

**Capital Area Regional Tolling Authority
Board of Directors**



Wednesday March 18, 2026, at 10:00 AM
SACOG Board Room
1415 L Street, Suite 300
Sacramento, CA 95814

Consistent with California Government Code Section 54953 a meeting of the Board of Directors will be held in person.

Attend or watch

- Attend the meeting at the location noted above
- Watch on CARTA's [YouTube channel](#) where the meeting will be streamed. If you do not see the live broadcast, indicated by the red "live" icon, refresh your browser.

Provide public comment - Note: No public comment will be taken through live stream or by telephone

Comments will be taken on the item at the time it is taken up by the board. Members of the public can participate in the meeting via written or verbal comments as described below.

• ***In-person:***

Public comment may be made in person at SACOG's offices or at an alternative meeting location designated on the agenda (if any). You will have 3:00 minutes to speak, unless a different time is set by the Chair. Please complete a speaker form and provide it to the clerk. If attending at the alternative meeting location, please inform a SACOG official in attendance that you request to speak.

• ***Written:***

Written comment may be submitted via email to the clerk at rtadevich@sacog.org or by regular mail sent to the SACOG offices (see address above). Written comment will be shared with the committee or board in advance of the meeting if received by the Clerk at least 24 hours prior to the meeting. Otherwise, they will be shared after the meeting. Written comment will not be read into the record.

Agenda Timing: Time durations are estimates only. Action may be taken on any item on this agenda. The board may take up any agenda item at any time, regardless of the order listed.

Writings, Documents, Supplemental Materials: Any writings or documents provided to a majority of this board regarding any item on this agenda (other than writings legally exempt from public disclosure) are available on CARTA's website: <https://carta.ca.gov/board-meetings>

Accessibility and Title VI: CARTA provides access to all agenda and meeting materials online at <https://carta.ca.gov/>. Additionally, interested persons can sign up for email notifications at

<https://carta.ca.gov/about>. CARTA provides modification or accommodation, auxiliary aids or services, including receiving this agenda and attachments in an alternative format accommodation in order to participate in this meeting. CARTA also provides services/accommodations to individuals who are limited-English proficient who wish to address agency matters. For accommodations or translations assistance, please call (916) 321-9000, or for TDD/TTY dial 711, or email at contact@captollauthority.org. We require three working days' notice to accommodate your request.

La CARTA puede proveer asistencia/facilitar la comunicación a las personas y los individuos con conocimiento limitado del inglés quienes quieran dirigirse a la agencia. Para asistencia, por favor llame al número 916.321.9000 o para TDD/TTY llame al numero 711, o email a contact@captollauthority.org. Requerimos que solicite asistencia con tres días hábiles de anticipación para poderle proveer asistencia.

Pledge of Allegiance

Roll Call: Directors Aceves, Chapman, Kennedy, Vice Chair Early, Chair Villegas and Ex-Officio Members Click, Deloria and Talamantes

Public Communications: Any person wishing to address the committee on any item not on the agenda may do so at this time. After ten minutes of testimony, any additional testimony will be heard following the action items.

Disclosures: Directors will disclose any item in which they have a conflict of interest under state law, and acknowledge whether they will recuse from that item. Among other state laws, the Levine Act may require recusal on items involving a contract or entitlement where a campaign donor is a participant.

Consent:

1. February 18, 2026, Meeting Minutes (0 minutes, Robert Tadevich, SACOG)
 - a. Issue: Approval of the meeting minutes from the prior CARTA Board meeting
 - b. Attachment 1A: Minutes

Action:

2. First Amendment to Administration Services Agreement for CARTA Staff (10 minutes, Erik Johnson, SACOG)
 - a. Issue: Approval of the administration services agreement amendment
 - b. Attachment 2A: Staff Report
 - c. Attachment 2B: Administrative Services Agreement
 - d. Attachment 2C: First Amendment to Administrative Service Agreement

Reports:

3. Interim CARTA Executive Director's Report (5 minutes, Chadi Chazbek, Kimley-Horn)
 - a. Issue: A brief oral report from the Interim CARTA Executive Director

Closed Session:

4. Public Employee Appointment (Gov. Code section 54957(b)(1).) Title: Executive Director (60 minutes, Erik Johnson)
 - a. Issue: A closed session regarding the appointment of an Executive Director for CARTA

Receive and File:

5. Calendar Year 2026 Investment Policy for the Sacramento County Pooled Investment Fund (0 minutes, Erik Johnson)
 - a. Issue: review investment policy
 - b. Attachment 5A: Staff Report

Other Matters**Adjournment**

The next meeting of CARTA will be held on Monday, April 27, 2026, at 12:00 PM in the SACOG Board Room, 1415 L Street, Suite 300, Sacramento, CA.

This agenda and attachments are available on CARTA's website at <https://carta.ca.gov/>. CARTA is accessible to the disabled. As required by Section 202 of the Americans with Disabilities Act of 1990 and the Federal Rules and Regulations adopted in implementation thereof, a person who requires a modification or accommodation, auxiliary aids or services in order to participate in a public meeting, including receiving this agenda and attachments in an alternative format, should contact CARTA by phone at (916) 321-9000, email contact@captollauthority.org or in person as soon as possible and preferably at least 72 hours prior to the meeting. Parking is available at the meeting location. To take transit to a meeting, go to [google.com/maps](https://www.google.com/maps).



