



TREASURY OVERSIGHT COMMITTEE
COUNTY OF ALPINE, STATE OF CALIFORNIA
THURSDAY, APRIL 16, 2026 2:00 PM
BOARD CHAMBERS
GOVERNMENT CENTER
99 WATER STREET
MARKLEEVILLE, CA – 96120

HOW TO PARTICIPATE/OBSERVE THE MEETING: Public access is available to the physical location of the meeting or you may participate in the Zoom Webinar. Telephone: Listen to the meeting live by calling Zoom at (669) 444-9171 and enter the webinar ID followed by the # key. Raise your hand to talk by pressing *9. Join by computer by clicking <https://us06web.zoom.us/j/83555076951> Raise your hand to talk by clicking Participants/Raise Hand. Zoom Meeting ID 835 5507 6951. Remote Zoom participation for members of the public is provided for convenience only. In the event that the zoom connection malfunctions for any reason, the Board reserves the right to conduct the meeting without remote access.

- 1. CALL TO ORDER / OPEN SESSION / ROLL CALL**
- 2. CALL TO ORDER**
- 3. ORAL COMMUNICATIONS - GENERAL PUBLIC COMMENT**

This portion of the meeting is an opportunity for members of the public to address the Treasury Oversight Committee on subjects relating to county business. No action can be taken on matters not listed on the agenda.

- 4. UNFINISHED BUSINESS**
- 5. REGULAR AGENDA**

- 5.1. Chandler Investment Portfolio performance
- 5.2. Review Investment Policy with possible recommendation for approval to Board of Supervisors-Treasurer
- 5.3. Approve Treasury Oversight Committee Meeting Minutes from 6/4/2025 - Treasurer
- 5.4. County to open Public Money Account with Five Star Bank as an alternative to LAIF

- 6. ADJOURNMENT**

The Committee will adjourn to the next scheduled meeting, to be determined, at Alpine County Government Center, 99 Water Street, Markleeville, California.

Posted:

Klaus Leitenbauer, Director of Finance

AGENDA TRANSMITTAL

TO:
Treasury Oversight Committee

FROM:
Klaus Leitenbauer, Director of Finance

DATE OF MEETING:
April 16, 2026

PREPARED BY:
Klaus Leitenbauer, Director of Finance



TITLE:
Chandler Investment Portfolio performance

SUMMARY:
Carlos M. Oblites, Senior Portfolio and Investment Pool Strategist with Chandler Asset Management, will be presenting the County's investment portfolio performance with Chandler Asset Management.

FISCAL IMPACT:
Is this item allocated in the current budget?
Is this a one-time expenditure?

Anticipated Cost Current Fiscal:
Total Anticipated Cost:
Source:

RECOMMENDED ACTION:
Informational

BOS 2021-2026 STRATEGIC GOAL:

INSTRUCTIONS TO CLERK:

ATTACHMENTS:
None

AGENDA TRANSMITTAL

TO:
Treasury Oversight Committee

FROM:
Klaus Leitenbauer, Director of Finance

DATE OF MEETING:
April 16, 2026

PREPARED BY:
Klaus Leitenbauer, Director of Finance



TITLE:
Review Investment Policy with possible recommendation for approval to Board of Supervisors-Treasurer

SUMMARY:
There are two recommended updates to the County’s Investment Policy from the version adopted by the Board of Supervisors in June 2025. First, the Government Code provisions regarding prohibited investments and practices, previously scheduled to sunset in 2026, have been extended to 2031. Second, the maximum allowable maturity for commercial paper has been increased from 270 days to 397 days. The Policy has been updated accordingly.

FISCAL IMPACT:

RECOMMENDED ACTION:
Review for recommendation to Board of Supervisors for approval

BOS 2021-2026 STRATEGIC GOAL:

INSTRUCTIONS TO CLERK:

-
- ATTACHMENTS:**
1. Alpine County 2026 Investment Policy_BOS FINAL
 2. Alpine County 2026 Investment Policy_BOS redlined changes

**ALPINE COUNTY
TREASURER**

STATEMENT OF INVESTMENT POLICY

**Klaus H. Leitenbauer
Director of Finance
April 2026**

INTRODUCTION

The County of Alpine's Investment Policy has been prepared in accordance with State law. This policy is presented annually to the County Treasury Oversight Committee for review and to the Board of Supervisors for approval, pursuant to the requirements of Sections 53646(a) and 27133 of the California Government Code. The County establishes investment policies that meet its current investment goals. The County may change this policy as its investment objectives change.

I. POLICY STATEMENT

The purpose of this Policy is to provide a basis for the implementation and management of a prudent, conservative investment program. It is the policy of the Alpine County Director of Finance, herein referred to as Treasurer, to invest public funds in a manner which provides the maximum safety of principal invested with secondary emphasis on meeting cash flow needs of the investment pool participants and conforming to all applicable State statutes and County resolutions governing the investment of public funds, while achieving a market rate of return throughout budget and economic cycles.

As the appointed investment official of the County of Alpine, the Treasurer must manage public monies in a way that is consistent with investment oversight and sound investment practices. Risk management must be an integral part of any prudent investment policy. Risk management must include adequate internal controls so Pool participants and the public have confidence that public monies are secure. Though all investments contain a degree of risk, the proper exercise of prudence, the maintenance of a high level of ethical standards and the proper delegation of authority reduces the potential for loss.

II. PURPOSES

This Investment Policy is set forth by the Treasurer for the following purposes:

- A. To implement the investment program in accordance with its legislative parameters and the authority to invest which is hereby delegated for a one-year period to the Treasurer by the Board of Supervisors.
- B. To establish a clear understanding for the Board of Supervisors, County management, responsible employees, citizens, and third parties of the objectives, policies and guidelines for the investment of County idle and surplus funds;

- C. To offer guidance to investment staff and any external investment advisers on the investment of the County Pool; and
- D. To establish a basis for evaluating investment results.

III. OBJECTIVES

The objectives of this investment policy are, in order of priority:

- A. Safety of principal. The primary objective of the Treasurer’s investment program is to safeguard investment principal by mitigating exposure to risk factors, including, but not limited to, market (interest rate) risk, credit risk, and reinvestment risk. Specific risk parameters are set forth below in Sections XII and XIII.
- B. Maintenance of sufficient liquidity to meet cash flow needs.
- C. Attainment of a “market rate of return” consistent with the primary objectives of safety and liquidity. The expected rate of return on the County’s portfolio is more specifically defined in Section XV.
- D. Assurance of ongoing compliance with all Federal, State and local laws governing the investment of monies under the control of the Treasurer; with this Investment Policy and with the Prudent Investor standard of care.

IV. SCOPE

This Statement of Investment Policy applies to county, school and special district fund assets deposited in the County Treasury and under the control of the County Treasurer. It does not apply to assets that are not deposited in the County Treasury, including, but not limited to:

- A. Bond Funds (the investment of which is governed by the bond documents)
- B. Public Agency Retirement Services (PARS)
- C. Assets of Pool participants other than assets on deposit in the County Treasury (which are the responsibility of the participant’s governing body),

V. STANDARD OF CARE

- A. **The Prudent Investor Standard** is the appropriate standard of care for the County Pool. This standard shall be used by investment officials, and shall be applied in the context of managing an overall portfolio. Investment staff acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported within 30 days and appropriate action is taken to control adverse

developments.

B. The Prudent Investor Standard Defined: California Government Code, Section 53600.3:

All persons authorized to make investment decisions on behalf of the Agency are trustees and therefore fiduciaries subject to the Prudent Investor Standard: "...all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, a trustee is authorized to acquire investments as authorized by law.

VI. DELEGATION OF AUTHORITY

Authority to manage the County's investment program is derived from the California Government Code Sections 53600 *et seq.*, and Sections 53630 *et seq.*

The Board of Supervisors hereby delegates the authority to make investments and exchange securities pursuant to Government Code 53607 to the Alpine County Treasurer.

Within the Treasurer's office, only the Treasurer, Assistant Treasurer-Tax Collector, herein referred to as Assistant Treasurer, are authorized to make investments and to direct the receipt and delivery of investment securities at the custody bank.

The County may engage the services of an external investment manager to assist in the management of the County's investment portfolio. The external manager may be granted discretion to purchase and sell investment securities in accordance with this Investment Policy. Such a manager must be registered under the Investment Advisers Act of 1940.

VII. ETHICS AND CONFLICTS OF INTEREST

Individuals performing the investment function and members of the Treasury Oversight Committee shall maintain the highest standards of conduct. They must maintain their independence and not have actual conflicts of interest. In addition, they shall avoid the appearance of having conflicts of interest or having lack of independence.

