



AGENDA

MEASURE A – INDEPENDENT TAXPAYERS OVERSIGHT COMMITTEE

SACRAMENTO TRANSPORTATION AUTHORITY
431 I STREET -- SUITE 106
SACRAMENTO, CALIFORNIA

THURSDAY

APRIL 4, 2013

4:00 P.M.

MEMBERS: MATTHEW KELLY; JOHN van BERKEL (Chair); MAUREEN ZAMARRIPA (Vice Chair);
GARY DAVIS; BRIAN WILLIAMS

1. **Call to Order / Introductions**
2. **Comments from the Public Regarding Matters Not on the Agenda**
3. **Status Report of Measure A Capital Projects, 2nd Quarter FY 2012-13 ***
4. **Status Report of Measure A On-going Programs, 2nd Quarter FY 2012-13 ***
5. **Cumulative FY 2012-13 Measure A Revenue Report ***
6. **Agreement for Independent Auditing Services for FY 2012-13 ***
7. **Annual Investment Policy for Calendar-Year 2013 ***
8. **Selection of Firms Qualified to Provide Underwriting Services ***
9. **Sacramento County Transportation Mitigation Fee Program (SCTMFP):
Fee Rate Schedule for FY 2013-14 ***
10. **Preliminary FY 2013-14 Measure A Revenue Forecast ***



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11. **Draft FY 2013-14 STA Budget ***

12. **Comments from Committee Members**

* *Staff report and associated materials can be viewed or downloaded at www.sacta.org
For a paper copy of all associated materials, please contact Gloria Busby: 916-323-0897; gloria@sacta.org*

MEASURE A INDEPENDENT TAXPAYERS OVERSIGHT COMMITTEE

April 4, 2013
Item #3

Subject: Status Reports of Measure A Capital Projects, 2nd Quarter FY 2012-13

Recommendation

Receive and file status reports of active Measure A capital projects.

Discussion

Status reports of Measure A *capital* projects currently in progress are attached hereto. The reports provide an overview of the delivery and construction status for each of the “active” Measure A capital projects effective December 31, 2012. The project summaries were prepared by the project managers at the responsible local agencies, and reviewed by STA staff.

The status reports are preceded by a cumulative one-page summary (green) of the allocation and expenditure progress of pay-go revenues and Measure A bond proceeds (Series 2009 and Series 2012) for all active capital projects. The summary sheet is current through February 1, 2013.

Attachments

Staff Contact: *Lisa Valine*

MEASURE A INDEPENDENT TAXPAYERS OVERSIGHT COMMITTEE

April 4, 2013
Item #4

Subject: Status Report of Measure A On-Going Programs, 2nd Quarter FY 2012-13

Recommendation

Receive the Measure A on-going annual program status report for the quarter ended December 31, 2012.

Discussion

Contracts between the STA and Measure A entities require that the entities submit quarterly status reports. The purpose of these reports is to provide the STA Board and the public with timely information on the progress of Measure A projects and programs.

The status information attached hereto shows revenues and expenditures for on-going Measure A programs for the quarter ended December 31, 2012. The affected funds are distributed to local transportation agencies according to the formula set forth in the Measure A Ordinance. The funds are distributed monthly as they are received from the Board of Equalization. A summary sheet of all related expenditures (green) is followed by a more detailed breakout of eligible program expenditures for each of the Measure A entities.

Attachments

Staff Contact: Lisa Valine

MEASURE A INDEPENDENT TAXPAYERS OVERSIGHT COMMITTEE

April 4, 2013
Item #5

Subject: Cumulative FY 2012-13 Measure A Revenue Report

Recommendation

Receive and file a summary report of cumulative FY 2012-13 Measure A sales tax revenues.

Discussion

The monthly Measure A sales tax revenue and distribution report for March is attached. This report also provides cumulative revenue and distribution figures for the first 9 months of FY 2013. At the top half of the page, the first two columns show the proportional allocation of sales tax revenue to each Measure A program. The first two columns at the bottom half of the page break out the allocations among the County and cities for the *Traffic Control & Safety*, *Streetscaping, Bike, Ped*, and *Road Maintenance* programs. The far right column shows the distribution of Measure A revenues for the month of March, while the second column from the right depicts cumulative distributions through the end of the prior month. Lastly, cumulative FY 2013 Measure A distributions to date are shown in the middle column.

In summary, the March sales tax revenues were 2.9% below the same month last year, and cumulative sales tax revenues through the first nine months of FY 2013 are running about 4.4% above the prior year.

Attachments

Staff Contact: *Lisa Valine*

MEASURE A INDEPENDENT TAXPAYERS OVERSIGHT COMMITTEE

April 4, 2013
Item #6

Subject: Agreement for Independent Auditing Services for FY 2012-13

Recommendation

Receive and file.

Discussion

In May 2011, the STA executed an Agreement with James Marta & Company (JMC) for independent auditing services of the Measure A sales tax program, the Sacramento Metropolitan Freeway Service Patrol (FSP) program, and STA and SAVSA administration during FY 2010-11. The Agreement included an option to extend for up to two years upon mutual agreement of both parties.

JMC has submitted a cost proposal to extend the Agreement for FY 2012-13. Their \$56,300 proposal provides for financial audits of the STA and SAVSA as well as compliance audits of the "Old" Measure A, **New** Measure A, and SAVSA entities. Staff has been satisfied with the firm's thoroughness and professionalism during the past two audit cycles. The FY 2012-13 audit cost proposal is increased about 4.2% from last year, and the proposed Agreement language is unchanged. The auditing tasks will be conducted from September to November.

Attachment

Staff Contact: Lisa Valine

Measure A Sales Tax Revenue & Distribution - March 2013

<u>Measure A</u>		2012/13	YTD thru Feb 13	Mar 13
Cumulative Measure A Gross Revenue		\$ 72,272,589	\$ 64,893,039	\$ 7,379,550
Isleton	0.04%	\$ 28,909	\$ 25,957	2,952
Galt	1.00%	\$ 722,726	\$ 648,930	73,796
Neighborhood Shuttle	\$ 1,000,000	\$ 750,000	\$ 666,667	83,333
Subtotal		\$ 70,770,954	\$ 63,551,484	\$ 7,219,469
Sac Cnty Regl Parks Dept	\$ 1,000,000	\$ 750,000	\$ 666,667	83,333
Capital Projects	20.75%	\$ 14,684,973	\$ 13,186,933	1,498,040
		\$ 55,335,981	\$ 49,697,885	\$ 5,638,096
		\$	-	-
Program Administration	0.75%	\$ 530,782	\$ 476,636	54,146
SMAQMD	1.50%	\$ 1,061,564	\$ 953,272	108,292
Traffic Control & Safety	3.00%	\$ 2,123,129	\$ 1,906,545	216,584
Paratransit (CTSA)	3.50%	\$ 2,476,983	\$ 2,224,302	252,681
CTSA Set Aside	1.00%	\$ 707,710	\$ 635,515	72,195
Safety, Streetscaping			\$ 2,510,908	
Pedestrian & Bike Facilities	5.00%	\$ 2,788,548	\$	277,640
Street & Road Maintenance	30.00%	\$ 21,231,286	\$ 19,065,445	2,165,841
SRTD	34.50%	\$ 24,415,979	\$ 21,925,262	2,490,717
		\$	-	-
Net Revenue	78.25%	\$ 55,335,981	\$ 49,697,885	\$ 5,638,096

<u>Traffic Control & Safety</u>		2012/13	2012/13	
Citrus Heights	5.46%	\$ 115,923	\$ 104,097	11,824
Elk Grove	10.70%	\$ 227,175	\$ 204,000	23,175
Folsom	5.50%	\$ 116,772	\$ 104,860	11,912
Rancho Cordova	4.94%	\$ 104,883	\$ 94,183	10,700
Sacramento	31.77%	\$ 674,518	\$ 605,709	68,809
County	41.63%	\$ 883,858	\$ 793,694	90,164
Total	100.0%	\$ 2,123,129	\$ 1,906,545	\$ 216,584

<u>Safety, Streetscaping, Pedestrian & Bike Facilities</u>		2012/13	2012/13	
Citrus Heights	5.46%	\$ 152,255	\$ 137,096	15,159
Elk Grove	10.70%	\$ 298,375	\$ 268,667	29,708
Folsom	5.50%	\$ 153,370	\$ 138,100	15,270
Rancho Cordova	4.94%	\$ 137,754	\$ 124,039	13,715
Sacramento	31.77%	\$ 885,922	\$ 797,715	88,207
County	41.63%	\$ 1,160,872	\$ 1,045,291	115,581
Total	100.0%	\$ 2,788,548	\$ 2,510,908	\$ 277,640

<u>Street & Road Maintenance</u>		2012/13	2012/13	
Citrus Heights	5.46%	\$ 1,159,228	\$ 1,040,973	118,254
Elk Grove	10.70%	\$ 2,271,748	\$ 2,040,003	231,745
Folsom	5.50%	\$ 1,167,721	\$ 1,048,599	119,122
Rancho Cordova	4.94%	\$ 1,048,826	\$ 941,833	106,993
Sacramento	31.77%	\$ 6,745,180	\$ 6,057,092	688,088
County	41.63%	\$ 8,838,584	\$ 7,936,945	901,639
Total	100.0%	\$ 21,231,286	\$ 19,065,445	\$ 2,165,841

SACRAMENTO TRANSPORTATION AUTHORITY

AUDITOR SERVICES AGREEMENT

THIS AGREEMENT is made at Sacramento, California, as of April 11, 2013, by and between the Sacramento Transportation Authority (“STA”), a local transportation authority formed pursuant to California Public Utilities Code section 180000 et seq. and James Marta & Company (“Auditor”), a California partnership.

RECITALS

WHEREAS, STA is required under California Public Utilities Code section 180105(c) to “cause a postaudit of the financial transactions and records of the authority to be made at least annually by a certified public accountant”;

WHEREAS, the STA Board of Directors desires to retain a qualified auditor to perform a review of STA’s financial records for the purpose of rendering an opinion and making recommendations on the adequacy of the STA’s internal controls and financial reporting and compliance with applicable laws and regulations;

WHEREAS, Auditor possesses the experience, knowledge and qualifications necessary to perform, prepare and deliver a quality audit that will objectively evaluate the fair presentation of the financial statements and the internal control over financial reporting;

WHEREAS, STA is authorized to enter into such an agreement pursuant to California Public Utilities Code section 180152.

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth, STA and Auditor agree as follows:

1. **Services.** Subject to the terms and conditions set forth in this Agreement, Auditor shall provide to STA the services described in Exhibit A. Auditor shall provide said services at

the time, place, and in the manner specified in Exhibit A. The Auditor shall not be compensated for services outside the scope of Exhibit A unless prior to the commencement of such services: (a) Auditor notifies the STA that such service is deemed an additional service and Auditor estimates the additional compensation required for this activity; and (b) the STA, after notice, approves the additional service and amount of compensation therefor.

2. **Payment.** STA shall pay Auditor for services rendered pursuant to this Agreement at the times and in the manner set forth in Exhibit B. The payments specified in Exhibit B shall be the only payments to be made to Auditor for services rendered pursuant to this Agreement unless, pursuant to paragraph 1 above, STA approves additional compensation for additional services. Auditor shall submit all billings for said services to STA in the manner specified in Exhibit B; or, if no manner be specified in Exhibit B, then according to the usual and customary procedures and practices which Auditor uses for billing clients similar to STA.