Capital Area Regional Tolling Authority

Meeting Date: March 18, 2026

Agenda Item: 1

Approve Minutes of the February 18, 2026, Board Meeting

Prepared By: Robert Tadevich, Sacramento Area Council of Governments

Attachments: Yes

Recommendation:

Staff recommend approval of the minutes as submitted.

Background:

The board met on February 18, 2026.

Discussion:

Each meeting the board is asked to approve the minutes (Attachment 1A) from the prior meeting.

Attachments:

1A: CARTA February 18, 2026, Minutes



CARTA Board of Directors

Draft Action Minutes

The CARTA Board of Directors met in person on February 18, 2026, at 10:00 a.m. at the CARTA office, 1415 L Street, Suite 300, Sacramento, CA.

Call to Order: Chair Villegas called the meeting to order at 10:00 a.m.

Present: Directors Aceves, Chapman, Kennedy, Vice Chair Early, Chair Villegas and Ex-Officio Members Click, and Talamantes

Absent: Director Deloria

Public Communications: None

Consent: It was moved, seconded (Early/Chapman) and passed by unanimous vote that the following Consent item be approved:

- 1. Minutes of the December 17, 2025, Board Meeting

Action:

- 2. Privacy Policy

Juan Kuthy, Kimley-Horn staff, and Chadi Chazbek, Kimley-Horn staff, presented the report. Following discussion, a motion was made by Director Aceves, seconded by Vice Chair Early, and passed by unanimous vote to:

Approve the CARTA Privacy Policy

Information:

- 3. CARTA Look Ahead

The board received and reviewed this report, presented by Chadi Chazbek, Kimley-Horn Staff.

Reports:

- 4. CARTA Executive Director’s Report

The board received and reviewed this report, presented by Chadi Chazbek, Kimley-Horn Staff.

Closed Session:

5. Public Employee Appointment

Chair Villegas called the closed session to order at 10:27 a.m.
The Capital Area Regional Tolling Authority reconvened at 10:54 a.m.
There was no reportable action from the closed session.

Adjournment: The meeting was adjourned at 10:54 a.m.



First Amendment to Administrative Services Agreement for CARTA Staff

Prepared By: Erik Johnson, Sacramento Area Council of Governments
Attachments: Yes

Recommendation:

Approve the first amendment to the Administrative Service Agreement.

Background:

In July 2024, SACOG staff officially began providing contract staffing services to CARTA, as well as managing consultants working for CARTA. This arrangement has worked well for CARTA and SACOG. CARTA has been able to get immediate access to staff and only pay for actual time worked. SACOG has been able to lend the expertise of its staff in the areas of transportation planning, operations, and finance.

In February 2025, the CARTA board determined that hiring a full-time executive director was the preferred staffing plan for CARTA. In May 2025, the CARTA board approved an administrative services agreement with SACOG (Attachment B). This agreement, effective July 1, 2025, through June 30, 2027, formalized the staffing arrangement between CARTA and SACOG.

The Administrative Service Agreement was initiated because the functions of CARTA began to be delineated between specialized tolling program work and general finance and administrative support. The agreement is intended to clarify services SACOG is providing to CARTA. Other services not covered by the agreement are a direct responsibility of CARTA. SACOG ended its direct project management for CARTA in December, though SACOG management is overseeing the contracts that CARTA holds until the executive director is hired.

Aside from an executive director, the bulk of the remaining work for CARTA is being contracted out, in the form of a multiyear toll program consulting services contract (Kimley Horn and its subconsultants) and a series of on-call services contracts.

Discussion:

In conjunction with beginning the process for hiring CARTA's first full-time executive director, SACOG staff, as the administering agency for CARTA, has evaluated options for how to best support the executive director as the sole employee of CARTA. In September 2025, we brought an update to the board on options for staffing. Based on positive feedback from the current staffing support from SACOG, and to help set up the executive director for success, we are recommending that CARTA approve the attached amendment that would continue the existing

support from SACOG, and making some minor changes to account for the executive director being an employee of CARTA.

The amendment makes the following changes:

- Expands the scope to payroll, benefits administration, and human resources services
- Removes planning and project management as a service
- Adds use of SACOG office and meeting space as a service, which will be explored in a separate agreement
- Adds direct costs for purchases made by SACOG on behalf of CARTA
- Extends the term to 2030

With this amendment, SACOG will provide the following services to CARTA:

- Management assistance to executive director
- Assistance with public administration of CARTA
- Budget development and financial forecasting
- Board clerk
- Accounting
- Procurement
- Contracts
- Payroll and benefits management
- Human resources support

CARTA will retain the ability to re-evaluate this arrangement over time as CARTA's needs change. Should CARTA grow in staff size in the future, it may bring these functions in-house. As outlined in the existing administrative services agreement, each year CARTA will develop a detailed estimate of staffing needs from SACOG.

Next month, we will present a draft budget for the upcoming fiscal year that reflects an estimated \$337,812 in staff costs. The next step after approving that budget is for SACOG to approve the proposed amendment to the Administrative Services Agreement (Attachment C), which is scheduled to go to the SACOG board in April.

Attachments:

2B: Administrative Services Agreement effective July 1, 2025

2C: First Amendment to Administrative Services Agreement effective July 1, 2026

ADMINISTRATIVE SERVICES AGREEMENT

BETWEEN THE SACRAMENTO AREA COUNCIL OF GOVERNMENTS AND CAPITAL AREA REGIONAL TOLLING AUTHORITY

This Administrative Services Agreement ("Agreement") is entered into between the Sacramento Area Council of Governments ("SACOG"), a California joint powers agency, and the Capital Area Regional Tolling Authority ("CARTA"), a California joint powers agency.