The Treasurer, the Assistant Treasurer and any member of the County Treasury Oversight Committee will not accept a gift or gifts aggregating more than the Fair Political Practices Commission (FPPC) guidelines in a calendar year from an advisor, broker, dealer, banker, or other persons with whom the Treasurer conducts business.

The Treasurer, the Assistant Treasurer and any member of the County Treasury Oversight Committee may not accept any honorarium from advisors, brokers, dealers, bankers, or other

persons with whom the Treasurer conducts business or may, in the future, conduct business. (GC 21733(d)).

VIII. SAFEKEEPING OF SECURITIES

To protect against potential losses by collapse of individual securities dealers, and to enhance access to securities, interest payments and maturity proceeds, all securities owned by the County shall be deposited for safekeeping with the custodial bank that has contracted to provide the County Treasurer with custody and securities clearance services or with a tri-party custodian bank under a written tri-party custody agreement. These third party trust department arrangements provide the County with a perfected interest in, ownership of and control over the securities held by the bank custodian on the County's behalf, and are intended to protect the County from the bank's own creditors in the event of a bank default and filing for bankruptcy. Securities are not to be held in investment firm/broker dealer accounts. All security holdings shall be reconciled monthly by the County Treasurer.

The only exceptions to the foregoing shall be depository accounts and securities purchases made with: (i) local government investment pools and (ii) money market mutual funds, since these securities are not deliverable.

IX. DELIVERY VS PAYMENT

All security transactions are to be conducted using industry-standard "delivery- versus-payment" procedures.

X. INTERNAL CONTROLS

The Treasurer shall establish and document a system of internal controls that is prudent and comprehensive. Internal controls shall be designed to provide reasonable assurances that the combined pool assets are protected. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived.

Internal controls are designed to ensure separation of transaction authority from accounting and record keeping and to prevent loss of public funds due to fraud, employee error, misrepresentation by third parties, unanticipated market changes, or imprudent actions by employees of the Treasurer's office.

No investment personnel may engage in an investment transaction except as provided under this investment policy and the procedures established by the County Treasurer.

Confirmation receipts on all investments are to be reviewed immediately for conformity with County transaction documentation. Confirmations resulting from securities purchased under repurchase agreements should clearly state the exact and complete nomenclature of the underlying securities purchased; that these securities have been sold to the county under a repurchase agreement; and the stipulated date and amount of the resale by the County back to the seller of the securities.

The Treasurer shall designate a staff person as a liaison in the event circumstances require timely action and the County Treasurer is not present.

XI. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

To the extent practicable, the County Treasurer shall endeavor to complete investment transactions using a competitive bid process whenever possible. The County Treasurer shall determine which financial institutions are authorized to provide investment services to the County. It shall be the County's policy to purchase securities only from authorized institutions and firms.

The County Treasurer shall maintain procedures for establishing a list of authorized broker/dealers and financial institutions which are approved for investment purposes that are selected through a process of due diligence as determined by the County. Due inquiry shall determine whether such authorized broker/dealers, and the individuals covering the County are reputable and trustworthy, knowledgeable and experienced in Public Agency investing and able to meet all of their financial obligations. These institutions may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15c3-1 (uniform net capital rule). In accordance with Section 53601.5, institutions eligible to transact investment business with the County include:

- Institutions licensed by the state as a broker-dealer as defined in Section 25004 of the Corporation Code, with proof of FINRA certification;
- Institutions that are members of a federally regulated securities exchange;
- Primary government dealers as designated by the Federal Reserve Bank;
- Non-Primary government dealers;
- Nationally or state-chartered banks;
- Savings association or federal association (as defined in Section 5102 of the Financial Code);
- The Federal Reserve Bank; and
- Direct issuers of securities eligible for purchase by the County.

Selection of financial institutions and broker/dealers authorized to engage in transactions with the County shall be at the sole discretion of the County, except where the County utilizes an external investment adviser in which case the County may rely on the adviser for selection.

Public deposits shall be made only in qualified public depositories within the State of California as established by State law. Deposits shall be insured by the Federal Deposit Insurance Corporation, or, to the extent the amount exceeds the insured maximum, shall be collateralized with securities in accordance with State law.

The County Treasurer will conduct business with firms as long as it is in the best interest of the County to do so.

XII. PERMITTED INVESTMENTS

A. Authorized Investments

All investments are governed by California Government Code Sections 53600 *et seq.* and 53630 *et seq.* and as described within this Investment Policy. Within the investments permitted by the Code (See Attachment A), the County seeks to further restrict eligible investments to the guidelines listed below. In the event a discrepancy is found between this policy and the Code, the more restrictive parameters will take precedence. Percentage allowances and minimum credit requirements per this policy shall be determined by the total book value of the portfolio at the close of the date any security is purchased.

Any investment currently held at the time the policy is adopted which does not meet the new policy guidelines can be held until maturity and shall be exempt from the current policy. At the time of the investment's maturity or liquidation, such funds shall be reinvested only as provided in the current policy.

An appropriate risk level shall be maintained by primarily purchasing securities that are of high quality, liquid, and marketable. The portfolio shall be diversified by security type and issuer to avoid incurring unreasonable and avoidable risks regarding specific security types or individual issuers.

Permitted investments under this policy shall include:

1. Securities issued by the US Treasury, provided that
 - a. There shall be no restriction on the percent of portfolio investment in US Treasury securities.
 - b. The final maturity shall not exceed five years.
2. Federal agency securities or United States Government-Sponsored Enterprise obligations, participations, or other instruments, including those issued and fully guaranteed as to principal and interest by federal agencies, or government sponsored enterprise of the US Government, provided that
 - a. There shall be no restriction on the percent of portfolio investment in US Government agencies.
 - b. The maximum allowable portfolio investment in any single issuer is 50%.
 - c. The maximum allowable portfolio investment in callable agency securities is 20%.
 - d. The final maturity shall not exceed five years.
3. Municipal securities, including bonds, notes, warrants or certificates of indebtedness issued by the state of California, local agencies within California, or the County of Alpine provided that:
 - a. The maximum allowable portfolio investment in municipal securities shall be 15%.
 - b. The maximum allowable portfolio investment in any single issuer shall be 5%.
 - c. The final maturity shall not exceed five years.
 - d. The credit quality of the issuer shall be "A" or its equivalent or better by at least one nationally recognized statistical rating organization ("NRSRO").

4. Municipal securities, including bonds, notes, warrants or certificates of indebtedness issued by any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of the other 49 states, in addition to California, provided that:
 - a. The maximum allowable portfolio investment in municipal securities shall be 15%.
 - b. The maximum allowable portfolio investment in any single issuer shall be 5%.
 - c. The final maturity shall not exceed five years.
 - d. The credit quality of the issuer shall be "A" or its equivalent or better by at least one NRSRO.

5. State of California Local Agency Investment Fund (LAIF), provided that
 - a. The County may invest up to the maximum amount permitted by LAIF
 - b. LAIF's investments in instruments prohibited by or not specified in the County's policy do not exclude it from the County's list of allowable investments, provided that the fund's reports allow the County Treasurer to adequately judge the risk inherent in LAIF's portfolio.

6. Federally insured time deposits (Non-negotiable certificates of deposit) in state or federally chartered banks, savings and loans, or credit unions, provided that:
 - a. The amount per institution is limited to the maximum covered under federal insurance.
 - b. The maximum allowable portfolio investment in federally insured and collateralized time non-negotiable certificates of deposit combined shall be 10%.
 - c. The final maturity shall not exceed one year.

7. Money Market Mutual Funds issued by diversified management companies, provided that
 - a. The Fund is registered with Securities and Exchange Commission under the Investment Company Act of 1940.
 - b. Have met either of the following criteria:
 - (i) Have attained the highest ranking or the highest letter and numerical rating provided by not less than two (2) NRSROs; or
 - (ii) Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of \$500 million.
 - c. The maximum allowable portfolio investment in Money Market Funds shall be 20%.
 - d. The Fund must have as one of its primary objectives that it will strive to maintain a \$1.00 net asset value and share price.
 - e. The fund shall invest only in securities authorized under the California Government Code.