3. **Facilities and Equipment.** Except as set forth in Exhibit C, Auditor shall, at its sole cost and expense, furnish all facilities and equipment which may be required for furnishing services pursuant to this Agreement. STA shall furnish to Auditor only the facilities and equipment listed in Exhibit C according to the terms and conditions set forth in Exhibit C.

4. **General Provisions.** The general provisions set forth in Exhibit D, which include insurance requirements, are part of this Agreement. In the event of any inconsistency between said general provisions and any other terms or conditions of this Agreement, this Agreement shall control over the general provisions.

5. **STA Representative.** The STA Representative specified in Exhibit A, or the representative's designee, shall administer this Agreement for the STA.

6. **Exhibits.** All exhibits referred to herein are attached hereto and are by reference incorporated herein.

Executed as of the day first above stated.

Sacramento Transportation Authority

James Marta & Company

Brian A. Williams
Executive Director

James P. Marta
Principal

Approved As To Form:

General Counsel

Attachments:

- Exhibit A - Representatives and Services to be Provided
- Exhibit B - Fee Schedule and Manner of Payment
- Exhibit C - Facilities and Equipment to be provided by STA
- Exhibit D - General Provisions

SACRAMENTO TRANSPORTATION AUTHORITY

EXHIBIT A

AUDITOR SERVICES AGREEMENT

REPRESENTATIVES AND SERVICES TO BE PROVIDED

1. **Representatives:**

The STA Representative for this Agreement is:

Lisa Valine Senior Accountant (916) 323-0080

All Auditor's questions pertaining to this agreement will be referred to the above named person or the representative's designee.

The Auditor's Representative for this Agreement is:

James Marta Principal (916) 993-9494

All STA questions pertaining to this Agreement will be referred to the above named person. All correspondence to the STA will be addressed to:

Sacramento Transportation Authority
431 I Street, Suite 106
Sacramento, CA 95814
Attn: Lisa Valine, Executive Director
lisa@sacta.org

2. **Services to be provided:**

The Auditor shall make an examination of the financial statements of the STA and Sacramento Abandoned Vehicle Service Authority ("SAVSA") for the fiscal year ended June 30, 2013. The examination shall be made in accordance with generally accepted auditing standards, and will include all procedures necessary for the rendition of an opinion regarding the accuracy and completeness of the presentation of the financial statements in accordance with generally accepted accounting principles.

The examination shall also include a determination of compliance with the terms and definitions of the applicable laws, rules and/or regulations of Public Utilities Code Division 19, the Measure A Ordinance and Expenditure Plan, the California Vehicle Code Section 22710, and all applicable contracts.

A representative examination of the Measure A entities and the SAVSA entities will be made to ensure compliance with applicable laws and with their Measure A and SAVSA contracts with STA. The examination will include:

- a. a study and evaluation of each entity's system of internal control;
- b. a proper test of each entity's accounting records and other financial records;
- c. a review of each entity's accounting system in operation.

It is recognized that STA has the responsibility for the proper recording of transactions in the books of account, for the safeguarding of assets, and for the substantial accuracy of the financial statements. Such statements are the representations of STA and will be typed in final form by the STA.

The objective of the audit is the expression of an independent opinion on the STA and SAVSA financial statements—per auditing standards established by the American Institute of Certified Public Accountants—to conclude that the financial statements are fairly presented in accordance with generally accepted accounting principles. In conjunction with the audit, Auditor will evaluate STA's internal control over financial reporting for the purpose of expressing an opinion on the financial statements. Any internal control or other financial reporting issues noted during the audit will be communicated to the STA's management and governing board. The ability of Auditor to express that opinion will be dependent on the facts and circumstances on the date of that opinion. If the opinion is other than unqualified, the reasons therefore will be fully disclosed.

Audit work will begin in August 2013. Two draft copies of the combined audit reports, internal control reports, management letters, and agreed-upon-procedures reports for each Measure A and SAVSA entity are required by November 7, 2013. Three copies of the final reports shall be delivered to the STA no later than November 21, 2013. These due dates may be extended only upon mutual consent of both STA's and Auditor's representatives.

SACRAMENTO TRANSPORTATION AUTHORITY

EXHIBIT B

AUDITOR SERVICES AGREEMENT

FEE SCHEDULE AND MANNER OF PAYMENT

STA shall pay Auditor for services rendered pursuant to this Agreement a total sum, based on actual time, not to exceed \$56,300.00. Auditor may submit progress billings not more often than monthly based on actual time incurred at the following hourly rates:

Principal/Director	\$250.00
Supervisor	\$140.00
Senior Accountant	\$120.00
Staff	\$100.00

STA shall make no payment for extra, further or additional services or expenses pursuant to this Agreement unless such services or expenses and the price thereof are agreed to in advance and such agreement is prepared in writing and executed by Auditor and STA.

Request for payment to Auditor shall be sent to:

Sacramento Transportation Authority
431 I Street, Suite 106
Sacramento, CA 95814
Attn: Lisa Valine, Senior Accountant
Lisa@sacta.org

SACRAMENTO TRANSPORTATION AUTHORITY

EXHIBIT C

AUDITOR SERVICES AGREEMENT

FACILITIES AND EQUIPMENT TO BE PROVIDED BY STA

STA shall furnish facilities and equipment as may be required for Auditor's use in quality, quantity, and location as STA, in its sole discretion, determines to be appropriate. Such facilities may include a desk(s) or table(s), private workspace, office supplies and equipment, and telephone.

Except as previously set forth, Auditor shall, at his/her sole cost and expense, furnish all other facilities and equipment which may be required to provide services pursuant to this Agreement.

SACRAMENTO TRANSPORTATION AUTHORITY

EXHIBIT D

AUDITOR SERVICES AGREEMENT

GENERAL PROVISIONS

1. **Independent Contractor.** At all times during the term of this Contract, Auditor shall be an independent Contractor and shall not be an employee of the STA. STA shall have the right to control Auditor only insofar as the results of Auditor's services rendered pursuant to this Contract; however, STA shall not have the right to control the means by which Auditor accomplishes services rendered pursuant to this Agreement.

Auditor acknowledges and agrees that Auditor is not entitled to receive any STA employee benefits, including but not limited to, medical, dental, and retirement benefits, life and disability insurance, sick leave or any other similar benefits provided to STA employees.

2. **Licenses; Permits; Etc.** Auditor represents and warrants to STA that Auditor has all licenses, permits, qualifications and approvals of whatsoever nature which are legally required for Auditor to practice its profession. Auditor represents and warrants to STA that Auditor shall, at its sole cost and expense, keep in effect or obtain at all times during the term of this Agreement any licenses, permits, and approvals which are legally required for Auditor to practice its profession.

3. **Time.** Auditor shall devote such time to the performance of services pursuant to this Agreement as may be reasonably necessary for satisfactory performance of Auditor's obligations under this Agreement. Neither party shall be considered in default of this Agreement to the extent performance is prevented or delayed by any cause, present or future, which is beyond the reasonable control of the party.

It is the intent of the Auditor and STA to issue the draft audit reports of the STA, SAVSA, and agreed upon procedures of Measure A and SAVSA entities no later than November 7, 2013. It is the intent of the Auditor and STA that final reports and agreed upon procedures be issued by November 21, 2013.

4. **Auditor Not Agent.** Except as STA may specify in writing, Auditor shall have no authority, express or implied, to act on behalf of STA in any capacity whatsoever as an agent. Auditor shall have no authority, express or implied, pursuant to this Agreement to bind STA to any obligation whatsoever.

5. **Assignment Prohibited.** No party to this Agreement may assign any right or obligation pursuant to this Agreement. Any attempted or purported assignment of any right or obligation pursuant to this Agreement shall be void and of no effect.

6. **Personnel.** Auditor shall assign only competent personnel to perform services pursuant to this Agreement. In the event that STA, in its sole discretion, at any time during the term of this Agreement, desires the removal of any person or persons assigned by Auditor to perform services pursuant to this Agreement, Auditor shall remove any such person immediately upon receiving notice from STA of the desire of STA for the removal of such person or persons.

7. **Standard of Performance.** Auditor shall perform all services required pursuant to this Agreement in the manner and according to the standards observed by a competent practitioner of the profession in California. All products that Auditor delivers to STA pursuant to this Agreement shall be prepared in a professional manner and conform to the standards of quality normally observed by a person practicing in Auditor's profession.

8. **Termination.** STA shall have the right to terminate this Agreement for convenience at any time by giving written notice of such termination to Auditor. In the event STA gives such notice of termination, Auditor shall immediately cease rendering services pursuant to this Agreement.

In the event STA terminates this Agreement:

(1) Auditor shall deliver copies of all writings prepared by it pursuant to this Agreement. The term "writings" shall be construed to mean and include:

handwriting, typewriting, printing, photocopying, photographing, and every other means of recording upon any tangible thing any form of communication or representation including letters, works, pictures, drawings, sounds, symbols, or combinations thereof.

(2) STA shall have full ownership and control of all such writings delivered by Auditor pursuant to this Agreement.

(3) STA shall pay Auditor the reasonable value of services rendered by Auditor pursuant to this Agreement; provided, however, STA shall not in any manner be liable for lost profits which might have been made by Auditor had Auditor completed the services required by this Agreement. In this regard, Auditor shall furnish to STA such financial information as in the judgment of the STA Representative is necessary to determine the reasonable value of the services rendered by Auditor. In the event of a dispute as to the reasonable value of the services rendered by Auditor, the decisions of the Executive Director of the STA shall be final. The foregoing is cumulative and does not affect any right or remedy which STA may have in law or equity.

Termination for Cause: STA shall have the right to terminate this Agreement in the event of a material breach by Auditor. In the event of such termination, STA shall provide written notice to Auditor, at which time Auditor shall immediately cease rendering services under this

Agreement. STA shall not be required to make payment or compensation to Auditor in the event of a material breach of the terms of this Agreement.

9. **Equal Employment Opportunity.** During the performance of this agreement, Auditor, for itself and successors in interest, agrees as follows:

- A. **Compliance with Regulations:** Auditor shall comply with the Executive Order 11246 entitled "Equal Employment Opportunity", as amended by Executive Order 11375, and as supplemented in Department of Labor regulations (41 CFR Part 60), hereinafter referred to as the "Regulations".
- B. **Nondiscrimination:** Auditor, with regard to the work performed by it after award and prior to completion of the work pursuant to this Agreement, shall not discriminate on the ground of race, color, religion, sex, national origin, age, marital status, physical handicap or sexual preference in the selection and retention of subcontractors, including procurements of materials and leases of equipment. Auditor shall not participate either directly or indirectly in discrimination prohibited by the Regulations.
- C. **Solicitations for Subcontractors, Including Procurements of Materials and Equipment:** In all solicitations either by competitive bidding or negotiations made by Auditor for work to be performed under any subcontract, including procurement of materials or equipment, each potential subcontractor or supplier shall be notified by Auditor of Auditor's obligation under this Agreement and the Regulation relative to nondiscrimination on the ground of race, color, religion, sex, national origin, age, marital status, physical handicap or sexual preference.
- D. **Information and Reports:** Auditor shall provide all existing information and reports required by Regulations, or orders and instructions issued pursuant thereto, and will permit access to its books, records, accounts, other sources of information and its facilities as may be determined by the STA to be pertinent to ascertain compliance with such Regulations, orders and instructions. Where any information required of Auditor is in the exclusive possession of another who fails or refuses to furnish this information, Auditor shall so certify to the STA, and shall set forth what efforts it has made to obtain the information.
- E. **Sanctions for Noncompliance:** In the event of noncompliance by Auditor with the nondiscrimination provisions of this Agreement, the STA shall impose such contract sanctions as it may determine to be appropriate including, but not limited to:
 - (1) Withholding of payments to Auditor under contract until Auditor complies;
 - (2) Cancellation, termination, or suspension of the Agreement, in whole or in part.