WHEREAS, CARTA is a joint powers agency formed on February 15, 2024, by the Sacramento Area Council of Governments, Yolo Transportation District, and the California Department of Transportation District 3 for the purpose of leading the implementation of toll facilities in the Sacramento region; and

WHEREAS, SACOG has been providing staffing services to CARTA on a cost reimbursement basis since July 2024; and

WHEREAS, CARTA desires to continue receiving staffing services from SACOG to support its operations and projects.

NOW, THEREFORE, in consideration of the promises and covenants herein, the parties agree as follows:

1. Services. SACOG shall provide staffing services to CARTA as requested and agreed upon by both parties. These services may include, but are not limited to, administrative support, contract management, financial management, and other related services (collectively, "non-technical services").
2. Planning and Project Management. SACOG shall provide limited technical planning and project management services to CARTA through January 31, 2026. CARTA acknowledges that SACOG does not employ a licensed engineer and will not provide engineering services to CARTA.
3. Evaluation of Services. In October 2026, SACOG and CARTA shall jointly evaluate the need for staffing support to CARTA from SACOG through the term of this Agreement. The need for additional staffing support shall be memorialized by a signed letter agreement between the Executive Director of each agency. In the event that CARTA does not have an executive director by such a date as such additional staffing support needs are identified, approval on CARTA's behalf shall be granted by its Board.
4. Annual Staffing Needs Assessment. CARTA shall develop by January 1 of each year a detailed estimate of staffing needs from SACOG and share this information with SACOG. SACOG shall respond to CARTA to confirm whether the staffing request can be met, or, if there need to be any modifications. SACOG will include agreed upon staffing estimates in its budget. CARTA will budget for a total dollar amount for staffing services as indicated by SACOG.
5. Control of Personnel. SACOG has and shall retain the right to exercise full control of the supervision of the services, employment, direction, compensation, and discharge of all SACOG employees performing services under this Agreement. SACOG shall be solely

responsible for all matters relating to the payment of its employees, including, but not limited to, compliance with California Public Employees' Retirement System, social security and income tax withholding, workers' compensation insurance, and all regulations governing such matters.

6. Reimbursement. CARTA agrees to reimburse SACOG for all costs incurred in providing the staffing services described in Section 1. Reimbursement shall be based on actual costs incurred by SACOG, including salaries, fringe benefits, indirect costs, and any direct costs associated with the staffing services. SACOG staff will submit timesheets detailing hours worked for CARTA on a monthly basis. SACOG will bill CARTA for costs based on the then-current rates by staff person. Any costs incurred shall be invoiced monthly or at least quarterly. CARTA shall remit payment to SACOG within thirty (30) days of receipt and verification of the itemized invoice.
7. Term and Termination. This Agreement shall commence on July 1, 2025, and shall continue through June 30, 2027, unless otherwise terminated as provided herein. Either party may terminate this Agreement for any reason upon ninety (90) days' written notice to the other party. In the event of termination, CARTA shall reimburse SACOG for all costs incurred up to the effective date of termination.
8. Amendments. Except as otherwise described herein, this Agreement may be amended only by a written agreement executed by both parties.
9. Integration. This Agreement constitutes the entire agreement between the parties and supersedes all prior agreements and understandings, whether written or oral, relating to the subject matter hereof.
10. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement executed and delivered as of the day and year first above written.

[SIGNATURES ON NEXT PAGE]

SACRAMENTO AREA COUNCIL OF GOVERNMENTS



James Corless, Executive Director

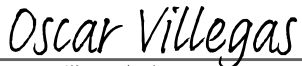
APPROVED AS TO FORM:



Osman Mufti (Jul 15, 2025 16:28 PDT)

Osman Mufti, Counsel
Sloan Sakai Yeung and Wong

CAPITAL AREA REGIONAL TOLLING AUTHORITY



Oscar Villegas (Jul 17, 2025 15:22 PDT)

Oscar Villegas, Board Chair

APPROVED AS TO FORM:



Michael Maurer (Jul 25, 2025 12:42:32 PDT)

Michael Maurer, Counsel
Best Best & Krieger












SACOG-CARTA Staffing Agreement

Final Audit Report

2025-07-25


Created:	2025-07-15
By:	Jessica Lee (jlee@sacog.org)
Status:	Signed
Transaction ID:	CBJCHBCAABAAqjQhzt5E1aV1vw2WIGEitW3qYYUN1Tbk

"SACOG-CARTA Staffing Agreement" History

-  Document created by Jessica Lee (jlee@sacog.org)
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-  Document emailed to Oscar Villegas (oscar.villegas@yolocounty.org) for signature
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-  Document emailed to Osman Mufti (omufti@sloansakai.com) for signature
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-  Document emailed to Michael Maurer (michael.maurer@bbklaw.com) for signature
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 Document e-signed by Michael Maurer (michael.maurer@bbklaw.com)

Signature Date: 2025-07-25 - 7:42:32 PM GMT - Time Source: server- IP address: 74.116.243.2

 Agreement completed.