8. Supranationals, provided that:
 - a. Issues are US dollar denominated senior unsecured obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank;
 - b. The securities are rated in a rating category of "AA" or its equivalent or better by a NRSRO;
 - c. The maximum allowable portfolio investment in Supranationals shall be 30%;

- d. The maximum allowable portfolio investment in any single issuer shall be 10%;
 - e. The maximum maturity does not exceed five years.
9. Corporate Medium Term Notes (MTNs); provided that:
- a. The issuer is a corporation organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States;
 - b. The securities are rated in a rating category of “A” or its equivalent or better by at least one NRSRO;
 - c. The maximum allowable portfolio investment in MTNs shall be 30%;
 - d. The maximum allowable portfolio investment in any single issuer shall be 5%;
 - e. The maximum maturity does not exceed five years.
10. Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations from Issuers Not Defined in Sections 1 and 2 of the Authorized Investments Section of this Policy, provided that:
- a. The securities are rated in a rating category of “AA” or its equivalent or better by a NRSRO.
 - b. The maximum allowable portfolio investment in this category shall be 20%.
 - c. The maximum allowable portfolio investment in any single Asset-Backed or Commercial Mortgage security issuer is 5%.
 - d. The maximum maturity does not exceed five years.
11. Commercial Paper, provided that the securities are issued by an entity that meets all of the following conditions in either paragraph (a) or (b) and other requirements specified below:
- a. Securities issued by corporations:
 - (i) A corporation organized and operating in the United States with assets more than \$500 million.
 - (ii) The securities are rated “A-1” or its equivalent or better by at least one NRSRO.
 - (iii) If the issuer has other debt obligations, they must be rated in a rating category of “A” or its equivalent or better by at least one NRSRO.
 - b. Securities issued by other entities:
 - (i) The issuer is organized within the United States as a special purpose corporation, trust, or limited liability company.
 - (ii) The securities must have program-wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond.
 - (iii) The securities are rated “A-1” or its equivalent or better by at least one NRSRO.
 - c. No more than 10% of the outstanding commercial paper of any single issuer.
 - d. No more than 25% of the allowable portfolio investment may be invested in Commercial Paper.
 - e. No more than 5% of the total portfolio may be invested in any single issuer.
 - f. The maximum maturity does not exceed 397 days.
12. Shares of Beneficial Interest Issued by a Joint Powers Authority (JPA), provided that:
- a. The JPA is organized pursuant to California Government Code Section 6509.7 and invests in the securities and obligations authorized in subdivisions (a) to (r), inclusive.
 - b. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the JPA.
 - c. The JPA has retained an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five

years' experience investing in instruments authorized by Section 53601, subdivisions (a) to (q).

d. The maximum allowable portfolio investment in this category shall be 15%.

B. Prohibited Investment and Practices

1. State law notwithstanding, any investments not specifically described herein are prohibited, including, but not limited to, mutual funds (other than money market funds as described above), unregulated and/or un-rated investment pools or trusts, collateralized mortgage obligations and futures and options.
2. In accordance with Government Code Section 53601.6, investment in inverse floaters, range notes, or mortgage derived interest-only strips is prohibited.
3. Investment in any security that could result in a zero interest accrual if held to maturity is prohibited. Under a Government Code provision sunseting on January 1, 2031, securities backed by the U.S. Government that could result in a zero- or negative-interest accrual if held to maturity are permitted.
4. Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited.
5. Purchasing or selling securities on margin is prohibited.
6. The use of reverse repurchase agreements, securities lending or any other form of borrowing or leverage is prohibited.
7. The purchase of foreign currency denominated securities is prohibited.
8. Per Senate Bill 1489, the purchase of a security with a forward settlement date exceeding 45 days from the time of investment is prohibited.

XIII. INVESTMENT POOLS/MUTUAL FUNDS:

The County shall conduct a thorough investigation of any pool or mutual fund prior to making an investment, and on a continual basis thereafter. The County Treasurer shall develop a questionnaire which will answer the following general questions:

- A. A description of eligible investment securities, and a written statement of investment policy and objectives.
- B. A description of interest calculations and how it is distributed, and how gains and losses are treated.
- C. A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.

- D. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
- E. A schedule for receiving statements and portfolio listings.
- F. Are reserves, retained earnings, etc. utilized by the pool/fund?
- G. A fee schedule, and when and how is it assessed.
- H. Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

XIV. COLLATERALIZATION

- A. Certificates of Deposit (CDs).
 - 1. The County shall require any commercial bank or savings and loan association to deposit eligible securities with an agency of a depository approved by the State Banking Department to secure any uninsured portion of a Non-Negotiable Certificate of Deposit.
 - 2. The value of eligible securities as defined pursuant to California Government Code, Section 53651, pledged against a Certificate of Deposit shall be equal to 150% of the face value of the CD if the securities are classified as mortgages and 110% of the face value of the CD for all other classes of security.
- B. Collateralization of Bank Deposits.
 - 1. This is the process by which a bank or financial institution pledges securities, or other deposits for the purpose of securing repayment of deposited funds.
 - 2. The County shall require any bank or financial institution to comply with the collateralization criteria defined in California Government Code, Section 53651.

XV. MAXIMUM MATURITY

- A. To the extent possible, investments shall be matched with anticipated cash flow requirements and known future liabilities.
- B. The County will not invest in securities maturing more than five (5) years from the date of trade settlement, unless the Board of Supervisors has by resolution granted authority to make such an investment.

XVI. PORTFOLIO RISK MANAGEMENT

A. Mitigating Credit Risk in the Portfolio

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Treasurer shall mitigate credit risk by adopting the following strategies:

1. The diversification requirements included in Section XII (A) are designed to mitigate credit risk in the portfolio.
2. No more than 5% of the total portfolio may be deposited with or invested in securities issued by any single issuer unless otherwise specified in this policy.
3. The County may elect to sell a security prior to its maturity and record a capital gain or loss in order to improve the quality, liquidity or yield of the portfolio in response to market conditions or the County's risk preferences.
4. If securities owned by the County are downgraded to a level below the quality required by this Investment Policy, making the security ineligible for additional purchases, the following steps will be taken:
 - a. Any actions taken related to the downgrade by the investment manager will be communicated to the Treasurer in a timely manner.
 - b. If a decision is made to retain a downgraded security in the portfolio, the status of the investment will be reported quarterly to the Board of Supervisors.

B. Mitigating Market Risk in the Portfolio

Market risk is the risk that the portfolio will decline in value (or will not optimize its value) due to changes in the general level of interest rates. The County recognizes that, over time, longer-term portfolios achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. The County shall mitigate market risk by providing adequate liquidity for short-term cash needs, and by making some longer-term investments only with funds that are not needed for current cash flow purposes. The County further recognizes that certain types of securities, including variable rate securities, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments. The County, therefore, adopts the following strategies to control and mitigate its exposure to market risk:

1. The County will maintain a minimum of six months of budgeted operation expenditures in short term investments to provide sufficient liquidity for expected disbursements.
2. The maximum stated final maturity of individual securities in the portfolio will be five (5) years, except as otherwise stated in this policy.

The duration of the portfolio will generally be approximately equal to the duration (typically, plus or minus 20%) of a Market Benchmark, an index selected by the County based on the County's

investment objectives, constraints and risk tolerances. The market benchmark is defined in section XVII.

XVII. PERFORMANCE AND EVALUATION

A. Overall Performance Objective

The investment performance objective for the portfolio shall be to earn a rate of return throughout budgetary and economic cycles that is suitable for Alpine County based on the County's risk/reward preferences and cash flow needs.

XVIII. REPORTING AND DISCLOSURE

The County Treasurer shall provide investment reports to the Board of Supervisors and the Treasury Oversight Committee. (GC 27133(e)). The County Treasurer will also provide investment reports to the County Office School District.

A. Monthly Reports

Monthly transaction reports will be submitted by the Treasurer to the Board of Supervisors and Treasury Oversight Committee in accordance with California Government Code, Section 53607.

B. Annual Reports

The Treasurer shall review the investment policy annually within 90 days of the end of the calendar year to ensure its consistency with the overall objectives of preservation of principal, liquidity and return, and its relevance to current law and financial and economic trends.

XIX. TREASURY OVERSIGHT COMMITTEE

The Board of Supervisors shall establish a Treasury Oversight Committee. The Committee shall consist of between three and eleven members. The Board of Supervisors, in consultation with the County Treasurer, shall determine the categories from which the members shall be represented, as specified in subdivisions (a) to (g), inclusive, of Section 27132 of California Government Code. The Investment Policy Statement shall be reviewed annually by the Treasury Oversight Committee.

Pursuant to Section 53646 and 53607 of California Government Code, the Treasurer shall annually render to the Board of Supervisors for review and approval the Investment Policy Statement and renew the delegation of investment authority.

XX. COST AND EARNINGS APPORTIONMENT

Prior to quarterly interest distribution, actual investment costs incurred by the Treasurer will be deducted from the interest earnings of the pool. The costs are described in Government Code Sections 27013, 27133 and 27135 and include, but are not limited to, portfolio management, bank and custodial fees, software maintenance fees, and other indirect costs incurred from handling or managing funds. The net interest amount shall than be apportioned to pool participants based on the average cash balance of funds on deposit by each participant during that quarter in the County Treasury.