- F. **Incorporation of Provisions:** Auditor shall include provisions of Paragraphs A through E above in every subcontract, including procurements of materials and leases of equipment, unless exempted by Regulations, order, or instructions issued pursuant thereto. Auditor shall take such action with respect to any subcontract or procurement as the STA may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event Auditor becomes involved in, or is threatened with, litigation with a subcontractor or supplier as a result of such direction, Auditor may request that STA enter such litigation to protect the interests of STA.

10. **Insurance Requirements.** During the duration of this Agreement, Auditor shall maintain the following noted insurance:

- Broad Form Comprehensive Liability
- Business Auto Liability
- Workers' Compensation & Employers' Liability
- Professional Liability (Errors and Omissions)

A. **Minimum Scope of Insurance**

Coverage shall be at least as broad as:

- (1) Broad Form Comprehensive General Liability;
- (2) Automobile Liability, code 1 "any auto";
- (3) Workers' Compensation as required by the Labor Code of the State of California, and Employers' Liability Insurance;
- (4) Professional Liability (Errors and Omissions) insurance against loss due to error, omissions, or malpractice.

B. **Minimum Limits of Insurance.**

Auditor shall maintain limits no less than:

- (1) Comprehensive General Liability: \$1,000,000 combined single limit per occurrence for bodily injury and property damage.
- (2) Automobile Liability: \$1,000,000 combined single limit per accident for bodily injury and property damage.

- (3) Workers' Compensation and Employers' Liability: Workers' compensation limits as required by the Labor Code of the State of California.
- (4) Professional Liability (Errors and Omissions): \$1,000,000 combined single limit per occurrence.

C. **Deductibles and Self-Insurance Retentions.**

Any deductibles or self-insured retentions must be declared to and approved by the STA.

D. **Other Insurance Provisions.**

The policies are to contain, or be endorsed to contain, the following provisions:

(1) General Liability and Automobile Liability Coverages

- a. The STA, its officials, employees and volunteers are to be covered as insured as respects: liability arising out of activities performed by or on behalf of the Auditor; products and completed operations of the Auditor; premises owned, leased or used by the Auditor; or automobiles owned, leased, hired or borrowed by the Auditor. The coverage shall contain no special limitations on the scope of protection afforded to the STA, its officials, employees or volunteers.
- b. The Auditor's insurance coverage shall be primary insurance as respects the STA, its officials, employees and volunteers. Any insurance or self-insurance maintained by the STA, its officials, employees, or volunteers shall be in excess of Auditor's insurance and shall not contribute with it.
- c. Any failure to comply with the reporting provisions of the policies shall not affect coverage provided to the STA, its officials, employees, or volunteers.
- d. Coverage shall state that Auditor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respects to the limits of the insurer's liability.

(2) Workers' Compensation and Employers' Liability Coverages

The insurer shall agree to waive all rights of subrogation against the STA, its officials, employees and volunteers for losses arising from work performed by Auditor for the STA. This requirement may, however, be waived in individual cases at the discretion of the STA.

(3) All Coverages

Each insurance policy required by this Agreement shall be endorsed to state that coverage shall not be suspended, voided, canceled, reduced in coverage or in limits without thirty (30) days prior written notice by certified mail, return receipt requested, given to the STA.

E. **Acceptability of Insurers.**

Insurance is to be placed with insurers with a Bests' rating of no less than A:XIII. This requirement may, however, be waived in individual cases, provided, however, that in no event will a carrier with a rating below A:X be acceptable.

F. **Verification of Coverage.**

Auditor shall furnish the STA with certificates of insurance and with original endorsements effecting coverage required by this clause. The certificates and endorsements for each insurance policy are to be signed by a person authorized by the insurer to bind coverage on its behalf. The certificates and endorsements are to be on forms acceptable to the STA and are to be forwarded to the STA Representative named in Exhibit A

G. **Payment Withhold.**

The STA will withhold payments to Auditor if certificates of insurance and endorsements required in Paragraph F above have not been provided.

11. **Access and Retention of Audit Working Papers.**

Upon authorization from the STA Representative, Auditor shall provide for access to the audit working papers to the STA staff, STA Governing Board or its designee, other government audit staff, Federal Government Accounting Office, and those specifically authorized by the STA Representative. Auditor shall provide for the retention of the audit working papers for at least three years after the date of the audit reports, or longer if requested by the STA staff or Governing Board.

12. **Disclosure of Lobbying Activities**

Auditor certifies, by signing this contract, to the best of its knowledge, that:

(A) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any Federal agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation,

renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

(B) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any Federal agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure of Lobbying Activities" in accordance with its instructions.

13. **Indemnification.**

For professional services provided under this Agreement, Auditor shall indemnify, defend, and hold harmless the STA, its Governing Board, officers, directors, agents, employees, and volunteers from and against any and all claims, demands, actions, losses, liabilities, damages and costs, including reasonable attorneys' fees, arising out of or resulting from the negligent performance of the professional services under this Agreement.

MEASURE A INDEPENDENT TAXPAYERS OVERSIGHT COMMITTEE

April 4, 2013
Item #7

Subject: Annual Investment Policy for Calendar-Year 2013

Recommendation

Receive and file.

Discussion

State statute requires local agencies to adopt an investment policy each year. STA continues to invest Measure A sales tax revenues and Countywide development impact fee revenues in the **County Pooled Investment Fund** and the **State Local Agency Investment Fund (LAIF)** prior to expenditure. The proceeds from Measure A sales tax revenue bonds are invested in the "Cash Reserve Portfolio" managed by the **California Asset Management Program (CAMP)** prior to expenditure. CAMP is a joint powers authority and common law trust created by local government finance officers to assist California public agencies with investing the proceeds of tax exempt debt issues and complying with associated IRS regulations. The investment policy statement from each of these entities is attached hereto. Please note that the LAIF is part of the Pooled Money Investment Account managed by the State Treasurer.

STA's proposed 2013 Investment Policy is unchanged from 2012. The principle investment objectives are liquidity and preservation of principle, while earning a reasonable rate of return.

Attachments

Staff Contact: Brian Williams

Sacramento Transportation Authority

Annual Investment Policy - 2013

I. PURPOSE

This Annual Investment Policy (the "Policy") sets forth the investment guidelines for all monies of the Sacramento Transportation Authority (STA). The objective of this Policy is to ensure temporarily idle funds are prudently invested to preserve capital and provide necessary liquidity, while earning a reasonable return.

Investments may only be made as authorized by this Policy. The STA Annual Investment Policy conforms to the California Government Code (the Code) as well as customary standards of prudent investment management. Irrespective of these Policy provisions, should the provisions of the Code be, or become, more restrictive than those contained herein, such provisions will be considered immediately incorporated into this Policy and adhered to.

II. SCOPE

It is intended that this Policy cover all funds (except retirement and 457 deferred compensation plan funds) and investment activities under the direction of the STA.

III. OBJECTIVES

The STA's funds are prudently invested in order to earn a reasonable return while awaiting expenditure on eligible projects and programs. The specific objectives of the STA's investment activities for all the funds, ranked in order of importance, shall be:

- A. Safety of Principal. The preservation of principal is of primary importance. Each investment transaction shall seek to ensure that capital losses are avoided, whether from institutional default, broker-dealer default, or erosion of market value of securities.
- B. Liquidity. The Investment Portfolio should remain sufficiently flexible to enable the STA to meet all operating and capital requirements which may be reasonably anticipated in any fund.
- C. Public Trust. In managing its Investment Portfolio, the authorized investment traders should avoid any transactions that might impair public confidence in the STA. Investments should be made with precision and care, considering the probable safety of capital as well as the probable income to be derived.
- D. Maximum Rate of Return. The Investment Portfolio 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 for any fund.

IV. RESPONSIBILITIES

The STA Governing Board is responsible for adopting the Annual Investment Policy and ensuring investments are made in compliance with this Policy. This Policy shall be reviewed annually by the Governing Board at a public meeting pursuant to Section 53646(a) of the California Government Code. The STA Treasurer (the County of Sacramento Finance Director) is responsible for making investments and for compliance with this Policy pursuant to the delegation of authority to invest funds or to sell or exchange securities made in accordance with Code Section 53607. The Treasurer shall submit periodic reports to the Governing Board in accordance with Code Section 53646(b).

V. IMPLEMENTATION

A. Investments

Idle STA funds will be invested in the County of Sacramento *Pooled Investment Fund* (Pool) and the State of California *Local Agency Investment Fund* (LAIF). Authorized investments and investment policies and guidelines will be consistent with those of the County Pool and State LAIF.

B. Review and Monitoring of Investments

The Treasurer will submit to the Governing Board the monthly and quarterly performance reviews prepared by the County Treasurer (for the County Pooled Investment Fund) and the Office of the State Treasurer (for the Local Agency Investment Fund).

VI. ADDITIONAL ALLOWABLE INVESTMENTS FOR BOND PROCEEDS ONLY

- A. California Asset Management Program (CAMP)'s *Cash Reserve Portfolio*, a common law trust established pursuant to Title I, Division 7, Chapter 5 of the California Government Code, which invests exclusively in investments permitted by Sec.53601 of Title 5, Division 2, Chapter 4 of the California Government Code.
- B. Other investments as permitted by bond indentures.



SACRAMENTO COUNTY

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

CALENDAR YEAR 2013

*Approved by the
Sacramento County Board of Supervisors*

December 4, 2012
Resolution No. 2012-0827

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SACRAMENTO COUNTY

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

CALENDAR YEAR 2013

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

D. Maximum Rate of Return

As the fourth objective, the Pooled Investment Fund should be designed to attain 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) will be used as a performance benchmark. The Pooled Investment Fund quarterly performance benchmark target has been set at or above LAIF's yield. This benchmark was chosen because LAIF's portfolio structure is similar to the Pooled Investment Fund.

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 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.

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.

Quarterly, the Director of Finance will provide the Oversight Committee with a copy of the Pooled Investment Fund activity and its compliance to the annual Policy and California Government Code.

Annually, the Oversight Committee shall cause an annual audit of the activities within the Pooled Investment Fund to be conducted to determine compliance to the Policy and California Government Code. This audit will include issues relating to the structure of the investment portfolio and risk.