2025-07-25 - 7:42:32 PM GMT

FIRST AMENDMENT TO ADMINISTRATIVE SERVICES AGREEMENT

THIS FIRST AMENDMENT TO THE ADMINISTRATIVE SERVICES AGREEMENT (“First Amendment”), dated July 1, 2026 (the “Effective Date”), is made by and between the Sacramento Area Council of Governments ("SACOG"), a California joint powers agency, and the Capital Area Regional Tolling Authority ("CARTA"), a California joint powers agency, who agree to as follows:

TERMS

1. The terms of the original Administrative Services Agreement, which commenced on July 1, 2025, remain in effect and in full force subject to the modifications set forth in this First Amendment (deletions are in ~~strikeout~~ and additions are underlined).
2. Section 1 is amended to read as follows: “Services. SACOG shall provide staffing services to CARTA as requested and agreed upon by both parties. These services may include, but are not limited to, administrative support, contract management, financial management, payroll, benefits administration, and human resources, and other related services (collectively, “non-technical services”).”
3. Section 2 “Planning and Project Management” is removed in its entirety.
4. Section 3 is amended as follows: “~~Evaluation of Services. In October 2026, SACOG and CARTA shall jointly evaluate the need for staffing support to CARTA from SACOG through the term of this Agreement. The need for additional staffing support shall be memorialized by a signed letter agreement between the Executive Director of each agency. In the event that CARTA does not have an executive director by such a date as such additional staffing support needs are identified, approval on CARTA's behalf shall be granted by its Board.~~ Office and Meeting Space. By mutual agreement, SACOG and CARTA will explore licensing use of a portion of SACOG’s office space and board room for CARTA’s use, subject to negotiation of a separate agreement between CARTA and SACOG. This agreement would be subject to annual agreement between CARTA and SACOG.”
5. Section 6 is amended as follows: “Reimbursement. CARTA agrees to reimburse SACOG for all costs incurred in providing the staffing services described in Section 1. Reimbursement shall be based on actual costs incurred by SACOG, including salaries, fringe benefits, indirect costs, and any direct costs associated with the staffing services. SACOG will also bill CARTA for other direct costs provided by SACOG to CARTA, including, but not limited to, office space, meeting space, computer equipment, software, and office supplies. SACOG staff will submit timesheets detailing hours worked for CARTA on a monthly basis. SACOG will bill CARTA for costs based on the then-current rates by staff person. Any costs incurred shall be invoiced monthly or at least quarterly. CARTA shall remit payment to SACOG within thirty (30) days of receipt and verification of the itemized invoice.”
6. Section 7 is amended as follows: “Term and Termination : This Agreement shall commence on July 1, 2025, and shall continue through June 30, ~~2027, 2030~~, unless otherwise terminated as provided herein. Either party may terminate this Agreement for any reason upon ninety

(90) days' written notice to the other party. In the event of termination, CARTA shall reimburse SACOG for all costs incurred up to the effective date of termination.”

IN WITNESS WHEREOF, the Parties hereto have caused this Amendment executed and delivered as of the day and year first above written.

[SIGNATURES ON NEXT PAGE]

SACRAMENTO AREA COUNCIL OF GOVERNMENTS

James Corless, Executive Director

APPROVED AS TO FORM:

Osman Mufti, Counsel
Sloan Sakai Yeung and Wong

CAPITAL AREA REGIONAL TOLLING AUTHORITY

Oscar Villegas, Board Chair

APPROVED AS TO FORM:

Michael Maurer, Counsel
Best Best & Krieger



Capital Area Regional Tolling Authority

Meeting Date: March 18, 2026

Agenda Item: 3

Interim CARTA Executive Director's Report

Prepared By: Chadi Chazbek, Kimley-Horn

Attachments: No

Recommendation:

None; this is for information only.

Background:

None.

Discussion:

The Interim CARTA Executive Director will provide a verbal report at the meeting.



Capital Area Regional Tolling Authority

Meeting Date: March 18, 2026

Agenda Item: 4

Public Employee Appointment (Government Code section 54957 (b)(1).) Title: Executive Director

Closed Session

Prepared By: Erik Johnson, Sacramento Area Council of Governments

Attachments: No

Recommendation:

Conduct a conference in Closed Session

Background:

Not applicable

Discussion:

Erik Johnson, SACOG Staff, will lead the closed session.

Attachments:

None



Capital Area Regional Tolling Authority

Meeting Date: March 18, 2026

Agenda Item: 5

Accept 2026 Sacramento County Investment Policy for the Pooled Investment Fund

Receive and File

Prepared By: Erik Johnson, Sacramento Area Council of Governments

Attachments: Yes

Recommendation:

None; this is for information only.

Background:

Sacramento County Board of Supervisors approved the calendar year 2026 Investment Policy of the Pooled Investment Fund (2026 Investment Policy) at its December 9, 2025 Board of Supervisors Meeting, which includes the investment of CARTA's funds.

The CARTA Joint Powers Agreement (Section 8.2) specifies that the Treasurer of the County of Sacramento shall be the depository of SACOG's funds. As such, funds are maintained and invested by the county in accordance with the attached 2026 Investment Policy. The board's action to receive and file the policy constitutes consideration at a public meeting as required by Government Code Section 53646(a)(2).

Discussion:

The primary changes to the 2026 Investment Policy were to remove the 10% limit on holdings from individual Washington Supranational issuers and update the Fair Political Practices Commission annual gift limit from \$590 to \$630.