XXI. VOLUNTARY PARTICIPANTS

The County Treasurer does not solicit any agency's voluntary entry into the local government investment pool. However, should any agency solicit entry, the agency shall comply with the requirements of Section 53684 of the Government Code and provide to the county Treasurer a resolution adopted by their governing board stating that they have excess funds available for the purpose of investment. The resolution shall specify the amount of monies to be invested, the person authorized to coordinate the transaction, the anticipated time frame for deposit, and the agency's willingness to be bound to the 30 day written notice requirement for withdrawals, as well as the treasurer's ability to deduct pro-rata administrative charges permitted by Section XVII of this investment policy. Any solicitation for entry into the pool must have the County Treasurer's prior approval.

XXII. PARTICIPANT WITHDRAWAL

Before a local agency withdraws funds from the Pool, it must submit a withdrawal request to the County Treasurer. The Treasurer shall review the withdrawal request based on the size of the withdrawal, the remaining balances in the pool after the withdrawal, current market conditions, effect on cash flows, availability of funds, the circumstances involving the request, and whether the withdrawal would adversely affect other depositors in the Pool.

GLOSSARY OF INVESTMENT TERMS

AGENCIES. Shorthand market terminology for any obligation issued by *a government-sponsored entity (GSE)*, or a *federally related institution*. Most obligations of GSEs are not guaranteed by the full faith and credit of the US government. Examples are:

FFCB. The Federal Farm Credit Bank System provides credit and liquidity in the agricultural industry. FFCB issues discount notes and bonds.

FHLB. The Federal Home Loan Bank provides credit and liquidity in the housing market. FHLB issues discount notes and bonds.

FHLMC. Like FHLB, the Federal Home Loan Mortgage Corporation provides credit and liquidity in the housing market. FHLMC, also called “Freddie Mac” issues discount notes, bonds and mortgage pass-through securities.

FNMA. Like FHLB and Freddie Mac, the Federal National Mortgage Association was established to provide credit and liquidity in the housing market. FNMA, also known as “Fannie Mae,” issues discount notes, bonds and mortgage pass-through securities.

GNMA. The Government National Mortgage Association, known as “Ginnie Mae,” issues mortgage pass-through securities, which are guaranteed by the full faith and credit of the US Government.

PEFCO. The Private Export Funding Corporation assists exporters. Obligations of PEFCO are not guaranteed by the full faith and credit of the US government.

TVA. The Tennessee Valley Authority provides flood control and power and promotes development in portions of the Tennessee, Ohio, and Mississippi River valleys. TVA currently issues discount notes and bonds.

ASSET BACKED SECURITIES. Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

BENCHMARK. A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

BID. The indicated price at which a buyer is willing to purchase a security or commodity.

BROKER. A broker brings buyers and sellers together for a transaction for which the broker receives a commission. A broker does not sell securities from his own position.

CALLABLE. A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of a call is a decline in interest rates. If interest rates decline, the issuer will likely call its current securities and reissue them at a lower rate of interest.

CERTIFICATE OF DEPOSIT (CD). A time deposit with a specific maturity evidenced by a certificate.

COLLATERAL. Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public monies.

COLLATERALIZED MORTGAGE OBLIGATIONS (CMO). Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

COMMERCIAL PAPER. The short-term unsecured debt of corporations.

COUPON. The rate of return at which interest is paid on a bond.

CREDIT RISK. The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.

DEALER. A dealer acts as a principal in security transactions, selling securities from and buying securities for his own position.

DELIVERY VS. PAYMENT (DVP). A securities industry procedure whereby payment for a security must be made at the time the security is delivered to the purchaser’s agent.

DISCOUNT. The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker’s acceptances, are known as discount securities.

They sell at a discount from par and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

- DIVERSIFICATION.** Dividing investment funds among a variety of investments to avoid excessive exposure to any one source of risk.
- DURATION.** The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a security to changes interest rates.
- FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC).** The Federal Deposit Insurance Corporation (FDIC) is an independent federal agency insuring deposits in U.S. banks and thrifts in the event of bank failures. The FDIC was created in 1933 to maintain public confidence and encourage stability in the financial system through the promotion of sound banking practices.
- FEDERALLY INSURED TIME DEPOSIT.** A time deposit is an interest-bearing bank deposit account that has a specified date of maturity, such as a certificate of deposit (CD). These deposits are limited to funds insured in accordance with FDIC insurance deposit limits.
- FIDUCIARY.** A person or organization that acts on behalf of another person(s) or organization that puts their clients' interest ahead of their own as they are bound both legally and ethically to act in the other's best interests of their clients.
- JOINT POWERS AUTHORITY (JPA).** An entity created by two or more public agencies that share a common goal in order to jointly exercise powers common to all members through a joint powers agreement or contract.
- LEVERAGE.** Borrowing funds in order to invest in securities that have the potential to pay earnings at a rate higher than the cost of borrowing.
- LIQUIDITY.** The speed and ease with which an asset can be converted to cash.
- LOCAL AGENCY INVESTMENT FUND (LAIF).** A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office.
- LOCAL GOVERNMENT INVESTMENT POOL.** Investment pools that range from the State Treasurer's Office Local Agency Investment Fund (LAIF) to county pools, to Joint Powers Authorities (JPAs). These funds are not subject to the same SEC rules applicable to money market mutual funds.
- MAKE WHOLE CALL.** A type of call provision on a bond that allows the issuer to pay off the remaining debt early. Unlike a call option, with a make whole call provision, the issuer makes a lump sum payment that equals the net present value (NPV) of future coupon payments that will not be paid because of the call. With this type of call, an investor is compensated, or "made whole."
- MARGIN.** The difference between the market value of a security and the loan a broker makes using that security as collateral.
- MARKET RISK.** The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates.
- MARKET VALUE.** The price at which a security can be traded.
- MATURITY.** The final date upon which the principal of a security becomes due and payable. The investment's term or remaining maturity is measured from the settlement date to final maturity.
- MEDIUM TERM NOTES.** Unsecured, investment-grade senior debt securities of major corporations which are sold in relatively small amounts on either a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.
- MODIFIED DURATION.** The percent change in price for a 100-basis point change in yields. Modified duration is the best single measure of a portfolio's or security's exposure to market risk.
- MONEY MARKET.** The market in which short-term debt instruments (T-bills, discount notes, commercial paper, and banker's acceptances) are issued and traded.
- MONEY MARKET MUTUAL FUND.** A mutual fund that invests exclusively in short-term securities. Examples of investments in money market funds are certificates of deposit and U.S. Treasury securities. Money market funds attempt to keep their net asset values at \$1 per share.
- MORTGAGE PASS-THROUGH SECURITIES.** A securitized participation in the interest and principal cash flows

from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

MUNICIPAL SECURITIES. Securities issued by state and local agencies to finance capital and operating expenses.

MUTUAL FUND. An entity which pools the funds of investors and invests those funds in a set of securities which is specifically defined in the fund's prospectus. Mutual funds can be invested in various types of domestic and/or international stocks, bonds, and money market instruments, as set forth in the individual fund's prospectus. For most large, institutional investors, the costs associated with investing in mutual funds are higher than the investor can obtain through an individually managed portfolio.

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO).

A credit rating agency that the Securities and Exchange Commission in the United States uses for regulatory purposes. Credit rating agencies provide assessments of an investment's risk. The issuers of investments, especially debt securities, pay credit rating agencies to provide them with ratings. The three most prominent NRSROs are Fitch, S&P, and Moody's.

NEGOTIABLE CERTIFICATE OF DEPOSIT (CD). A short-term debt instrument that pays interest and is issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of a foreign bank. Negotiable CDs are traded in a secondary market.

OFFER (ASK). An indicated price at which market participants are willing to sell a security. Also referred to as the "ask price".

PAYDOWN. A reduction in the principal amount owed on a bond, loan, or other debt.

PREMIUM. The difference between the par value of a bond and the cost of the bond, when the cost is above par.

PRIMARY DEALER. A financial institution (1) that is a trading counterparty with the Federal Reserve in its execution of market operations to carry out U.S. monetary policy, and (2) that participates for statistical reporting purposes in compiling data on activity in the U.S. Government securities market.

PRUDENT INVESTOR (PRUDENT PERSON) RULE. A standard of responsibility which applies to fiduciaries. In California, the rule is stated as "Investments shall be managed with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of like character and with like aims to accomplish similar purposes."

REGIONAL DEALER. A financial intermediary that buys and sells securities for the benefit of its customers without maintaining substantial inventories of securities and that is not a primary dealer.

SAFEKEEPING. A service to bank customers whereby securities are held by the bank in the customer's name.

SECURITIES AND EXCHANGE COMMISSION (SEC). The U.S. Securities and Exchange Commission (SEC) is an independent federal government agency responsible for protecting investors, maintaining fair and orderly functioning of securities markets and facilitating capital formation. It was created by Congress in 1934 as the first federal regulator of securities markets. The SEC promotes full public disclosure, protects investors against fraudulent and manipulative practices in the market, and monitors corporate takeover actions in the United States.