All securities purchased, with the exception of time deposits, money market mutual funds, LAIF and Wells Fargo's overnight investment fund, 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 Director of Finance shall prepare an Investment Policy that will be forwarded to and monitored by the Oversight Committee and rendered to Boards of all local agency participants. The Board of Supervisors shall review and approve the Policy during public session. Quarterly, the Director of Finance shall provide the Oversight Committee a report of all investment activities of the Pooled Investment Fund to ensure compliance to the Policy. 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 bond proceeds.

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 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. These 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. Annually the Director of Finance and/or his designee will update the list of tobacco-related companies.

D. Credit Requirements

Except for municipal obligations and Community Reinvestment Act (CRA) bank deposits and certificates of deposit, 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. In addition, domestic banks are limited to those with a Fitch Viability rating of a or better, without regard to modifiers. The Investment Group is granted the authority to specify approved California banks with Fitch Viability ratings of bbb+ but they must have a Support rating of 1 where appropriate. Foreign banks with domestic licensed offices must have a Fitch Sovereign rating of AAA and a Fitch Viability rating of a or better, without regard to modifiers; however, a foreign bank may have a rating of bbb+ but they must have a Support rating of 1. Domestic savings banks must be rated a or better, without regard to modifiers, or may have a rating of bbb+ but they must have a Support rating of 1.

Community Reinvestment Act Program Credit Requirements

Maximum Amount	Minimum Requirements
Up to the FDIC- or NCUSIF-insured limit for the term of the deposit	Banks — FDIC Insurance Coverage
	Credit Unions — 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 to \$10 million Collateral is required	(Any 2 of 3 ratings) S&P: A-2 Moody's: P-2 Fitch: F-2

Eligible banks must have Community Reinvestment Act performance ratings of “satisfactory” or “outstanding” from each financial institution’s regulatory authority. In addition, deposits greater than the federally-insured amount must be collateralized. Banks must 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 their commitment to meeting the community reinvestment lending and charitable activities, which are also 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 Treasury and Agency securities, 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 Notes and Agency Obligations	5 years
Bonds issued by local agencies	5 years
Registered State Warrants and Municipal Notes	5 years
Bankers Acceptances	180 days
Commercial Paper	270 days
Negotiable Certificates of Deposit	180 days
CRA Bank Deposit/Certificates of Deposit	1 year
Repurchase Agreements	1 year
Reverse Repurchase Agreements	92 days
Medium Term Corporate Notes.....	180 days
Shares of a Money Market Mutual Fund	(per SEC regulations) ¹
Collateralized Mortgage Obligations	180 days

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 United States Treasuries and Government Agencies. The maximum allowable percentage for each type of security is set forth as follows:

U.S. Treasury and Agency Securities.....	100%
Bonds issued by local agencies	80%
Registered State Warrants and Municipal Notes	80%
Bankers Acceptances	40%
Commercial Paper	40%
Negotiable or CRA Bank Deposit/Certificates of Deposit	30%
Repurchase Agreements	30%
Reverse Repurchase Agreements	20%
Medium Term Corporate Notes.....	30%
Shares of a diversified Money Market Mutual Fund.....	20%
Collateralized Mortgage Obligations	20%
Local Agency Investment Fund (LAIF).....	(per State limit) ²

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

¹ Money Market mutual funds are regulated by the Securities and Exchange Commission under §270.2a-7 and are required to maintain a dollar-weighted average portfolio maturity of 60 days or less.

² LAIF current maximum allowed is \$50 million.

No more than 10% of the portfolio, except Treasuries and Agencies, 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. Treasuries or Agencies with a market value of 102% for collateral marked to market daily; or (2) money market instruments which are on the Approved Lists of the County and which 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 Treasuries or Agencies 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 which 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 Reports Division of the Federal Reserve Bank of New York or direct issuers that directly issue their own securities which 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 which 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 or any member of the governing board of a local agency or any candidate for those offices, 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, named by the Director of Finance, shall issue and maintain Investment Guidelines specifying authorized investments, credit requirements, permitted transactions, and issue maturity and concentration limits which are 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 Oversight Committee and to any local agency participant that requests a copy, a detailed report on the Pooled Investment Fund. 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.

Each quarter, the Director of Finance shall provide to the Board of Supervisors and interested parties a comprehensive report on the Pooled Investment Fund.

Annually, the Director of Finance shall provide to the Oversight Committee the Investment Policy. Additionally, the Director of Finance will render a copy of the Investment Policy to the legislative body of the local agencies that participate in the Pooled Investment Fund.

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 be at the market value of 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 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 \$440 for the period January 1, 2013, to December 31, 2014. 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.

Appendix A

Comparison and Interpretation of Credit Ratings

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

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

Appendix A

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

Fitch Support Ratings	
<i>Rating</i>	<i>Interpretation</i>
1	A bank for which there is an extremely high probability of external support. The potential provider of support is very highly rated in its own right and has a very high propensity to support the bank in question. This probability of support indicates a minimum Long-Term Rating floor of 'A-'.
2	A bank for which there is a high probability of external support. The potential provider of support is highly rated in its own right and has a high propensity to provide support to the bank in question. This probability of support indicates a minimum Long-Term Rating floor of 'BBB-'.
3	A bank for which there is a moderate probability of support because of uncertainties about the ability or propensity of the potential provider of support to do so. This probability of support indicates a minimum Long-Term Rating floor of 'BB-'.
4	A bank for which there is a limited probability of support because of significant uncertainties about the ability or propensity of any possible provider of support to do so. This probability of support indicates a minimum Long-Term Rating floor of 'B'.
5	A bank for which external support, although possible, cannot be relied upon. This may be due to a lack of propensity to provide support or to very weak financial ability to do so. This probability of support indicates a Long-Term Rating floor no higher than 'B-' and in many cases no floor at all.

Appendix A

Fitch Sovereign Risk Ratings	
<i>Rating</i>	<i>Interpretation</i>
AAA	Highest credit quality. 'AAA' ratings denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
AA	Very high credit quality. 'AA' ratings denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A	High credit quality. 'A' ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.
BBB	Good credit quality. 'BBB' ratings indicate that expectations of default risk are currently low. The capacity for timely payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.
BB	Speculative. 'BB' ratings indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time.
B	Highly speculative. 'B' ratings indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.
CCC	High default risk. Default is a real possibility.
CC	Very high levels of credit risk. Default of some kind appears probable.
C	Exceptionally high levels of credit risk. Default appears imminent or inevitable.
D	<p>Default. Indicates a default. Default generally is defined as one of the following:</p> <ul style="list-style-type: none"> • Failure to make payment of principal and/or interest under the contractual terms of the rated obligation; • The bankruptcy filings, administration, receivership, liquidation or other winding-up or cessation of the business of an issuer/obligor; or • The coercive exchange of an obligation, where creditors were offered securities with diminished structural or economic terms compared with the existing obligation.

MEASURE A INDEPENDENT TAXPAYERS OVERSIGHT COMMITTEE

April 4, 2013
Item #9

**Subject: Sacramento County Transportation Mitigation Fee Program (SCTMFP):
Fee Rate Schedule for FY 2013-14**

Recommendation

Recommend Board adoption of proposed FY 2013-14 SCTMFP fee rate schedule.

Discussion

The **New** Measure A Ordinance requires the County and each incorporated city to implement the Sacramento County Transportation Mitigation Fee Program (SCTMFP). The SCTMFP is a Countywide development impact fee. Associated revenues are used exclusively to deliver and construct Measure A *capital* projects. Consistent with relevant provisions of the Ordinance, the STA Board adopted an original fee rate schedule in December 2008 for the period April 1, 2009 to June 30, 2010. All affected jurisdictions except Isleton are implementing the fee program and submitting semi-annual reports and payments to STA.

The Ordinance requires that the SCTMFP fee schedule be updated annually consistent with the average annual change to the McGraw-Hill *Engineering News Record (ENR)* 20-City Construction Cost Index (CCI). The change in the average 20-City CCI from 2011 to 2012 was **2.62%**. As such, staff recommends that the STA Board adjust the fee rate schedule as follows:

Land Use	Current Rate (\$)	New Rate (\$) (July 1, 2013 – June 30, 2014)
Single-Family Residential	1,072 <i>per unit</i>	1,100
Single-Family Residential, <i>Senior</i>	857 <i>per unit</i>	879
Multi-family Residential	750 <i>per unit</i>	770
Multi-family Residential, <i>Senior</i>	643 <i>per unit</i>	660
Office Use	1,287 <i>per 1000 sq ft</i>	1,321
Retail Use	3,971 <i>per 1000 sq ft</i>	4,075
Industrial Use	857 <i>per 1000 sq ft</i>	879
Hotel/Motel	622 <i>per sleeping room</i>	638
Golf Course	893 <i>per acre</i>	916
Movie Theater	2,041 <i>per screen</i>	2,094
Religious Center	998 <i>per 1000 sq ft</i>	1,024
Hospital	1,799 <i>per 1000 sq ft</i>	1,846
Service Station	1,394 <i>per fueling pump</i>	1,431
Supermarket	2,262 <i>per 1000 sq ft</i>	2,321
Warehouse / Self Storage	268 <i>per 1000 sq ft</i>	275

The new rates will apply to affected building permits issued from July 1, 2013 to June 30, 2014.

Staff Contact: Brian Williams



CALIFORNIA STATE TREASURER

Bill Lockyer

Local Agency Investment Fund

Program Description

The Local Agency Investment Fund (LAIF), is a voluntary program created by statute; began in 1977 as an investment alternative for California's local governments and special districts and it continues today under Treasurer Bill Lockyer's administration. The enabling legislation for the LAIF is Section 16429.1 et seq. of the California Government Code.

This program offers local agencies the opportunity to participate in a major portfolio, which invests hundreds of millions of dollars, using the investment expertise of the State Treasurer's Office investment staff at no additional cost to the taxpayer. This in-house management team is comprised of civil servants who have each worked for the State Treasurer's Office for an average of 20 years.

The LAIF is part of the Pooled Money Investment Account (PMIA). The PMIA began in 1955 and oversight is provided by the Pooled Money Investment Board (PMIB) and an in-house Investment Committee. The PMIB members are the State Treasurer, Director of Finance, and State Controller.

The Local Investment Advisory Board (LIAB) provides oversight for LAIF. The Board consists of five members as designated by statute. The State Treasurer, as Chairman, or his designated representative appoints two members qualified by training and experience in the field of investment or finance, and two members who are treasurers, finance or fiscal officers or business managers employed by any county, city or local district or municipal corporation of this state.

The term of each appointment is two years or at the pleasure of the appointing authority.

All securities are purchased under the authority of Government Code Section 16430 and 16480.4. The State Treasurer's Office takes delivery of all securities purchased on a delivery versus payment basis using a third party custodian. All investments are purchased at market and a market valuation is conducted monthly.

Additionally, the PMIA has Policies, Goals and Objectives for the portfolio to make certain that our goals of Safety, Liquidity and Yield are not jeopardized and that prudent management prevails. These policies are formulated by Investment Division staff and reviewed by both the PMIB and the LIAB on an annual basis.