Attachments:

5B: 2026 Investment Policy

Department of Finance

Chad Rinde
Director



Attachment 5B

Divisions

Auditor-Controller
Consolidated Utilities Billing &
Service
Investments
Revenue Recovery
Tax Collection & Licensing
Treasury

County of Sacramento

January 16, 2026

To: Board Chair, Pooled Investment Fund Participant Agency

Subject: **CALENDAR YEAR 2026 INVESTMENT POLICY FOR THE POOLED INVESTMENT FUND**

Since 1987, the Director of Finance has submitted a statement of investment policy to the Sacramento County Board of Supervisors for consideration and adoption. The Board of Supervisors approved the enclosed calendar year 2026 investment policy on December 9, 2025.

The 2026 investment policy removes the 10% limit on holdings from individual Washington Supranational issuers and updates the Fair Political Practices Commission annual gift limit from \$590 to \$630.

I recommend that the legislative body of your agency receive and file the enclosed Sacramento County Annual Investment Policy of the Pooled Investment Fund — Calendar Year 2026 at its next regular meeting. Your action to receive and file the policy constitutes consideration at a public meeting as recommended by Government Code section 53646(a)(2). The investment policy is also available on the Department of Finance – Investment Division webpage at <https://finance.saccounty.gov/investments>.

The following investment-related reports are also publicly available on the Investment Division webpage listed above:

- Pooled Investment Fund Monthly Review
- Quarterly Pooled Investment Fund Report
- Non-Pooled Investment Funds Portfolio Report

If you have any questions about the investment policy or management of the Pooled Investment Fund portfolio, please call me at (916) 874-6744 or Chief Investment Officer Bernard Santo Domingo at (916) 874-7320.

Sincerely,

A handwritten signature in black ink, appearing to read "Chad Rinde".

Chad Rinde
Director of Finance

Enclosure

700 H Street, Suite 3650, Sacramento, CA 95814
Office (916) 874-6744 | finance.saccounty.gov



SACRAMENTO COUNTY

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

CALENDAR YEAR 2026

*Approved by the
Sacramento County Board of Supervisors*

December 9, 2025
Resolution No. 2025-0764

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I. Authority

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

II. Policy Statement

This Investment Policy (Policy) establishes cash management and investment guidelines for the Director of Finance, who is responsible for the stewardship of the Sacramento County Pooled Investment Fund. Each transaction and the entire portfolio must comply with California Government Code and this Policy. All portfolio activities will be judged by the standards of the Policy and its investment objectives. Activities that violate its spirit and intent will be considered contrary to the Policy.

III. Standard of Care

The Director of Finance is the Trustee of the Pooled Investment Fund and therefore, a fiduciary subject to the prudent investor standard. The Director of Finance, employees involved in the investment process, and members of the Sacramento County Treasury Oversight Committee (Oversight Committee) shall refrain from all personal business activities that could conflict with the management of the investment program. All individuals involved will be required to report all gifts and income in accordance with California state law. When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the Director of Finance shall act with care, skill, prudence, and diligence to meet the aims of the investment objectives listed in Section IV, Investment Objectives.

IV. Investment Objectives

The Pooled Investment Fund shall be prudently invested in order to earn a reasonable return, while awaiting application for governmental purposes. The specific objectives for the Pooled Investment Fund are ranked in order of importance.

A. Safety of Principal

The preservation of principal is the primary objective. Each transaction shall seek to ensure that capital losses are avoided, whether they be from securities default or erosion of market value.

B. Liquidity

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

C. Public Trust

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

D. Maximum Rate of Return

As the fourth objective, the Pooled Investment Fund should be designed to attain a market average rate of return through budgetary and economic cycles, consistent with the risk limitations, prudent investment principles and cash flow characteristics identified herein. For comparative purposes, the State of California Local Agency Investment Fund (LAIF) and similarly-sized California county pools will be used as performance benchmarks.

V. Pooled Investment Fund Investors

The Pooled Investment Fund investors are comprised of Sacramento County, school and community college districts, districts directed by the Board of Supervisors, and independent special districts and joint powers authorities whose treasurer is the Director of Finance. Any local agencies not included in this category are subject to California Government Code section 53684 and are referred to as outside investors.

VI. Implementation

In order to provide direction to those responsible for management of the Pooled Investment Fund, the Director of Finance has established this Policy and will provide it to the Oversight Committee and render it to legislative bodies of local agencies that participate in the Pooled Investment Fund. In accordance with California Government Code section 53646, et seq., the Board of Supervisors shall review and approve this Policy annually at a public meeting.

This Policy provides a detailed description of investment parameters used to implement the investment process and includes the following: investable funds; authorized instruments; prohibited investments; credit requirements; maximum maturities and concentrations; repurchase agreements; Community Reinvestment Act Program; criteria and qualifications of broker/dealers and direct issuers; investment guidelines, management style and strategy; Approved Lists; and calculation of yield and costs.

VII. Internal Controls

The Director of Finance shall establish internal controls to provide reasonable assurance that the investment objectives are met and to ensure that the assets are protected from loss, theft, or misuse. To assist in implementation and internal controls, the Director of Finance has established an Investment Group and a Review Group.

The Investment Group, which is comprised of the Director of Finance and his/her designees, is responsible for maintenance of the investment guidelines and Approved Lists. These guidelines and lists can be altered daily, if needed, to adjust to the ever-changing financial markets. The guidelines can be more conservative or match the policy language. In no case can the guidelines override the Policy.

The Review Group, which is comprised of the Director of Finance and his/her designees, is responsible for the monthly review and appraisal of all the investments purchased by the Director of Finance and staff. This review includes bond proceeds, which are invested separately from the Pooled Investment Fund and are not governed by this Policy.