SECURITIES AND EXCHANGE COMMISSION (SEC) RULE 15c3-1. An SEC rule setting capital requirement for brokers and dealers. Under Rule 15c3-1, a broker or dealer must have sufficient liquidity in order to cover the most pressing obligations. This is defined as having a certain amount of liquidity as a percentage of the broker/dealer's total obligations. If the percentage falls below a certain point, the broker or dealer may not be allowed to take on new clients and may have restrictions placed on dealings with current client.

STRUCTURED NOTE. Notes issued by Government Sponsored Enterprises (FHLB, FNMA, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

SUPRANATIONAL. A Supranational is a multi-national organization whereby member states transcend national boundaries or interests to share in the decision making to promote economic development in the member

countries.

TOTAL RATE OF RETURN. A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains, and losses in the portfolio.

U.S. TREASURY OBLIGATIONS. Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk and are the benchmark for interest rates on all other securities in the US and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

TREASURY BILLS. All securities issued with initial maturities of one year or less are issued as discounted instruments and are called Treasury bills. The Treasury currently issues three- and six-month T-bills at regular weekly auctions. It also issues "cash management" bills as needed to smooth out cash flows.

TREASURY NOTES. All securities issued with initial maturities of two to ten years are called Treasury notes and pay interest semi-annually.

TREASURY BONDS. All securities issued with initial maturities greater than ten years are called Treasury bonds. Like Treasury notes, they pay interest semi-annually.

VOLATILITY. The rate at which security prices change with changes in general economic conditions or the general level of interest rates.

YIELD TO MATURITY. The annualized internal rate of return on an investment which equates the expected cash flows from the investment to its cost.

**ALPINE COUNTY
TREASURER**

STATEMENT OF INVESTMENT POLICY

**Klaus H. Leitenbauer
Director of Finance**

~~June 2025~~ April 2026

INTRODUCTION

The County of Alpine's Investment Policy has been prepared in accordance with State law. This policy is presented annually to the County Treasury Oversight Committee for review and to the Board of Supervisors for approval, pursuant to the requirements of Sections 53646(a) and 27133 of the California Government Code. The County establishes investment policies that meet its current investment goals. The County may change this policy as its investment objectives change.

I. POLICY STATEMENT

The purpose of this Policy is to provide a basis for the implementation and management of a prudent, conservative investment program. It is the policy of the Alpine County Director of Finance, herein referred to as Treasurer, to invest public funds in a manner which provides the maximum safety of principal invested with secondary emphasis on meeting cash flow needs of the investment pool participants and conforming to all applicable State statutes and County resolutions governing the investment of public funds, while achieving a market rate of return throughout budget and economic cycles.

As the appointed investment official of the County of Alpine, the Treasurer must manage public monies in a way that is consistent with investment oversight and sound investment practices. Risk management must be an integral part of any prudent investment policy. Risk management must include adequate internal controls so Pool participants and the public have confidence that public monies are secure. Though all investments contain a degree of risk, the proper exercise of prudence, the maintenance of a high level of ethical standards and the proper delegation of authority reduces the potential for loss.

II. PURPOSES

This Investment Policy is set forth by the Treasurer for the following purposes:

- A. To implement the investment program in accordance with its legislative parameters and the authority to invest which is hereby delegated for a one-year period to the Treasurer by the Board of Supervisors.
- B. To establish a clear understanding for the Board of Supervisors, County management, responsible employees, citizens, and third parties of the objectives, policies and guidelines for the investment of County idle and surplus funds;

- C. To offer guidance to investment staff and any external investment advisers on the investment of the County Pool; and
- D. To establish a basis for evaluating investment results.

III. OBJECTIVES

The objectives of this investment policy are, in order of priority:

- A. Safety of principal. The primary objective of the Treasurer’s investment program is to safeguard investment principal by mitigating exposure to risk factors, including, but not limited to, market (interest rate) risk, credit risk, and reinvestment risk. Specific risk parameters are set forth below in Sections XII and XIII.
- B. Maintenance of sufficient liquidity to meet cash flow needs.
- C. Attainment of a “market rate of return” consistent with the primary objectives of safety and liquidity. The expected rate of return on the County’s portfolio is more specifically defined in Section XV.
- D. Assurance of ongoing compliance with all Federal, State and local laws governing the investment of monies under the control of the Treasurer; with this Investment Policy and with the Prudent Investor standard of care.

IV. SCOPE

This Statement of Investment Policy applies to county, school and special district fund assets deposited in the County Treasury and under the control of the County Treasurer. It does not apply to assets that are not deposited in the County Treasury, including, but not limited to:

- A. Bond Funds (the investment of which is governed by the bond documents)
- B. Public Agency Retirement Services (PARS)
- C. Assets of Pool participants other than assets on deposit in the County Treasury (which are the responsibility of the participant’s governing body),

V. STANDARD OF CARE

- A. **The Prudent Investor Standard** is the appropriate standard of care for the County Pool. This standard shall be used by investment officials, and shall be applied in the context of managing an overall portfolio. Investment staff acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported within 30 days and appropriate action is taken to control adverse

developments.

B. The Prudent Investor Standard Defined: California Government Code, Section 53600.3:

All persons authorized to make investment decisions on behalf of the Agency are trustees and therefore fiduciaries subject to the Prudent Investor Standard: "...all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, a trustee is authorized to acquire investments as authorized by law.

VI. DELEGATION OF AUTHORITY

Authority to manage the County's investment program is derived from the California Government Code Sections 53600 *et seq.*, and Sections 53630 *et seq.*

The Board of Supervisors hereby delegates the authority to make investments and exchange securities pursuant to Government Code 53607 to the Alpine County Treasurer.

Within the Treasurer's office, only the Treasurer, Assistant Treasurer-Tax Collector, herein referred to as Assistant Treasurer, are authorized to make investments and to direct the receipt and delivery of investment securities at the custody bank.

The County may engage the services of an external investment manager to assist in the management of the County's investment portfolio. The external manager may be granted discretion to purchase and sell investment securities in accordance with this Investment Policy. Such a manager must be registered under the Investment Advisers Act of 1940.

VII. ETHICS AND CONFLICTS OF INTEREST

Individuals performing the investment function and members of the Treasury Oversight Committee shall maintain the highest standards of conduct. They must maintain their independence and not have actual conflicts of interest. In addition, they shall avoid the appearance of having conflicts of interest or having lack of independence.

The Treasurer, the Assistant Treasurer and any member of the County Treasury Oversight Committee will not accept a gift or gifts aggregating more than the Fair Political Practices Commission (FPPC) guidelines in a calendar year from an advisor, broker, dealer, banker, or other persons with whom the Treasurer conducts business.

The Treasurer, the Assistant Treasurer and any member of the County Treasury Oversight Committee may not accept any honorarium from advisors, brokers, dealers, bankers, or other

persons with whom the Treasurer conducts business or may, in the future, conduct business. (GC 21733(d)).

VIII. SAFEKEEPING OF SECURITIES

To protect against potential losses by collapse of individual securities dealers, and to enhance access to securities, interest payments and maturity proceeds, all securities owned by the County shall be deposited for safekeeping with the custodial bank that has contracted to provide the County Treasurer with custody and securities clearance services or with a tri-party custodian bank under a written tri-party custody agreement. These third party trust department arrangements provide the County with a perfected interest in, ownership of and control over the securities held by the bank custodian on the County's behalf, and are intended to protect the County from the bank's own creditors in the event of a bank default and filing for bankruptcy. Securities are not to be held in investment firm/broker dealer accounts. All security holdings shall be reconciled monthly by the County Treasurer.

The only exceptions to the foregoing shall be depository accounts and securities purchases made with: (i) local government investment pools and (ii) money market mutual funds, since these securities are not deliverable.

IX. DELIVERY VS PAYMENT

All security transactions are to be conducted using industry-standard "delivery- versus-payment" procedures.

X. INTERNAL CONTROLS

The Treasurer shall establish and document a system of internal controls that is prudent and comprehensive. Internal controls shall be designed to provide reasonable assurances that the combined pool assets are protected. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived.

Internal controls are designed to ensure separation of transaction authority from accounting and record keeping and to prevent loss of public funds due to fraud, employee error, misrepresentation by third parties, unanticipated market changes, or imprudent actions by employees of the Treasurer's office.

No investment personnel may engage in an investment transaction except as provided under this investment policy and the procedures established by the County Treasurer.

Confirmation receipts on all investments are to be reviewed immediately for conformity with County transaction documentation. Confirmations resulting from securities purchased under repurchase agreements should clearly state the exact and complete nomenclature of the underlying securities purchased; that these securities have been sold to the county under a repurchase agreement; and the stipulated date and amount of the resale by the County back to the seller of the securities.

The Treasurer shall designate a staff person as a liaison in the event circumstances require timely action and the County Treasurer is not present.