The State Treasurer's Office is audited by the Bureau of State Audits on an annual basis and the resulting opinion is posted to the State Treasurer's Office website following its publication. The Bureau of State Audits also has a continuing audit process throughout the year. All investments and LAIF claims are audited on a daily basis by the State Controller's Office as well as an in-house audit process involving three separate divisions.

Under Federal Law, the State of California cannot declare bankruptcy, thereby allowing the Government Code Section 16429.3 to stand. This Section states that "moneys placed with the Treasurer for deposit in the LAIF by cities, counties, special districts, nonprofit corporations, or qualified quasi-governmental agencies shall not be subject to either of the following: (a) transfer or loan pursuant to Sections 16310, 16312, or 16313, or (b) impoundment or seizure by any state official or state agency."

During the 2002 legislative session, California Government Code Section 16429.4 was added to the LAIF's enabling legislation. This Section states that "the right of a city, county, city and county, special district, nonprofit corporation, or qualified quasi-governmental agency to withdraw its deposited moneys from the LAIF, upon demand, may not be altered, impaired, or denied in any way, by any state official or state agency based upon the state's failure to adopt a State Budget by July 1 of each new fiscal year."

The LAIF has grown from 293 participants and \$468 million in 1977 to 2,669 participants and \$20 billion at the end of December 2012.

STATE TREASURER'S OFFICE

STATEMENT OF PORTFOLIO MANAGEMENT GOALS, OBJECTIVES AND POLICIES

POOLED MONEY INVESTMENT ACCOUNT-PMIA

All state money held by the State Treasurer in Treasury trust accounts, and all money in the State Treasury is appropriated for the purpose of investment and deposit as provided in article 4.5, Section 16480 et. al. of the Government Code.

GOAL I. PORTFOLIO SAFETY/DIVERSIFICATION

The pool will be managed to insure the safety of the portfolio by investing in high quality securities and by maintaining a mix of securities that will provide reasonable assurance that no single investment or class of investments will have a disproportionate impact on the total portfolio.

OBJECTIVE: In addition to the safety provided by investing in high quality securities, the safety of the portfolio is enhanced three ways by maintaining a prudent mix (i.e., diversity) of investments: 1) Spreading investments over different investment types minimizes the impact any one industry/investment class can have on the portfolio; 2) Spreading investments over multiple credits/issuers within an investment type minimizes the credit exposure of the portfolio to any single firm/institution; and 3) Spreading investments over various maturities minimizes the risk of portfolio depreciation due to a rise in interest rates. An unforeseen liquidity need allows no options if ***“all your eggs are in one basket.”***

POLICY: The portfolio shall contain a sufficient number and diversity of marketable securities so that a reasonable portion of the portfolio can be readily converted to cash without causing a material change in the value of the portfolio. Limitation and eligibility as to specific investments are to be determined by the Pooled Money Investment Board in the case of Commercial Paper, the Treasurer's Office Investment Committee in cases of new dealer authorizations and approval of new corporate investments, and the Treasury Investment Division in all other matters.

GOAL II. LIQUIDITY

The pool will be managed to ensure that normal cash needs, as well as scheduled extraordinary cash needs can be met. Further, adequate liquidity shall be maintained to ensure the unforeseen cash needs, whether ordinary or extraordinary.

OBJECTIVE: The pool will maintain a ***“cash flow generated”*** portfolio balance sufficient to cover specifically the one-month prepared cash forecast, as well as generally the six month prepared cash forecast. Further, sufficient marketable treasuries will be maintained to cover unforeseen withdrawals or delayed deposits.

POLICY: First priority is given to maintaining specific calendar liquidity, as dictated by the most recent cash forecast. Second priority is the maintenance of Treasury Bill positions adequate to meet unscheduled needs. Final consideration would be given to "other" investments deemed appropriate to portfolio maintenance, enhancement, or restructuring.

GOAL III. RATE OF RETURN

Pooled investments and deposits shall be made in such a way as to realize the maximum return **consistent with safe and prudent treasury management.**

OBJECTIVE: The rate of return will be maintained on a consistent level representative of current market yield direction.

POLICY: Sales gains/losses will not be incurred to the point of radically altering the final quarterly apportionment rate. Significant sales gains will be offset for restructuring purposes to maintain consistent current return, as well as maximizing future portfolio performance. Significant sales losses shall be incurred only by consent of the Treasurer, or when sufficient profits negate the alteration of the apportionment rate. Range bonds and inverse yielding securities are examples of the types of investments which are precluded by the above stated objective.

CONFORMANCE

All of the foregoing goals, objectives and policies shall be observed by the Chief of Investments or his/her designee, monitored by the Treasurer's Investment Committee, and reviewed continually by the Treasurer or his/ her assistant.

STATE TREASURER'S OFFICE
STATEMENT OF PORTFOLIO MANAGEMENT GUIDELINES
POOLED MONEY INVESTMENT ACCOUNT-PMIA

The State Treasurer's Investment Division has set forth a general declaration of portfolio goals, objectives and policies. Following are various guidelines necessary to the good faith observance of these policies.

I. GUIDELINES FOR MAINTAINING SAFETY/DIVERSIFICATION

There are few statutory limitations placed on individual categories of authorized investments. However, this does not entitle the investment staff to "*carte blanche*" participation in these security types. In the absence of direct statutory limitations, the "*prudent person rule*" shall be utilized by the investment staff. As market conditions change, altering credit risk, marketability, yield spreads, and securities availability, application of this rule shall govern any investment decision. This application shall be discussed as soon as time permits with the Chief of Investments. At the Chief of Investments determination, the situation may be discussed with the full investment committee or brought directly to the attention of the Treasury Management.

Following are various considerations/limitations as they pertain to specific investment types:

A. U.S. Treasury Securities

- | | | | |
|----|-------------------------------------|------------|--|
| 1) | Maximum maturity: | Statutory: | 30 years. |
| | | Policy: | 5 years. |
| 2) | Maximum par value, total portfolio: | | None. |
| 3) | Maximum par value per name: | | None. |
| 4) | Maximum par value per maturity: | | None. |
| 5) | Credit: | | Full faith and credit of the Federal Government. |

Treasury Bills are maintained for liquidity, trading, and yield enhancement as the underlying security in a Reverse Repurchase transaction. Treasury strips and full coupon securities are purchased for average maturity preservation, liquidity, and trading.

B. Agencies (Federal and Supranational)

- | | | |
|----|--|--|
| 1) | Maximum maturity: | Statutory: 30 years.
Policy: 5 years. |
| 2) | Maximum par value, total portfolio: | None. |
| 3) | Maximum par value per name: | None. |
| 4) | Maximum par value per maturity: | None. |
| 5) | Credit: Despite there being no statutory limitations concerning this category, prudent investment practice necessitates constant credit analysis of certain issuing entities. Although there exists an implicit or explicit government guarantee of the various issues, market perception may limit the liquidity of these securities. | |

C. Bankers Acceptances-Domestic/Foreign

- | | | |
|----|-------------------|---------------------------------------|
| 1) | Maximum maturity: | Statutory: None.
Policy: 180 days. |
|----|-------------------|---------------------------------------|

(This maximum maturity is a criterion used to determine eligibility for purchase by the Federal Reserve. Our authority is based on the eligibility as determined by the Fed. However, since the Fed has discontinued its eligibility requirements and purchases, this criterion is no longer applicable. Currently, a majority of acceptances are created only for 180 days.)

- | | | |
|----|-------------------------------------|---|
| 2) | Maximum par value, total portfolio: | None. |
| 3) | Maximum par value per name: | None. |
| 4) | Maximum par value per maturity: | None. |
| 5) | Credit: | |
| | a) | The history of the acceptance market is spotless on " Failures to redeem. " This is true even through the years of WW II. |
| | b) | Geopolitical location is of prime concern when considering potential candidates. Internal, as well as border political and economic stability of the host country are of prime concern. |
| | c) | Liquidity as far as both credit risk and marketability in the secondary level are addressed. |

- d) Although statutory authority does not limit eligibility according to ranking or rating, previously listed general criteria eliminate lesser credits.

D. Certificates of Deposits

- 1) Maximum maturity: Statutory: None.
Policy: 5 years.
- 2) Maximum par value, total portfolio: None.
- 3) Maximum par value per name: None.
- 4) Maximum par value per maturity: None.
- 5) Credit:
 - a) Criteria concerning loan make-up, LDC exposure, geographic location, market perceptions, and financial condition all serve to eliminate lesser names.
 - b) Liquidity as far as both credit risk and marketability in the secondary level are addressed. There must be a market for the name in which at least three major dealers will bid or offer at a given moment.

E. Collateralized Time Deposits

- 1) Maximum maturity: Statutory: None.
Policy: 5 years.
- 2) Maximum par value, total portfolio: None.
- 3) Maximum par value per name: Statutory: Shall not exceed the net worth of the institution.
Policy: Same.
- 4) Maximum par value per maturity: None.
- 5) Credit: Institutions must be rated average or better, or above a "D", by a recognized rating service utilized by the State Treasurer's Office (STO) Investment Division and must pass a credit evaluation by the STO Staff. This evaluation may include a review of such criteria as geographic location,

market perception, loan diversity, management factors, overall fiscal soundness and the Community Reinvestment Act Rating of the institution. If, while holding a pool deposit, an institution is downgraded below acceptable levels by the rating agencies, the following steps shall be taken:

- a) Notify the Deposits Section to monitor collateral closely.
 - b) Review financials and update credit report.
 - c) Determine the appropriate plan of action which may include early termination of the time deposit, or allow the time deposit to mature.
- 6) Collateral must comply with Government Code, Chapter 4, Bank Deposit Law Section 16500 (et seq.) and the Savings and Loan Association and Credit Union Deposit Law G.C. Section 16600 (et seq.).

F. Commercial Paper

- 1) Maximum maturity: Statutory: 180 days.
 Policy: 180 days.
- 2) Maximum par value, total portfolio: Statutory: 30% of the current
 portfolio.
 Policy: Same.
- 3) Maximum par value per name: Statutory: 10% of outstanding.
 Policy: Same.
- 4) Maximum par value per maturity: None.
- 5) Credit: Commercial paper eligible for investment under this subdivision must be rated **"Prime"** quality as defined by a nationally recognized organization which rates such securities and must be issued by a corporation, trust, special purpose corporation, or limited liability company approved by the Pooled Money Investment Board. Furthermore, these entities must be either (1) organized and operating within the United States and have total assets in excess of five hundred million dollars (\$500,000,000) or (2) must be organized within the United States and have programwide credit enhancements including, but not limited to, overcollateralization, letters of credit or surety bonds.