The Director of Finance shall establish a process for daily, monthly, quarterly, and annual review and monitoring of the Pooled Investment Fund activity. The following articles, in order of supremacy, govern the Pooled Investment Fund:

1. California Government Code
2. Annual Investment Policy
3. Current Investment Guidelines
4. Approved Lists (see page 9, Section IX.K)

The Director of Finance shall review the daily investment activity and corresponding bank balances.

Monthly, the Review Group shall review all investment activity and its compliance to the corresponding governing articles and investment objectives.

All securities purchased, with the exception of bank deposits, money market mutual funds, and LAIF, shall be delivered to the independent third-party custodian selected by the Director of Finance. This includes all collateral for repurchase agreements. All trades, where applicable, will be executed by delivery versus payment by the designated third-party custodian.

VIII. Sacramento County Treasury Oversight Committee

In accordance with California Government Code section 27130 et seq., the Board of Supervisors, in consultation with the Director of Finance, has created the Sacramento County Treasury Oversight Committee (Oversight Committee). Annually, the Oversight Committee shall cause an audit to be conducted on the Pooled Investment Fund. The meetings of the Oversight Committee shall be open to the public and subject to the Ralph M. Brown Act.

A member of the Oversight Committee may not be employed by an entity that has contributed to the campaign of a candidate for the office of local treasurer, or contributed to the campaign of a candidate to be a member of a legislative body of any local agency that has deposited funds in the county treasury, in the previous three years or during the period that the employee is a member of the Oversight Committee. A member may not directly or indirectly raise money for a candidate for local treasurer or a member of the Sacramento County Board of Supervisors or governing board of any local agency that has deposited funds in the county treasury while a member of the Oversight Committee. Finally, a member may not secure employment with, or be employed by bond underwriters, bond counsel, security brokerages or dealers, or financial services firms, with whom the treasurer is doing business during the period that the person is a member of the Oversight Committee or for one year after leaving the committee.

The Oversight Committee is not allowed to direct individual investment decisions, select individual investment advisors, brokers or dealers, or impinge on the day-to-day operations of the Department of Finance treasury and investment operations.

IX. Investment Parameters

A. Investable Funds

Total Investable Funds (TIF) for purposes of this Policy are all Pooled Investment Fund moneys that are available for investment at any one time, including the estimated bank account float. Included in TIF are funds of outside investors, if applicable, for which the Director of Finance provides investment services. Excluded from TIF are all funds held in separate portfolios.

The Cash Flow Horizon is the period in which the Pooled Investment Fund cash flow can be reasonably forecasted. This Policy establishes the Cash Flow Horizon to be one (1) year.

Once the Director of Finance has deemed that the cash flow forecast can be met, the Director of Finance may invest funds in securities with maturities beyond one year. These securities will be referred to as the Core Portfolio.

B. Authorized Investments

Authorized investments shall match the general categories established by the California Government Code sections 53601 et seq. and 53635 et seq. Authorized investments shall include, in accordance with California Government Code section 16429.1, investments into LAIF. Authorization for specific instruments within these general categories, as well as narrower portfolio concentration and maturity limits, will be established and maintained by the Investment Group as part of the Investment Guidelines. As the California Government Code is amended, this Policy shall likewise become amended.

C. Prohibited Investments

No investments shall be authorized that have the possibility of returning a zero or negative yield if held to maturity except for securities issued by, or backed by, the United States government during a period of negative market interest rates. Prohibited investments shall include inverse floaters, range notes, and interest only strips derived from a pool of mortgages.

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

D. Credit Requirements

Except for municipal obligations and Community Reinvestment Act (CRA) deposits, the issuer's short-term credit ratings shall be at or above A-1 by Standard & Poor's, P-1 by Moody's, and, if available, F1 by Fitch, and the issuer's long-term credit ratings shall be at or above A by Standard & Poor's, A2 by Moody's, and, if available, A by Fitch. There are no credit requirements for Registered State Warrants. All other municipal obligations shall be at or above a short-term rating of SP-1 by Standard & Poor's, MIG1 by Moody's, and, if available, F1 by Fitch.

Community Reinvestment Act Program Credit Requirements

Maximum Amount	Minimum Requirements
Up to the FDIC- or NCUSIF-insured limit for the term of the deposit	<u>Banks</u> — FDIC Insurance Coverage
	<u>Credit Unions</u> — NCUSIF Insurance Coverage <i>Credit unions are limited to a maximum deposit of the NCUSIF-insured limit since they are not rated by nationally recognized rating agencies and are not required to provide collateral on public deposits.</i>
Over the FDIC- or NCUSIF-insured limit	<p>(Any 2 of 3 ratings)</p> <p>S&P: A-2 Moody's: P-2 Fitch: F-2 OR</p> <p>Through a private sector entity that assists in the placement of deposits to achieve FDIC insurance coverage of the full deposit and accrued interest.</p> <p>Collateral is required</p>

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

Since credit unions do not have Community Reinvestment Act performance ratings, they must demonstrate a commitment to community reinvestment lending and charitable activities comparable to what is required of banks.

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

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

E. Maximum Maturities

Due to the nature of the invested funds, no investment with limited market liquidity should be used. Appropriate amounts of highly-liquid investments, such as U.S. Treasury and Agency obligations, should be maintained to accommodate unforeseen withdrawals.