XI. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

To the extent practicable, the County Treasurer shall endeavor to complete investment transactions using a competitive bid process whenever possible. The County Treasurer shall determine which financial institutions are authorized to provide investment services to the County. It shall be the County's policy to purchase securities only from authorized institutions and firms.

The County Treasurer shall maintain procedures for establishing a list of authorized broker/dealers and financial institutions which are approved for investment purposes that are selected through a process of due diligence as determined by the County. Due inquiry shall determine whether such authorized broker/dealers, and the individuals covering the County are reputable and trustworthy, knowledgeable and experienced in Public Agency investing and able to meet all of their financial obligations. These institutions may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15c3-1 (uniform net capital rule). In accordance with Section 53601.5, institutions eligible to transact investment business with the County include:

- Institutions licensed by the state as a broker-dealer as defined in Section 25004 of the Corporation Code, with proof of FINRA certification;
- Institutions that are members of a federally regulated securities exchange;
- Primary government dealers as designated by the Federal Reserve Bank;
- Non-Primary government dealers;
- Nationally or state-chartered banks;
- Savings association or federal association (as defined in Section 5102 of the Financial Code);
- The Federal Reserve Bank; and
- Direct issuers of securities eligible for purchase by the County.

Selection of financial institutions and broker/dealers authorized to engage in transactions with the County shall be at the sole discretion of the County, except where the County utilizes an external investment adviser in which case the County may rely on the adviser for selection.

Public deposits shall be made only in qualified public depositories within the State of California as established by State law. Deposits shall be insured by the Federal Deposit Insurance Corporation, or, to the extent the amount exceeds the insured maximum, shall be collateralized with securities in accordance with State law.

The County Treasurer will conduct business with firms as long as it is in the best interest of the County to do so.

XII. PERMITTED INVESTMENTS

A. Authorized Investments

All investments are governed by California Government Code Sections 53600 *et seq.* and 53630 *et seq.* and as described within this Investment Policy. Within the investments permitted by the Code (See Attachment A), the County seeks to further restrict eligible investments to the guidelines listed below. In the event a discrepancy is found between this policy and the Code, the more restrictive parameters will take precedence. Percentage allowances and minimum credit requirements per this policy shall be determined by the total book value of the portfolio at the close of the date any security is purchased.

Any investment currently held at the time the policy is adopted which does not meet the new policy guidelines can be held until maturity and shall be exempt from the current policy. At the time of the investment's maturity or liquidation, such funds shall be reinvested only as provided in the current policy.

An appropriate risk level shall be maintained by primarily purchasing securities that are of high quality, liquid, and marketable. The portfolio shall be diversified by security type and issuer to avoid incurring unreasonable and avoidable risks regarding specific security types or individual issuers.

Permitted investments under this policy shall include:

1. Securities issued by the US Treasury, provided that
 - a. There shall be no restriction on the percent of portfolio investment in US Treasury securities.
 - b. The final maturity shall not exceed five years.
2. Federal agency securities or United States Government-Sponsored Enterprise obligations, participations, or other instruments, including those issued and fully guaranteed as to principal and interest by federal agencies, or government sponsored enterprise of the US Government, provided that
 - a. There shall be no restriction on the percent of portfolio investment in US Government agencies.
 - b. The maximum allowable portfolio investment in any single issuer is 50%.
 - c. The maximum allowable portfolio investment in callable agency securities is 20%.
 - d. The final maturity shall not exceed five years.
3. Municipal securities, including bonds, notes, warrants or certificates of indebtedness issued by the state of California, local agencies within California, or the County of Alpine provided that:
 - a. The maximum allowable portfolio investment in municipal securities shall be 15%.
 - b. The maximum allowable portfolio investment in any single issuer shall be 5%.
 - c. The final maturity shall not exceed five years.
 - d. The credit quality of the issuer shall be "A" or its equivalent or better by at least one nationally recognized statistical rating organization ("NRSRO").

4. Municipal securities, including bonds, notes, warrants or certificates of indebtedness issued by any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of the other 49 states, in addition to California, provided that:
 - a. The maximum allowable portfolio investment in municipal securities shall be 15%.
 - b. The maximum allowable portfolio investment in any single issuer shall be 5%.
 - c. The final maturity shall not exceed five years.
 - d. The credit quality of the issuer shall be "A" or its equivalent or better by at least one NRSRO.

5. State of California Local Agency Investment Fund (LAIF), provided that
 - a. The County may invest up to the maximum amount permitted by LAIF
 - b. LAIF's investments in instruments prohibited by or not specified in the County's policy do not exclude it from the County's list of allowable investments, provided that the fund's reports allow the County Treasurer to adequately judge the risk inherent in LAIF's portfolio.

6. Federally insured time deposits (Non-negotiable certificates of deposit) in state or federally chartered banks, savings and loans, or credit unions, provided that:
 - a. The amount per institution is limited to the maximum covered under federal insurance.
 - b. The maximum allowable portfolio investment in federally insured and collateralized time non-negotiable certificates of deposit combined shall be 10%.
 - c. The final maturity shall not exceed one year.

7. Money Market Mutual Funds issued by diversified management companies, provided that
 - a. The Fund is registered with Securities and Exchange Commission under the Investment Company Act of 1940.
 - b. Have met either of the following criteria:
 - (i) Have attained the highest ranking or the highest letter and numerical rating provided by not less than two (2) NRSROs; or
 - (ii) Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years' experience managing money market mutual funds with assets under management in excess of \$500 million.
 - c. The maximum allowable portfolio investment in Money Market Funds shall be 20%.
 - d. The Fund must have as one of its primary objectives that it will strive to maintain a \$1.00 net asset value and share price.
 - e. The fund shall invest only in securities authorized under the California Government Code.

8. Supranationals, provided that:
 - a. Issues are US dollar denominated senior unsecured obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank;
 - b. The securities are rated in a rating category of "AA" or its equivalent or better by a NRSRO;
 - c. The maximum allowable portfolio investment in Supranationals shall be 30%;

- d. The maximum allowable portfolio investment in any single issuer shall be 10%;
 - e. The maximum maturity does not exceed five years.
9. Corporate Medium Term Notes (MTNs); provided that:
- a. The issuer is a corporation organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States;
 - b. The securities are rated in a rating category of “A” or its equivalent or better by at least one NRSRO;
 - c. The maximum allowable portfolio investment in MTNs shall be 30%;
 - d. The maximum allowable portfolio investment in any single issuer shall be 5%;
 - e. The maximum maturity does not exceed five years.
10. Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations from Issuers Not Defined in Sections 1 and 2 of the Authorized Investments Section of this Policy, provided that:
- a. The securities are rated in a rating category of “AA” or its equivalent or better by a NRSRO.
 - b. The maximum allowable portfolio investment in this category shall be 20%.
 - c. The maximum allowable portfolio investment in any single Asset-Backed or Commercial Mortgage security issuer is 5%.
 - d. The maximum maturity does not exceed five years.
11. Commercial Paper, provided that the securities are issued by an entity that meets all of the following conditions in either paragraph (a) or (b) and other requirements specified below:
- a. Securities issued by corporations:
 - (i) A corporation organized and operating in the United States with assets more than \$500 million.
 - (ii) The securities are rated “A-1” or its equivalent or better by at least one NRSRO.
 - (iii) If the issuer has other debt obligations, they must be rated in a rating category of “A” or its equivalent or better by at least one NRSRO.
 - b. Securities issued by other entities:
 - (i) The issuer is organized within the United States as a special purpose corporation, trust, or limited liability company.
 - (ii) The securities must have program-wide credit enhancements including, but not limited to, overcollateralization, letters of credit, or a surety bond.
 - (iii) The securities are rated “A-1” or its equivalent or better by at least one NRSRO.
 - c. No more than 10% of the outstanding commercial paper of any single issuer.
 - d. No more than 25% of the allowable portfolio investment may be invested in Commercial Paper.
 - e. No more than 5% of the total portfolio may be invested in any single issuer.
 - f. The maximum maturity does not exceed ~~270~~397 days.
12. Shares of Beneficial Interest Issued by a Joint Powers Authority (JPA), provided that:
- a. The JPA is organized pursuant to California Government Code Section 6509.7 and invests in the securities and obligations authorized in subdivisions (a) to (r), inclusive.
 - b. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the JPA.
 - c. The JPA has retained an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five

years' experience investing in instruments authorized by Section 53601, subdivisions (a) to (q).

d. The maximum allowable portfolio investment in this category shall be 15%.