G. Corporate Bonds/Notes

- | | | | |
|----|--|------------|----------|
| 1) | Maximum maturity: | Statutory: | None. |
| | | Policy: | 5 years. |
| 2) | Maximum par value, total portfolio: | | None. |
| 3) | Maximum par value per name: | | None. |
| 4) | Maximum par value per maturity: | | None. |
| 5) | Credit: Securities eligible for investment under this subdivision must be issued by corporations (including banks) organized and operating within the United States and shall be within the top three ratings of a nationally recognized rating service. | | |

H. Repurchases (RP) and Reverse Repurchase (RRP)

- | | | | |
|----|-------------------------------------|---|---|
| 1) | Maximum maturity: | Statutory: | None. |
| | | Policy: | 1 year. |
| 2) | Maximum par value, total portfolio: | Statutory: | None. |
| | | Policy: | RRP is limited to 10% of the current portfolio. |
| 3) | Maximum par value per name: | | None. |
| 4) | Maximum par value per maturity: | | None. |
| 5) | Credit: | | |
| | a) | Must have on file, a signed Security Loan Agreement and/or General Repurchase Agreement. Repurchase Agreement may be either STO General Agreement or Bond Market Association Standard Agreement (formerly known as PSA Standard Agreement). | |
| | b) | Reverses and reverse repurchases are only done with long established and/or well capitalized broker-dealers. | |

The Reverse Repurchase Program is designed to augment the overall portfolio yield in a safe and prudent manner. It is not viewed as a tool with which to effect specific portfolio moves or plan major market strategy. The portfolio carries reversed securities at negative book and the re-investment at positive book. As a result, the reported size of the portfolio represents the true cash participation of its members. All reverses are cash matched either to the maturity of the re-investment or an adequately positive cash flow date which is approximate to the maturity of the re-investment. For example, if cash flow is positive on

January 27 and negative on January 31, then the reverse may mature on the 27th, and the re-investment may be taken to the 31st. Cash flow is evened out, and a positive spread is achieved. Only securities already held in the portfolio and unencumbered may be reversed. No item purchased against reverse will be used as a reversible security while the original reverse is outstanding (i.e., the STO does not leverage one liability with another). The against reverse re-investment will be limited to maturities under one year, effectively limiting the appropriate securities to generic money market issues. Because of the role played by the Reverse Program in this office, customized or structured products are not considered appropriate re-investment candidates. All costs, earnings, and spreads are fixed at the beginning of each transaction.

I. *Negotiable Order of Withdrawal (NOW)*

- | | | | |
|----|---|------------|--|
| 1) | Maximum maturity: | Statutory: | None. |
| | | Policy: | Open ended. |
| 2) | Maximum par value, total portfolio: | Statutory: | None. |
| | | Policy: | 5%. |
| 3) | Maximum par value per name: | Statutory: | Shall not exceed the net worth of the institution. |
| | | Policy: | Same. |
| 4) | Maximum par value per maturity: | Statutory: | None. |
| | | Policy: | None. |
| 5) | Credit: Institutions must be rated average or better, or above a “D”, by a recognized rating service utilized by the State Treasurer’s Office (STO) Investment Division, and must pass a credit evaluation by the STO staff. All other conditions, regulations, or requirements associated with demand and time deposits will also apply. | | |
| 6) | Purpose: The Negotiable Order of Withdrawal (NOW) will act as an intra-day cushion to accommodate unexpected cash flow irregularities. In lieu of late sales to cover unexpected increases in disbursements, or in lieu of late investment limitations to cover unexpected increases in revenues, the NOW account will provide pre-market and post-market liquidity and investment flexibility. | | |

II. GUIDELINES FOR MAINTAINING LIQUIDITY

First priority will be the cash flow needs as reported on both the monthly and six-month cash forecasts. These forecasts will be updated daily using the current investment input, as well as adjustment information provided by Centralized Treasury and Securities Management personnel.

Sufficient Treasury securities will be maintained for unscheduled cash needs. It has been determined that Treasury Bills having maximum maturity of 1 year will be used for this purpose. Because of their Government guarantee, as well as the short maturity, the exposure to market risk is minimal.

Due to the make-up of the portfolio participants, an average maturity of 120 days to eighteen months will be maintained.

III. GUIDELINES FOR MAINTAINING RATE OF RETURN

Always keep in mind the need to provide a consistent rate of return not only to the quarterly participants of the pool, but the longer-term depositors as well. It is often the case that investments made with long-term deposits create the base rate to the portfolio. Since sales gains/losses impact the portfolio on a quarterly basis, large gains/losses are to be avoided. Failure to offset either gains or losses proportionately would result in a saw-toothed apportionment rate history. For this reason, extreme positions or styles of trading are prohibited.

An informal weekly meeting, with the Chief of Investments, Assistant Chief, and Investment Manager, will be held to discuss current investment philosophies and upcoming economic releases. Decisions of value and direction are made to accommodate the occurrence of all those events which might be considered reasonable and probable.

Although securities trading is allowed for purposes of enhancing portfolio return, specific limitations have been established to protect the portfolio rate of return:

- 1) Prior to taking a position, apparent value and size will be discussed between the Chief and Treasury Trader involved.
- 2) During a "**when issued**" (W.I.) period our long position shall never exceed the amount we are willing to purchase.
- 3) Short positions will not be taken at any time.
- 4) Trading positions are to be reported daily to the Chief of Investments.

CAMP

CALIFORNIA ASSET MANAGEMENT PROGRAM

JOINT POWERS AUTHORITY

INVESTMENT OBJECTIVES AND POLICIES OF THE POOL

The Pool is organized and operated in a manner and in accordance with investment objectives and policies intended to:

- Preserve principal.
- Provide liquidity so that Shareholders may have ready access to their pooled funds.
- Provide as high a level of current income as is consistent with preserving principal and maintaining liquidity.
- Place investments, document investment transactions, and account for all funds in a manner that is in accordance with the arbitrage rebate provisions of the Internal Revenue Code and applicable regulations, rulings and procedures for the proceeds of tax-exempt debt issues.

THERE CAN BE NO ASSURANCE THAT THE INVESTMENT OBJECTIVES OF THE POOL WILL BE ACHIEVED.

Authorized Investments. The Investment Adviser will invest available cash in the Pool exclusively in the following investments, which are authorized investments under subdivisions (a) to (o), inclusive, of Section 53601 of the California Government Code. Except as otherwise provided in sub-paragraph (1) under "Investment Restrictions" below, a change in authorized investments requires approval of the Trustees and the Participants holding a majority of the outstanding Participant Shares Series of the Pool.

- (1) United States Treasury notes, bonds, bills or certificates of indebtedness or other obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest;

- (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;
- (3) Repurchase agreements with respect to securities described in paragraphs (1) and (2) above; provided that the term of any such repurchase agreement shall be one year or less;
- (4) Bills of exchange or time drafts drawn on and accepted by a commercial bank (otherwise known as bankers acceptances) which are eligible for purchase by the Federal Reserve System; provided that such bankers acceptances may not exceed one hundred eighty (180) days maturity or forty percent (40%) of the assets of the Pool; and no more than ten percent (10%) of the Pool's assets are invested in the bankers acceptances of any one commercial bank; and further provided that the accepting bank has the highest short-term letter and numerical rating as provided by Moody's Investors Service, Inc. ("Moody's") or Standard & Poor's Rating Agency ("Standard & Poor's");
- (5) Negotiable certificates of deposit issued by a nationally or state-chartered bank or a savings association or federal association (as defined in Section 5102 of the California Financial Code), a state or federal credit union, or by a state-licensed branch of a foreign bank; provided that no more than thirty percent (30%) of the assets of the Pool may be invested in certificates of deposit; and further provided that the deposits in any one institution shall not exceed the shareholders' equity of such institution; and
- (6) Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a nationally recognized statistical-rating organization ("NRSRO"); provided that its maturity may not exceed two hundred seventy (270) days. The Pool may not own more than ten percent (10%) of the outstanding commercial paper of any single corporate issuer; no more than twenty-five percent (25%) of the assets of the Pool may be invested in commercial paper; and no more than ten percent (10%) of the assets of the Pool may be invested in the commercial paper of any single corporate issuer. The entity that issues the commercial paper shall meet all of the following conditions either in (a) or (b) as follows: (a) The entity is organized and operating in the United States as a general corporation, has total assets in excess of five hundred million dollars (\$500,000,000), and has debt other than commercial paper, if any, that is rated "A" or higher by a nationally recognized statistical-rating organization (NRSRO); or (b) The entity is organized within the United States as a special purpose corporation, trust, or limited liability company, has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond, and has commercial paper that is rated "A-1" or higher, or the equivalent, by an NRSRO.

Obligations of Agencies or Instrumentalities of the United States Government. Certain short-term obligations of agencies or instrumentalities of the United States Government purchased for the Pool may be backed only by the issuing agency or instrumentality and may not be backed by the full faith and credit of the United States Government. For example, Fannie Mae and Freddie Mac have agreements with the U.S. Treasury to provide them with capital in exchange for senior preferred stock. Securities issued by the Federal Home Loan Banks are supported only by the credit of the agency and not by the United States Government, and securities issued by the Federal Farm Credit System are supported by the agency's right to borrow money from the U.S. Treasury under certain circumstances.

Repurchase Agreements. A repurchase agreement involves the sale of securities to the Pool, and the concurrent agreement by the seller to repurchase the securities within a specified period of time at an agreed upon price, thereby establishing the yield during the buyer's holding period. The yield established for the repurchase agreement is determined by current short-term rates and may be more or less than the interest rate on the underlying securities. The securities underlying a repurchase agreement are, in effect, collateral under the agreement. It is the Trust's policy to enter into repurchase agreements only with dealers in U.S. Government securities that are recognized as "primary dealers" of the Federal Reserve Bank of New York. Securities purchased by the Pool and subject to repurchase agreements are limited to the obligations of the United States Government and agencies of the United States, but may have maturities longer than one year. At the time a repurchase agreement is made, the underlying securities will have a market value at least equal to one hundred and two percent (102%) of the repurchase price. If an agreement is in effect for more than one day, the Investment Adviser is responsible for monitoring the value of the underlying securities and, in the event their value drops below one hundred and two percent (102%) of the repurchase price, the counterparty to the repurchase transaction is required to provide additional securities or money within one business day so that the value of the collateral is not less than one hundred and two percent (102%) of the repurchase price. All securities underlying repurchase agreements are required to be delivered to the Custodian or to another custodian agreed to by the Trust and the counterparty. At the expiration of each agreement, the Custodian receives payment of the repurchase price as a condition for the transfer of the underlying securities to the counterparty. If the counterparty fails to pay the agreed upon repurchase price on the repurchase date, the risks to the Pool would include any difference between the value of the underlying securities and the repurchase price, any costs of disposing of such securities, any costs related to foreclosure, and any loss resulting from a delay in foreclosing on such securities.

Funds placed by the Trust into the Pool will be invested in accordance with the prudent investor standard set forth in Section 53600.3 of the California Government Code. The Pool will not invest in any inverse floaters, range notes or mortgage derived, interest-only strips, or in any security that could result in a zero interest accrual if held to maturity.

The Trust's investment policies and objectives require that all Pool investments have a remaining maturity of three hundred ninety-seven (397) days or less, and that the dollar-weighted average maturity of Pool investments will not exceed ninety (90) days. The repurchase date of a repurchase agreement is used to determine its maturity. Debt obligations purchased by the Pool may have interest rates that are periodically adjusted at specified intervals or whenever a reference rate or index changes. These adjustable rate securities may have demand features which give the Pool the right to demand repayment of principal on specified dates or after giving a specified notice. Adjustable rate securities and securities with demand features that meet the definition of "Adjustable Rate Government Securities" in Rule 2a-7 of the Investment Company Act of 1940 Rules and Regulations may be deemed to have maturities shorter than their stated maturity dates.