The maximum maturity, determined as the term from the date of ownership to the date of maturity, for each investment shall be established as follows:

U.S. Treasury and Agency Obligations	5 years
Washington Supranational Obligations ¹	5 years
Municipal Notes	5 years
Registered State Warrants	5 years
Bankers Acceptances	180 days
Commercial Paper	270 days
Negotiable Certificates of Deposit	270 days
CRA Bank Deposit/Certificates of Deposit	1 year
Repurchase Agreements	1 year
Reverse Repurchase Agreements	92 days
Medium-Term Corporate Notes	180 days
Collateralized Mortgage Obligations	180 days

¹ The International Bank for Reconstruction and Development, International Finance Corporation, and Inter-American Development Bank.

The Investment Group may reduce these maturity limits to a shorter term as part of the Investment Guidelines and the Approved Lists.

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

F. Maximum Concentrations

No more than 80% of the portfolio may be invested in issues other than U.S. Treasury and Agency obligations. The maximum allowable percentage for each type of security is set forth as follows:

U.S. Treasury and Agency Obligations	100%
Municipal Notes	80%
Registered State Warrants	80%
Bankers Acceptances	40%
Commercial Paper	40%
Washington Supranational Obligations.....	30%
Negotiable Certificates of Deposit and CRA Deposit/Certificates of Deposit .	30%
Repurchase Agreements.....	30%
Reverse Repurchase Agreements	20%
Medium-Term Corporate Notes	30%
Money Market Mutual Funds.....	20%
Collateralized Mortgage Obligations.....	20%
Local Agency Investment Fund (LAIF)	(per State limit)

The Investment Group may reduce these concentrations as part of the Investment Guidelines and the Approved Lists.

Excluding U.S. Treasury and Agency and Washington Supranational obligations, no more than 10% of the portfolio, may be invested in securities of a single issuer including its related entities.

Where a percentage limitation is established above, for the purpose of determining investment compliance, that maximum percentage will be applied on the date of purchase.

G. Repurchase Agreements

Under California Government Code section 53601, paragraph (j) and section 53635, the Director of Finance may enter into Repurchase Agreements and Reverse Repurchase Agreements. The maximum maturity of a Repurchase Agreement shall be one year. The maximum maturity of a reverse repurchase agreement shall be 92 days, and the proceeds of a reverse repurchase agreement may not be invested beyond the expiration of the agreement. The reverse repurchase agreement must be "matched to maturity" and meet all other requirements in the code.

All repurchase agreements must have an executed Sacramento County Master Repurchase Agreement on file with both the Director of Finance and the Broker/Dealer. Repurchase Agreements executed with approved broker-dealers must be collateralized with either: (1) U.S. Treasury and Agency obligations with a market value of 102% for collateral marked to market daily; or (2) money market instruments on the Approved Lists of the County that meet the qualifications of the Policy, with a market value of 102%. Since the market value of the underlying securities is subject to daily market fluctuations, investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day. Use of mortgage-backed securities for collateral is not permitted. Strictly for purposes of investing the daily excess bank balance, the collateral provided by the Sacramento County's depository bank can be U.S. Treasury and Agency obligations valued at 110%, or mortgage-backed securities valued at 150%.

H. Community Reinvestment Act Program

The Director of Finance has allocated within the Pooled Investment Fund, a maximum of \$90 million for the Community Reinvestment Act Program to encourage community investment by financial institutions, which includes community banks and credit unions, and to acknowledge and reward local financial institutions that support the community's financial needs. The Director of Finance may increase this amount, as appropriate, while staying within the investment policy objectives and maximum maturity and concentration limits. The eligible banks and savings banks must have Community Reinvestment Act performance ratings of "satisfactory" or "outstanding" from each financial institution's regulatory authority. The minimum credit requirements are located on page 5 of Section IX.D.

I. Criteria and Qualifications of Brokers/Dealers and Direct Issuers

All transactions initiated on behalf of the Pooled Investment Fund and Sacramento County shall be executed through either government security dealers reporting as primary dealers to the Market Group of the Federal Reserve Bank of New York or direct issuers that directly issue their own securities that have been placed on the Approved List of brokers/dealers and direct issuers. Further, these firms must have an investment grade rating from at least two national rating services, if available.

Brokers/Dealers and direct issuers that have exceeded the political contribution limits, as contained in Rule G-37 of the Municipal Securities Rulemaking Board, within the preceding four-year period to the Director of Finance, any member of the Board of Supervisors, or any candidate for the Board of Supervisors, are prohibited from the Approved List of brokers/dealers and direct issuers.

Each broker/dealer and direct issuer will be sent a copy of this Policy and a list of those persons authorized to execute investment transactions. Each firm must

acknowledge receipt of such materials to qualify for the Approved List of brokers/dealers and direct issuers.

Each broker/dealer and direct issuer authorized to do business with Sacramento County shall, at least annually, supply the Director of Finance with audited financial statements.

J. Investment Guidelines, Management Style and Strategy

The Investment Group shall issue and maintain Investment Guidelines specifying authorized investments, credit requirements, permitted transactions, and issue maturity and concentration limits consistent with this Policy.

The Investment Group shall also issue a statement describing the investment management style and current strategy for the entire investment program. The management style and strategy can be changed to accommodate shifts in the financial markets, but at all times they must be consistent with this Policy and its objectives.