B. Prohibited Investment and Practices

1. State law notwithstanding, any investments not specifically described herein are prohibited, including, but not limited to, mutual funds (other than money market funds as described above), unregulated and/or un-rated investment pools or trusts, collateralized mortgage obligations and futures and options.
2. In accordance with Government Code Section 53601.6, investment in inverse floaters, range notes, or mortgage derived interest-only strips is prohibited.
3. Investment in any security that could result in a zero interest accrual if held to maturity is prohibited. Under a Government Code provision sunseting on January 1, 2031~~26~~, securities backed by the U.S. Government that could result in a zero- or negative-interest accrual if held to maturity are permitted.
4. Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited.
5. Purchasing or selling securities on margin is prohibited.
6. The use of reverse repurchase agreements, securities lending or any other form of borrowing or leverage is prohibited.
7. The purchase of foreign currency denominated securities is prohibited.
8. Per Senate Bill 1489, the purchase of a security with a forward settlement date exceeding 45 days from the time of investment is prohibited.

XIII. INVESTMENT POOLS/MUTUAL FUNDS:

The County shall conduct a thorough investigation of any pool or mutual fund prior to making an investment, and on a continual basis thereafter. The County Treasurer shall develop a questionnaire which will answer the following general questions:

- A. A description of eligible investment securities, and a written statement of investment policy and objectives.
- B. A description of interest calculations and how it is distributed, and how gains and losses are treated.
- C. A description of how the securities are safeguarded (including the settlement processes), and how often the securities are priced and the program audited.

- D. A description of who may invest in the program, how often, what size deposit and withdrawal are allowed.
- E. A schedule for receiving statements and portfolio listings.
- F. Are reserves, retained earnings, etc. utilized by the pool/fund?
- G. A fee schedule, and when and how is it assessed.
- H. Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

XIV. COLLATERALIZATION

- A. Certificates of Deposit (CDs).
 - 1. The County shall require any commercial bank or savings and loan association to deposit eligible securities with an agency of a depository approved by the State Banking Department to secure any uninsured portion of a Non-Negotiable Certificate of Deposit.
 - 2. The value of eligible securities as defined pursuant to California Government Code, Section 53651, pledged against a Certificate of Deposit shall be equal to 150% of the face value of the CD if the securities are classified as mortgages and 110% of the face value of the CD for all other classes of security.
- B. Collateralization of Bank Deposits.
 - 1. This is the process by which a bank or financial institution pledges securities, or other deposits for the purpose of securing repayment of deposited funds.
 - 2. The County shall require any bank or financial institution to comply with the collateralization criteria defined in California Government Code, Section 53651.

XV. MAXIMUM MATURITY

- A. To the extent possible, investments shall be matched with anticipated cash flow requirements and known future liabilities.
- B. The County will not invest in securities maturing more than five (5) years from the date of trade settlement, unless the Board of Supervisors has by resolution granted authority to make such an investment.

XVI. PORTFOLIO RISK MANAGEMENT

A. Mitigating Credit Risk in the Portfolio

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The Treasurer shall mitigate credit risk by adopting the following strategies:

1. The diversification requirements included in Section XII (A) are designed to mitigate credit risk in the portfolio.
2. No more than 5% of the total portfolio may be deposited with or invested in securities issued by any single issuer unless otherwise specified in this policy.
3. The County may elect to sell a security prior to its maturity and record a capital gain or loss in order to improve the quality, liquidity or yield of the portfolio in response to market conditions or the County's risk preferences.
4. If securities owned by the County are downgraded to a level below the quality required by this Investment Policy, making the security ineligible for additional purchases, the following steps will be taken:
 - a. Any actions taken related to the downgrade by the investment manager will be communicated to the Treasurer in a timely manner.
 - b. If a decision is made to retain a downgraded security in the portfolio, the status of the investment will be reported quarterly to the Board of Supervisors.

B. Mitigating Market Risk in the Portfolio

Market risk is the risk that the portfolio will decline in value (or will not optimize its value) due to changes in the general level of interest rates. The County recognizes that, over time, longer-term portfolios achieve higher returns. On the other hand, longer-term portfolios have higher volatility of return. The County shall mitigate market risk by providing adequate liquidity for short-term cash needs, and by making some longer-term investments only with funds that are not needed for current cash flow purposes. The County further recognizes that certain types of securities, including variable rate securities, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments. The County, therefore, adopts the following strategies to control and mitigate its exposure to market risk:

1. The County will maintain a minimum of six months of budgeted operation expenditures in short term investments to provide sufficient liquidity for expected disbursements.
2. The maximum stated final maturity of individual securities in the portfolio will be five (5) years, except as otherwise stated in this policy.

The duration of the portfolio will generally be approximately equal to the duration (typically, plus or minus 20%) of a Market Benchmark, an index selected by the County based on the County's

investment objectives, constraints and risk tolerances. The market benchmark is defined in section XVII.

XVII. PERFORMANCE AND EVALUATION

A. Overall Performance Objective

The investment performance objective for the portfolio shall be to earn a rate of return throughout budgetary and economic cycles that is suitable for Alpine County based on the County's risk/reward preferences and cash flow needs.

XVIII. REPORTING AND DISCLOSURE

The County Treasurer shall provide investment reports to the Board of Supervisors and the Treasury Oversight Committee. (GC 27133(e)). The County Treasurer will also provide investment reports to the County Office School District.

A. Monthly Reports

Monthly transaction reports will be submitted by the Treasurer to the Board of Supervisors and Treasury Oversight Committee in accordance with California Government Code, Section 53607.

B. Annual Reports

The Treasurer shall review the investment policy annually within 90 days of the end of the calendar year to ensure its consistency with the overall objectives of preservation of principal, liquidity and return, and its relevance to current law and financial and economic trends.

XIX. TREASURY OVERSIGHT COMMITTEE

The Board of Supervisors shall establish a Treasury Oversight Committee. The Committee shall consist of between three and eleven members. The Board of Supervisors, in consultation with the County Treasurer, shall determine the categories from which the members shall be represented, as specified in subdivisions (a) to (g), inclusive, of Section 27132 of California Government Code. The Investment Policy Statement shall be reviewed annually by the Treasury Oversight Committee.

Pursuant to Section 53646 and 53607 of California Government Code, the Treasurer shall annually render to the Board of Supervisors for review and approval the Investment Policy Statement and renew the delegation of investment authority.

XX. COST AND EARNINGS APPORTIONMENT

Prior to quarterly interest distribution, actual investment costs incurred by the Treasurer will be deducted from the interest earnings of the pool. The costs are described in Government Code Sections 27013, 27133 and 27135 and include, but are not limited to, portfolio management, bank and custodial fees, software maintenance fees, and other indirect costs incurred from handling or managing funds. The net interest amount shall than be apportioned to pool participants based on the average cash balance of funds on deposit by each participant during that quarter in the County Treasury.

XXI. VOLUNTARY PARTICIPANTS

The County Treasurer does not solicit any agency's voluntary entry into the local government investment pool. However, should any agency solicit entry, the agency shall comply with the requirements of Section 53684 of the Government Code and provide to the county Treasurer a resolution adopted by their governing board stating that they have excess funds available for the purpose of investment. The resolution shall specify the amount of monies to be invested, the person authorized to coordinate the transaction, the anticipated time frame for deposit, and the agency's willingness to be bound to the 30 day written notice requirement for withdrawals, as well as the treasurer's ability to deduct pro-rata administrative charges permitted by Section XVII of this investment policy. Any solicitation for entry into the pool must have the County Treasurer's prior approval.

XXII. PARTICIPANT WITHDRAWAL

Before a local agency withdraws funds from the Pool, it must submit a withdrawal request to the County Treasurer. The Treasurer shall review the withdrawal request based on the size of the withdrawal, the remaining balances in the pool after the withdrawal, current market conditions, effect on cash flows, availability of funds, the circumstances involving the request, and whether the withdrawal would adversely affect other depositors in the Pool.

GLOSSARY OF INVESTMENT TERMS

AGENCIES. Shorthand market terminology for any obligation issued by *a government-sponsored entity (GSE)*, or a *federally related institution*. Most obligations of GSEs are not guaranteed by the full faith and credit of the US government. Examples are:

FFCB. The Federal Farm Credit Bank System provides credit and liquidity in the agricultural industry. FFCB issues discount notes and bonds.

FHLB. The Federal Home Loan Bank provides credit and liquidity in the housing market. FHLB issues discount notes and bonds.

FHLMC. Like FHLB, the Federal Home Loan Mortgage Corporation provides credit and liquidity in the housing market. FHLMC, also called “Freddie Mac” issues discount notes, bonds and mortgage pass-through securities.

FNMA. Like FHLB and Freddie Mac, the Federal National Mortgage Association was established to provide credit and liquidity in the housing market. FNMA, also known as “Fannie Mae,” issues discount notes, bonds and mortgage pass-through securities.

GNMA. The Government National Mortgage Association, known as “Ginnie Mae,” issues mortgage pass-through securities, which are guaranteed by the full faith and credit of the US Government.

