and the benchmarks shall have a similar weighted average maturity and credit profile commensurate with investment risk constraints and liquidity needs of Alameda CTC.

Alameda CTC may periodically update the performance benchmarks to reflect current investment objectives and constraints and shall communicate such changes to the investment advisor.

## Appendix I

## AUTHORIZED INVESTMENTS SUMMARY TABLE

INVESTMENT	% OF PORTFOLIO		PURCHASE RESTRICTIONS	MAXIMUM MATURITY		MINIMUM CREDIT QUALITY	
	Per Cal. Gov't Code	Alameda CTC Policy	Alameda CTC Policy	Per Cal. Gov't Code	Alameda CTC Policy	Per Cal. Gov't Code	Alameda CTC Policy
US. Treasury Notes, Bonds, Bills or Certificates of Indebtedness	100%	100%	None	5 years	5 years	NA	NA
Federal or U.S. Sponsored Obligations fully guaranteed by Federal Agencies or U.S. Government Sponsored Enterprises	100%	100%	Max 35% per issuer	5 years	5 years	NA	Senior Debt
Repurchase Agreements	NA	20%	Strict collateral requirements; Master Repurchase Agreement	1 year	90 days	NA	NA
State of California and California Local Agency Bonds	NA	10%	Max 5% per issuer	5 years	5 years	NA	A (S&P) or A2 (Moody's) or A (Fitch)
Bonds of any of the other 49 states in addition to California	NA	10%	Max 5% per issuer	5 years	5 years	NA	A (S&P) or A2 (Moody's) or A (Fitch)
Bankers' Acceptances	40%	40%	Max 5% per issuer	180 days	180 days	NA	A1 (S&P) or P1 (Moody's) or F1 (Fitch)

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INVESTMENT	% OF PORTFOLIO		PURCHASE RESTRICTIONS	MAXIMUM MATURITY		MINIMUM CREDIT QUALITY	
	Per Cal. Gov't Code	Alameda CTC Policy	Alameda CTC Policy	Per Cal. Gov't Code	Alameda CTC Policy	Per Cal. Gov't Code	Alameda CTC Policy
Commercial paper of US corporations with total assets exceeding \$500,000,000	25%	25%	Max 5% of outstanding paper of any single issuer & max 5% of portfolio of any one issuer	270 days	270 days	A1 or P1 or F1	A1 ( <del>S&amp;P</del> ) or P1 ( <del>Moody's</del> ) or F1 ( <del>Fitch</del> )
Medium Term Corporate Notes of U.S. Corporations	30%	30%	Max 5% per issuer	<del>Max-5</del> years	5 years	A	A (S&P) or A2 (Moody's) or A (Fitch)
California Collateralized Time Deposits	NA	10%	Max 5% per issuer	NA	1 year	NA	NA
Negotiable Certificate of Deposits	30%	30%	Max 5% per issuer	5 years	3 years	NA	A (S&P) or A2 (Moody's) or A (Fitch)
State of California- Local Agency Investment Fund (LAIF)	NA	NA	As limited by LAIF (currently \$ <del>6550</del> million)	NA	NA	NA	NA
California Asset Management Program	NA	<del>10</del> 5%	NA	NA	NA	NA	NA
Shares of Beneficial Interests (Money Market Funds)	20%	20%	Max 5% per Prime fund, Max 10% per Government fund	NA	N/A	AAA	AAAm (S&P) or Aaa-mf (Moody's) or AAAMmf (Fitch)
Obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank	30%	10%	NA	5 years	5 years	AA	AA (S&P) or Aa (Moody's) or AA (Fitch)

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