K. Approved Lists

The Investment Group, named by the Director of Finance, shall issue and maintain various Approved Lists. These lists are:

1. Approved Domestic Banks for all legal investments.
2. Approved Foreign Banks for all legal investments.
3. Approved Commercial Paper and Medium Term Note Issuers.
4. Approved Money Market Mutual Funds.
5. Approved Firms for Purchase or Sale of Securities (Brokers/Dealers and Direct Issuers).
6. Approved Banks / Credit Unions for the Community Reinvestment Act Program.

L. Calculation of Yield and Costs

The costs of managing the investment portfolio, including but not limited to: investment management; accounting for the investment activity; custody of the assets; managing and accounting for the banking; receiving and remitting deposits; oversight controls; and indirect and overhead expenses are charged to the investment earnings based upon actual labor hours worked in respective areas. Costs of these respective areas are accumulated by specific cost accounting projects and charged to the Pooled Investment Fund on a quarterly basis throughout the fiscal year.

The Department of Finance will allocate the net interest earnings of the Pooled Investment Fund quarterly. The net interest earnings are allocated based upon the average daily cash balance of each Pooled Investment Fund participant.

X. Reviewing, Monitoring and Reporting of the Portfolio

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

Quarterly, the Director of Finance will provide to the Board of Supervisors, the Oversight Committee, and to any local agency participant that requests a copy, a detailed report on the Pooled Investment Fund. The report will also be posted on the Department of Finance website. Pursuant to California Government Code section 53646, the report will list the type of investments, name of issuer, maturity date, par and dollar amount of the investment. For the total Pooled Investment Fund, the report will list average maturity, the market value, and the pricing source. Additionally, the report will show any funds under the management of contracting parties, a statement of compliance to the Policy and a statement of the Pooled Investment Fund's ability to meet the expected expenditure requirements for the next six months.

XI. Withdrawal Requests for Pooled Fund Investors

The Director of Finance will honor all requests to withdraw funds for normal cash flow purposes that are approved by the Director of Finance at a one dollar net asset value. Any requests to withdraw funds for purposes other than immediate cash flow needs, such as for external investing, are subject to the consent of the Director of Finance. In accordance with California Government Code Sections 27133(h) and 27136, such requests for withdrawals must first be made in writing to the Director of Finance. When evaluating a request to withdraw funds, the Director of Finance will take into account the effect of a withdrawal on the stability and predictability of the Pooled Investment Fund and the interests of other depositors. Any withdrawal for such purposes will include par value and any interest earnings in the Pooled Investment Fund on the date of the withdrawal.

XII. Limits on Honoraria, Gifts, and Gratuities

In accordance with California Government Code Section 27133(d), this Policy establishes limits for the Director of Finance; individuals responsible for management of the portfolios; and members of the Investment Group and Review Group who direct individual investment decisions, select individual investment advisors and broker/dealers, and conduct day-to-day investment trading activity. The limits also apply to members of the Oversight Committee. Any individual who receives an aggregate total of gifts, honoraria and gratuities in excess of \$50 in a calendar year from a broker/dealer, bank or service provider to the Pooled Investment Fund must report the gifts, dates and firms to the designated filing official and complete the appropriate State forms.

No individual may receive aggregate gifts, honoraria, and gratuities from any single source in a calendar year in excess of the amount specified in Section 18940.2(a) of Title 2, Division 6 of the California Code of Regulations. This limitation is \$630 for the period

January 1, 2025, to December 31, 2026. Any violation must be reported to the State Fair Political Practices Commission.

XIII. Terms and Conditions for Outside Investors

Outside investors may invest in the Pooled Investment Fund through California Government Code Section 53684. Their deposits are subject to the consent of the Director of Finance. The legislative body of the local agency must approve the Sacramento County Pooled Investment Fund as an authorized investment and execute a Memorandum of Understanding. Any withdrawal of these deposits must be made in writing 30 days in advance and will be paid based upon the market value of the Pooled Investment Fund. If the Director of Finance considers it appropriate, the deposits may be returned at any time to the local agency.

Comparison and Interpretation of Credit Ratings

Long Term Debt & Individual Bank Ratings			
Rating Interpretation	Moody's	S&P	Fitch
<i>Best-quality grade</i>	Aaa	AAA	AAA
<i>High-quality grade</i>	Aa1	AA+	AA+
	Aa2	AA	AA
	Aa3	AA-	AA-
<i>Upper Medium Grade</i>	A1	A+	A+
	A2	A	A
	A3	A-	A-
<i>Medium Grade</i>	Baa1	BBB+	BBB+
	Baa2	BBB	BBB
	Baa3	BBB-	BBB-
<i>Speculative Grade</i>	Ba1	BB+	BB+
	Ba2	BB	BB
	Ba3	BB-	BB-
<i>Low Grade</i>	B1	B+	B+
	B2	B	B
	B3	B-	B-
<i>Poor Grade to Default</i>	Caa	CCC+	CCC
<i>In Poor Standing</i>	-	CCC	-
	-	CCC-	-
<i>Highly Speculative Default</i>	Ca	CC	CC
	C	-	-
<i>Default</i>	-	-	DDD
	-	-	DD
	-	D	D

Short Term / Municipal Note Investment Grade Ratings			
Rating Interpretation	Moody's	S&P	Fitch
<i>Superior Capacity</i>	MIG-1	SP-1+/SP-1	F1+/F1
<i>Strong Capacity</i>	MIG-2	SP-2	F2
<i>Acceptable Capacity</i>	MIG-3	SP-3	F3

Short Term / Commercial Paper Investment Grade Ratings

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