The Trust is not registered as an investment company under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1 et seq.) and, accordingly, is not subject to the provisions of the Investment Company Act of 1940 and the rules and regulations promulgated thereunder including rules relating to registered money market mutual funds.

Since the yield on the Pool may fluctuate daily, Shareholders should consult with their counsel or financial adviser as to the appropriateness of investment in the Pool in the event the proceeds of their debt issues may not be invested at yields in excess of the yields on their debt issues.

The authorizing statute, charter, or bylaws of a Public Agency or the trust indenture or ordinance or resolution under which the debt obligations of a Public Agency are issued or its funds are invested, may contain investment restrictions which prohibit or otherwise limit investment in one or more of the above-described investments. Accordingly, Public Agencies should consult with their legal counsel or financial adviser regarding the legality of investing bond proceeds under the Trust prior to participating in the Trust or investing in the Shares issued by the Trust.

Investment Restrictions. The Trustees have adopted the following investment restrictions and fundamental policies, which, except as otherwise provided in (1) below, may be changed only by approval of the Trustees and the Shareholders holding a majority of the outstanding Participant Shares Series of the Pool. The Pool will not:

- (1) Purchase any securities other than those described under "Investment Objectives and Policies," unless California law at some future date redefines the types of securities which are legal investments for some or all classes of Shareholders, in which case the permitted investments for the Pool may be changed by the Trustees to conform to California law, provided that prior written notification is given to Shareholders of the Trust.
- (2) Invest in securities of any issuer in which a Trustee, Officer, employee, agent or adviser of the Trust is an officer, director or ten percent (10%) shareholder unless such investment is periodically authorized by resolutions adopted by a majority of the Trustees who are not officers, directors or ten percent (10%) shareholders of such issuer.
- (3) Make loans, except that the Pool may enter into repurchase agreements.
- (4) Borrow money or pledge, hypothecate or mortgage its assets to an extent greater than twenty percent (20%) of the market value of the total assets of the Pool, and then only as a temporary measure for extraordinary or emergency purposes to facilitate withdrawal requests which might otherwise require untimely dispositions of portfolio securities. All such borrowings may be secured only by the assets of the Pool and must be repaid before the Pool makes any additional investments. Interest paid on such borrowings will reduce net income of the Pool.
- (5) Purchase any security or enter into a repurchase agreement, if, as a result, more than ten percent (10%) of the Pool's total assets would be invested in securities subject to restrictions on resale, securities for which there is no readily available market, and repurchase agreements with maturities exceeding seven (7) days.
- (6) Purchase the securities of any single issuer (other than obligations issued and guaranteed as to principal and interest by the government of the United States, its agencies or instrumentalities) if, as a result, more than ten percent (10%) of the Pool's total assets would be invested in the securities of any one issuer.

Any percentage limitation or rating requirement described under "Investment Objectives and Policies" will be applied at the time of purchase.

MEASURE A INDEPENDENT TAXPAYERS OVERSIGHT COMMITTEE

April 4, 2013
Item #9

**Subject: Sacramento County Transportation Mitigation Fee Program (SCTMFP):
Fee Rate Schedule for FY 2013-14**

Recommendation

Recommend Board adoption of proposed FY 2013-14 SCTMFP fee rate schedule.

Discussion

The **New** Measure A Ordinance requires the County and each incorporated city to implement the Sacramento County Transportation Mitigation Fee Program (SCTMFP). The SCTMFP is a Countywide development impact fee. Associated revenues are used exclusively to deliver and construct Measure A *capital* projects. Consistent with relevant provisions of the Ordinance, the STA Board adopted an original fee rate schedule in December 2008 for the period April 1, 2009 to June 30, 2010. All affected jurisdictions except Isleton are implementing the fee program and submitting semi-annual reports and payments to STA.

The Ordinance requires that the SCTMFP fee schedule be updated annually consistent with the average annual change to the McGraw-Hill *Engineering News Record (ENR)* 20-City Construction Cost Index (CCI). The change in the average 20-City CCI from 2011 to 2012 was **2.62%**. As such, staff recommends that the STA Board adjust the fee rate schedule as follows:

Land Use	Current Rate (\$)	New Rate (\$) (July 1, 2013 – June 30, 2014)
Single-Family Residential	1,072 <i>per unit</i>	1,100
Single-Family Residential, <i>Senior</i>	857 <i>per unit</i>	879
Multi-family Residential	750 <i>per unit</i>	770
Multi-family Residential, <i>Senior</i>	643 <i>per unit</i>	660
Office Use	1,287 <i>per 1000 sq ft</i>	1,321
Retail Use	3,971 <i>per 1000 sq ft</i>	4,075
Industrial Use	857 <i>per 1000 sq ft</i>	879
Hotel/Motel	622 <i>per sleeping room</i>	638
Golf Course	893 <i>per acre</i>	916
Movie Theater	2,041 <i>per screen</i>	2,094
Religious Center	998 <i>per 1000 sq ft</i>	1,024
Hospital	1,799 <i>per 1000 sq ft</i>	1,846
Service Station	1,394 <i>per fueling pump</i>	1,431
Supermarket	2,262 <i>per 1000 sq ft</i>	2,321
Warehouse / Self Storage	268 <i>per 1000 sq ft</i>	275

The new rates will apply to affected building permits issued from July 1, 2013 to June 30, 2014.

Staff Contact: Brian Williams

MEASURE A INDEPENDENT TAXPAYERS OVERSIGHT COMMITTEE

April 4, 2012
Item #10

Subject: Preliminary FY 2013-14 Measure A Revenue Forecast

Recommendation

Review and comment on preliminary FY 2013-14 revenue forecast for the Measure A transportation sales tax program.

Discussion

Staff has generated a preliminary estimate of Measure A revenues for FY 2013-14. During the past two years, taxable retail sales in Sacramento County have rebounded after the 4-year incremental decline between FY 2006 and FY 2010. On a budgetary basis, FY 2011 Measure A sales tax revenues were up 4.5%, followed by a 6.7% jump in FY 2012. During the first nine months of FY 2013, the upward trend is continuing, with Measure A sales tax receipts running 4.4 percent above the same period last year. Staff forecasts that the upward trend will generally continue through June. We estimate that cumulative revenues this year (FY 2013) will jump about 5.0% to **\$96,109,000**. This increment is one-half percent less than budgeted sales tax growth for this year.

Consumer confidence in the Sacramento region continues to slowly improve, and the unemployment rate has decreased to below 10%. Property values are rising in the Sacramento region, and the housing market has become active. These data bode well for a continuation of recent trends. Two pending issues, however, cloud the region's economy and warrant some caution in forecasting near-term retail sales activity. First, federal healthcare act requirements and uncertainty over federal budget policies (debt ceiling, sequester spending cuts, fiscal cliff, etc.) are stifling the expansion of some business sectors. Also, we note that two venerable Sacramento manufacturing facilities (Campbell Soup; Coca Cola Bottling) have or will soon close as these companies look for operating efficiencies. Second, motor fuel prices in the Sacramento region have again risen markedly in recent months, in some instances to over \$4.00 per gallon. High oil prices inhibit consumer demand for other retail goods and services.

Staff recommends that the STA Board assume a 5.0 percent increase in Measure A sales tax revenues during FY 2013-14 for a cumulative total of **\$100,915,000**. We also recommend that the Board assume a 10% increase in estimated revenues from the Measure A countywide transportation impact fee during FY 2013-14 to **\$3,300,000**.

A five-year Measure A sales tax revenue allocation schedule is attached hereto. If approved, the FY 2013-14 schedule (left column) will be incorporated into the STA Budget. The remaining columns represent staff's preliminary estimate of annual Measure A revenues from FY 2015 to FY 2018. We continue to assume average long-term annual growth of 5.0%. The Measure A entities will use this table to update their 5-year Measure A spending plans, which will be presented for consideration by the taxpayers oversight committee and STA Board during the summer.

Attachment

Staff Contact: Brian Williams

New Measure A On-going Annual Programs, 5-Year Estimate of Allocations (3-18-2013)

		<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>
Measure A Gross Revenue		\$ 100,914,907	\$ 105,960,652	\$ 111,258,685	\$ 116,821,619	\$ 122,662,700
<i>From the Total Gross Revenue</i>						
Isleton	0.04%	\$ 40,366	\$ 42,384	\$ 44,503	\$ 46,729	\$ 49,065
Galt	1.00%	\$ 1,009,149	\$ 1,059,607	\$ 1,112,587	\$ 1,168,216	\$ 1,226,627
Neighborhood Shuttle	<u>\$1,000,000</u>	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
<i>From the Remaining</i>						
Program Administration	0.75%	\$ 741,490	\$ 778,940	\$ 818,262	\$ 859,550	\$ 902,903
SMAQMD	1.50%	\$ 1,482,981	\$ 1,557,880	\$ 1,636,524	\$ 1,719,100	\$ 1,805,805
Traffic Control & Safety	3.00%	\$ 2,965,962	\$ 3,115,760	\$ 3,273,048	\$ 3,438,200	\$ 3,611,610
CTSA	3.50%	\$ 3,460,289	\$ 3,635,053	\$ 3,818,556	\$ 4,011,234	\$ 4,213,545
CTSA Reserve	1.00%	\$ 988,654	\$ 1,038,587	\$ 1,091,016	\$ 1,146,067	\$ 1,203,870
Sac Cnty Regl Parks Dept	\$1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Safety, Stscape, Ped&Bike Facilities	5.00%	\$ 3,943,270	\$ 4,192,933	\$ 4,455,080	\$ 4,730,334	\$ 5,019,350
Street & Road Maintenance	30.00%	\$ 29,659,618	\$ 31,157,598	\$ 32,730,478	\$ 34,382,002	\$ 36,116,102
SRTD	34.50%	\$ 34,108,560	\$ 35,831,238	\$ 37,640,050	\$ 39,539,303	\$ 41,533,518
Capital Projects	<u>20.75%</u>	\$ 20,514,569	\$ 21,550,672	\$ 22,638,581	\$ 23,780,885	\$ 24,980,304

<u>Traffic Control & Safety</u>		<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>
Citrus Heights	5.46%	\$ 161,915	\$ 170,092	\$ 178,679	\$ 187,695	\$ 197,161
Elk Grove	10.70%	\$ 317,379	\$ 333,408	\$ 350,239	\$ 367,912	\$ 386,468
Folsom	5.50%	\$ 163,006	\$ 171,239	\$ 179,883	\$ 188,960	\$ 198,490
Rancho Cordova	4.94%	\$ 146,637	\$ 154,043	\$ 161,819	\$ 169,984	\$ 178,557
Sacramento	31.77%	\$ 942,391	\$ 989,987	\$ 1,039,963	\$ 1,092,438	\$ 1,147,537
County	41.63%	\$ 1,234,634	\$ 1,296,990	\$ 1,362,464	\$ 1,431,212	\$ 1,503,397
Total	100.00%	\$ 2,965,962	\$ 3,115,760	\$ 3,273,048	\$ 3,438,200	\$ 3,611,610
<u>Safety, Streetscaping, Pedestrian & Bike Facilities</u>		<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>
Citrus Heights	5.46%	\$ 215,267	\$ 228,896	\$ 243,207	\$ 258,233	\$ 274,011
Elk Grove	10.70%	\$ 421,958	\$ 448,674	\$ 476,725	\$ 506,179	\$ 537,106
Folsom	5.50%	\$ 216,718	\$ 230,439	\$ 244,846	\$ 259,974	\$ 275,858
Rancho Cordova	4.94%	\$ 194,955	\$ 207,298	\$ 220,259	\$ 233,867	\$ 248,156
Sacramento	31.77%	\$ 1,252,917	\$ 1,332,244	\$ 1,415,537	\$ 1,502,995	\$ 1,594,826
County	41.63%	\$ 1,641,456	\$ 1,745,383	\$ 1,854,506	\$ 1,969,085	\$ 2,089,394
Total	100.00%	\$ 3,943,270	\$ 4,192,933	\$ 4,455,080	\$ 4,730,334	\$ 5,019,350
<u>Street & Road Maintenance</u>		<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>	<u>2017/18</u>
Citrus Heights	5.46%	\$ 1,619,146	\$ 1,700,922	\$ 1,786,787	\$ 1,876,945	\$ 1,971,611
Elk Grove	10.70%	\$ 3,173,790	\$ 3,334,085	\$ 3,502,394	\$ 3,679,119	\$ 3,864,680
Folsom	5.50%	\$ 1,630,059	\$ 1,712,387	\$ 1,798,831	\$ 1,889,596	\$ 1,984,901
Rancho Cordova	4.94%	\$ 1,466,367	\$ 1,540,427	\$ 1,618,190	\$ 1,699,841	\$ 1,785,575
Sacramento	31.77%	\$ 9,423,912	\$ 9,899,874	\$ 10,399,634	\$ 10,924,381	\$ 11,475,367
County	41.63%	\$ 12,346,343	\$ 12,969,904	\$ 13,624,643	\$ 14,312,119	\$ 15,033,969
Total	100.00%	\$ 29,659,618	\$ 31,157,598	\$ 32,730,478	\$ 34,382,002	\$ 36,116,102

MEASURE A INDEPENDENT TAXPAYERS OVERSIGHT COMMITTEE

April 4, 2013
Item #11

Subject: Draft FY 2013-14 STA Budget

Recommendation

Receive staff presentation on the Draft FY 2013-14 STA budget.

Discussion

Staff will present the preliminary draft FY 2013-14 STA budget for review and discussion. Associated budget elements include Measure A/Administration Operating Detail, STA Administration Operating Detail, Contributions to Measure A Entities, Freeway Service Patrol (FSP) Operating Detail, and the Sacramento Abandoned Vehicle Service Authority (SAVSA) Operating Detail.

Attachment

Staff Contact: Lisa Chandler

**SACRAMENTO TRANSPORTATION AUTHORITY
MEASURE A/ADMINISTRATION OPERATING DETAIL
PROPOSED
2013-14**

	Actual 2011-12	Budgeted 2012-13	Estimated Actual 2012-13	Proposed Budget 2013-14
BEGINNING FUND BALANCE AVAILABLE				
Bonded Capital Funds (2009 Series/Reserve)	45,778,807	26,308,517	26,309,298	26,345,000
Bonded Capital Funds (2012 Series)	-	-	-	39,760,933
Mitigation Fees	5,447,348	8,447,348	1,204,207	4,204,207
Operating Fund Excess	7,734,503	6,528,401	3,971,559	9,904,884
TOTAL BEGINNING FUND BALANCE AVAILABLE	58,960,658	41,284,266	31,485,064	80,215,024
AVAILABLE REVENUES				
Sales Tax	91,532,796	98,087,447	96,109,435	100,914,907
Mitigation Fees	2,957,362	3,000,000	3,000,000	3,300,000
Interest	640,616	600,000	600,000	600,000
Total Revenues	95,130,774	101,687,447	99,709,435	104,814,907
OTHER SOURCES				
Bond issuance	-	66,081,000	64,681,155	-
Transfer from SAVSA	33,962	34,000	34,000	34,000
	-	-	-	-
Total Other Sources	33,962	66,115,000	64,715,155	34,000
TOTAL ESTIMATED AVAILABLE FUNDS	154,125,394	209,086,713	195,909,654	185,063,931
APPROPRIATIONS				
Administration	658,391	754,505	739,824	775,490
Community Outreach Research Program	-	-	-	500,000
Debt Issue Costs	-	517,000	459,000	-
Contributions to Measure A Entities	107,146,348	135,209,968	97,875,806	101,658,849
Total Appropriations	107,804,739	136,481,473	99,074,630	102,934,339
OTHER USES				
Transfer to debt service (2009 & 2012 Series)	14,835,591	15,200,000	16,620,000	16,620,000
TOTAL ESTIMATED OUTFLOWS	122,640,330	151,681,473	115,694,630	119,554,339
ESTIMATED ENDING AVAILABLE FUND BALANCE	31,485,064	57,405,240	80,215,024	65,509,592

**SACRAMENTO TRANSPORTATION AUTHORITY
ADMINISTRATION OPERATING DETAIL
PROPOSED
2013-14**

	Actual	Budgeted	Estimated	Proposed
	2011-12	2012-13	Actual	Budget
			2012-13	2013-14
Revenues				
Measure A	686,496	720,505	705,824	741,490
Transfer from SAVSA	33,962	34,000	34,000	34,000
Total revenues	720,458	754,505	739,824	775,490
APPROPRIATIONS				
Administration				
Salaries and Benefits	366,117	375,000	375,000	390,000
General Office	4,337	10,000	6,000	6,000
Rent	34,586	35,431	35,431	36,277
Utilities	2,625	5,000	5,000	5,000
Conferences and Travel	5,178	13,000	13,000	13,000
Insurance - Liability / Property	27,398	30,000	30,000	30,000
Professional Services	200,677	170,000	170,000	170,000
New Measure A Oversight Committee	-	55,000	55,000	57,000
Other Operating Expenditures	17,473	61,074	50,393	68,213
Total Administration	658,391	754,505	739,824	775,490
Excess revenues over Expenditures	\$ 62,067	\$ -	\$ 0	\$ 0

SACRAMENTO TRANSPORTATION AUTHORITY
Contributions to Measure A Entities
PROPOSED
2013-14

	Actual	Budgeted	Estimated	Proposed
	2011-12	2012-13	Actual	Budget
			2012-13	2013-14
Contributions to Measure A Entities				
On-Going Measure A				
Isleton	36,592	39,235	38,444	40,366
Galt	914,734	980,874	961,094	1,009,149
Neighborhood Shuttle Set Aside	1,000,000	1,000,000	1,000,000	1,000,000
SMAQMD	1,342,830	1,441,010	1,411,648	1,482,981
Traffic Control & Safety	2,685,660	2,882,020	2,823,297	2,965,962
Paratransit (CTSA)_	3,133,270	3,362,357	3,293,846	3,460,289
CTSA Set Aside	895,220	960,673	941,099	988,654
Sac Cnty Regl Parks Dept	1,000,000	1,000,000	1,000,000	1,000,000
Safety, Streetscaping				
Pedestrian & Bike Facilities	3,476,098	3,803,367	3,705,495	3,943,270
Street & Road Maintenance	26,856,596	28,820,201	28,232,969	29,659,618
SRTD	30,885,085	33,143,231	32,467,914	34,108,560
Capital Projects	34,920,263	57,777,000	22,000,000	22,000,000
New Measure A	107,146,348	135,209,968	97,875,806	101,658,849
Original Measure A				
Folsom	2,441,263			
City of Rancho Cordova	469,735			
Galt	170,148			
Isleton	-			
Regional Transit	-			
City of Citrus Heights	906,689			
City of Elk Grove	386,947			
City of Sacramento	6,607,938			
County of Sacramento	1,064,185			
JPA Connector	197,096			
Original Contributions to Measure A Entities	12,244,001			
<i>No further budgeting on Old Measure A</i>				
Total Contributions to Measure A Entities	107,146,348	135,209,968	97,875,806	101,658,849

**SACRAMENTO TRANSPORTATION AUTHORITY
FREEWAY SERVICE PATROL OPERATING DETAIL**

PROPOSED

2013-14

	Actual	Budgeted	Estimated	Proposed
	2011-12	2012-13	Actual	Budget
			2012-13	2013-14
BEGINNING FUND BALANCE AVAILABLE	438,150	508,158	550,709	607,974
AVAILABLE REVENUES				
State Grant - FSP	1,109,848	1,100,000	1,168,729	1,168,729
SAFE	732,250	747,000	747,000	747,000
	1,842,098	1,847,000	1,915,729	1,915,729
 Total Available Funds	 2,280,248	 2,355,158	 2,466,438	 2,523,703
APPROPRIATIONS				
Administration				
Salaries and Benefits	139,567	140,100	140,100	140,100
General Office	50	1,000	1,000	1,000
Rent	14,127	14,472	14,472	14,817
Conferences and Travel	641	1,000	842	1,000
Uniform Patches / Signs	1,314	2,000	0	1,000
Communications	45,172	55,000	55,000	55,000
Driver Incentive Program	1,000	1,000	1,000	1,000
Professional and Legal Services	136,000	136,000	136,000	149,000
Public Relations	0	10,000	10,000	10,000
Other Operating Expenditures	0	1,000	50	1,000
Total Administration	337,871	361,572	358,464	373,917
 Operations				
Contractors	1,391,669	1,650,000	1,500,000	1,650,000
Total Operations	1,391,669	1,650,000	1,500,000	1,650,000
 TOTAL APPROPRIATIONS	 1,729,539	 2,011,572	 1,858,464	 2,023,917
 ESTIMATED ENDING FUND BALANCE	 550,709	 343,586	 607,974	 499,786

SACRAMENTO TRANSPORTATION AUTHORITY
Sacramento Abandoned Vehicle Service Authority
OPERATING DETAIL
PROPOSED
2013-14

	Actual 2011-12	Budgeted 2012-13	Estimated Actual 2012-13	Proposed Budget 2013-14
BEGINNING FUND BALANCE AVAILABLE	85,089	0	86,092	73,092
AVAILABLE REVENUES				
Vehicle License Fees	1,113,591	1,100,000	1,100,000	1,100,000
Interest	967	2,000	1,000	1,000
TOTAL ESTIMATED AVAILABLE FUNDS	1,199,647	1,102,000	1,187,092	1,174,092
APPROPRIATIONS				
Contributions to SAVSA Entities				
County of Sacramento	330,933	294,242	281,000	300,000
City of Sacramento	461,780	436,710	500,000	500,000
City of Galt	39,006	46,933	40,000	40,000
City of Isleton	320	302	0	2,000
City of Folsom	64,154	90,494	48,000	48,000
City of Elk Grove	115,726	73,814	103,000	103,000
City of Citrus Heights	67,676	101,017	108,000	108,000
City of Rancho Cordova	-	24,488	0	0
Total Contributions to SAVSA Entities	1,079,594	1,068,000	1,080,000	1,101,000
TOTAL APPROPRIATIONS	1,079,594	1,068,000	1,080,000	1,101,000
TRANSFER TO STA GENERAL FUND	33,962	34,000	34,000	34,000
ESTIMATED ENDING FUND BALANCE AVAILABLE	86,092	0	73,092	39,092