PEFCO. The Private Export Funding Corporation assists exporters. Obligations of PEFCO are not guaranteed by the full faith and credit of the US government.

TVA. The Tennessee Valley Authority provides flood control and power and promotes development in portions of the Tennessee, Ohio, and Mississippi River valleys. TVA currently issues discount notes and bonds.

ASSET BACKED SECURITIES. Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

BENCHMARK. A comparison security or portfolio. A performance benchmark is a partial market index, which reflects the mix of securities allowed under a specific investment policy.

BID. The indicated price at which a buyer is willing to purchase a security or commodity.

BROKER. A broker brings buyers and sellers together for a transaction for which the broker receives a commission. A broker does not sell securities from his own position.

CALLABLE. A callable security gives the issuer the option to call it from the investor prior to its maturity. The main cause of a call is a decline in interest rates. If interest rates decline, the issuer will likely call its current securities and reissue them at a lower rate of interest.

CERTIFICATE OF DEPOSIT (CD). A time deposit with a specific maturity evidenced by a certificate.

COLLATERAL. Securities or cash pledged by a borrower to secure repayment of a loan or repurchase agreement. Also, securities pledged by a financial institution to secure deposits of public monies.

COLLATERALIZED MORTGAGE OBLIGATIONS (CMO). Classes of bonds that redistribute the cash flows of mortgage securities (and whole loans) to create securities that have different levels of prepayment risk, as compared to the underlying mortgage securities.

COMMERCIAL PAPER. The short-term unsecured debt of corporations.

COUPON. The rate of return at which interest is paid on a bond.

CREDIT RISK. The risk that principal and/or interest on an investment will not be paid in a timely manner due to changes in the condition of the issuer.

DEALER. A dealer acts as a principal in security transactions, selling securities from and buying securities for his own position.

DELIVERY VS. PAYMENT (DVP). A securities industry procedure whereby payment for a security must be made at the time the security is delivered to the purchaser’s agent.

DISCOUNT. The difference between the par value of a bond and the cost of the bond, when the cost is below par. Some short-term securities, such as T-bills and banker’s acceptances, are known as discount securities.

They sell at a discount from par and return the par value to the investor at maturity without additional interest. Other securities, which have fixed coupons, trade at a discount when the coupon rate is lower than the current market rate for securities of that maturity and/or quality.

- DIVERSIFICATION.** Dividing investment funds among a variety of investments to avoid excessive exposure to any one source of risk.
- DURATION.** The weighted average time to maturity of a bond where the weights are the present values of the future cash flows. Duration measures the price sensitivity of a security to changes interest rates.
- FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC).** The Federal Deposit Insurance Corporation (FDIC) is an independent federal agency insuring deposits in U.S. banks and thrifts in the event of bank failures. The FDIC was created in 1933 to maintain public confidence and encourage stability in the financial system through the promotion of sound banking practices.
- FEDERALLY INSURED TIME DEPOSIT.** A time deposit is an interest-bearing bank deposit account that has a specified date of maturity, such as a certificate of deposit (CD). These deposits are limited to funds insured in accordance with FDIC insurance deposit limits.
- FIDUCIARY.** A person or organization that acts on behalf of another person(s) or organization that puts their clients' interest ahead of their own as they are bound both legally and ethically to act in the other's best interests of their clients.
- JOINT POWERS AUTHORITY (JPA).** An entity created by two or more public agencies that share a common goal in order to jointly exercise powers common to all members through a joint powers agreement or contract.
- LEVERAGE.** Borrowing funds in order to invest in securities that have the potential to pay earnings at a rate higher than the cost of borrowing.
- LIQUIDITY.** The speed and ease with which an asset can be converted to cash.
- LOCAL AGENCY INVESTMENT FUND (LAIF).** A voluntary investment fund open to government entities and certain non-profit organizations in California that is managed by the State Treasurer's Office.
- LOCAL GOVERNMENT INVESTMENT POOL.** Investment pools that range from the State Treasurer's Office Local Agency Investment Fund (LAIF) to county pools, to Joint Powers Authorities (JPAs). These funds are not subject to the same SEC rules applicable to money market mutual funds.
- MAKE WHOLE CALL.** A type of call provision on a bond that allows the issuer to pay off the remaining debt early. Unlike a call option, with a make whole call provision, the issuer makes a lump sum payment that equals the net present value (NPV) of future coupon payments that will not be paid because of the call. With this type of call, an investor is compensated, or "made whole."
- MARGIN.** The difference between the market value of a security and the loan a broker makes using that security as collateral.
- MARKET RISK.** The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates.
- MARKET VALUE.** The price at which a security can be traded.
- MATURITY.** The final date upon which the principal of a security becomes due and payable. The investment's term or remaining maturity is measured from the settlement date to final maturity.
- MEDIUM TERM NOTES.** Unsecured, investment-grade senior debt securities of major corporations which are sold in relatively small amounts on either a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.
- MODIFIED DURATION.** The percent change in price for a 100-basis point change in yields. Modified duration is the best single measure of a portfolio's or security's exposure to market risk.
- MONEY MARKET.** The market in which short-term debt instruments (T-bills, discount notes, commercial paper, and banker's acceptances) are issued and traded.
- MONEY MARKET MUTUAL FUND.** A mutual fund that invests exclusively in short-term securities. Examples of investments in money market funds are certificates of deposit and U.S. Treasury securities. Money market funds attempt to keep their net asset values at \$1 per share.
- MORTGAGE PASS-THROUGH SECURITIES.** A securitized participation in the interest and principal cash flows

from a specified pool of mortgages. Principal and interest payments made on the mortgages are passed through to the holder of the security.

MUNICIPAL SECURITIES. Securities issued by state and local agencies to finance capital and operating expenses.

MUTUAL FUND. An entity which pools the funds of investors and invests those funds in a set of securities which is specifically defined in the fund's prospectus. Mutual funds can be invested in various types of domestic and/or international stocks, bonds, and money market instruments, as set forth in the individual fund's prospectus. For most large, institutional investors, the costs associated with investing in mutual funds are higher than the investor can obtain through an individually managed portfolio.

NATIONALLY RECOGNIZED STATISTICAL RATING ORGANIZATION (NRSRO).

A credit rating agency that the Securities and Exchange Commission in the United States uses for regulatory purposes. Credit rating agencies provide assessments of an investment's risk. The issuers of investments, especially debt securities, pay credit rating agencies to provide them with ratings. The three most prominent NRSROs are Fitch, S&P, and Moody's.

NEGOTIABLE CERTIFICATE OF DEPOSIT (CD). A short-term debt instrument that pays interest and is issued by a bank, savings or federal association, state or federal credit union, or state-licensed branch of a foreign bank. Negotiable CDs are traded in a secondary market.

OFFER (ASK). An indicated price at which market participants are willing to sell a security. Also referred to as the "ask price".

PAYDOWN. A reduction in the principal amount owed on a bond, loan, or other debt.

PREMIUM. The difference between the par value of a bond and the cost of the bond, when the cost is above par.

PRIMARY DEALER. A financial institution (1) that is a trading counterparty with the Federal Reserve in its execution of market operations to carry out U.S. monetary policy, and (2) that participates for statistical reporting purposes in compiling data on activity in the U.S. Government securities market.

PRUDENT INVESTOR (PRUDENT PERSON) RULE. A standard of responsibility which applies to fiduciaries. In California, the rule is stated as "Investments shall be managed with the care, skill, prudence and diligence, under the circumstances then prevailing, that a prudent person, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of like character and with like aims to accomplish similar purposes."

REGIONAL DEALER. A financial intermediary that buys and sells securities for the benefit of its customers without maintaining substantial inventories of securities and that is not a primary dealer.

SAFEKEEPING. A service to bank customers whereby securities are held by the bank in the customer's name.

SECURITIES AND EXCHANGE COMMISSION (SEC). The U.S. Securities and Exchange Commission (SEC) is an independent federal government agency responsible for protecting investors, maintaining fair and orderly functioning of securities markets and facilitating capital formation. It was created by Congress in 1934 as the first federal regulator of securities markets. The SEC promotes full public disclosure, protects investors against fraudulent and manipulative practices in the market, and monitors corporate takeover actions in the United States.

SECURITIES AND EXCHANGE COMMISSION (SEC) RULE 15c3-1. An SEC rule setting capital requirement for brokers and dealers. Under Rule 15c3-1, a broker or dealer must have sufficient liquidity in order to cover the most pressing obligations. This is defined as having a certain amount of liquidity as a percentage of the broker/dealer's total obligations. If the percentage falls below a certain point, the broker or dealer may not be allowed to take on new clients and may have restrictions placed on dealings with current client.

STRUCTURED NOTE. Notes issued by Government Sponsored Enterprises (FHLB, FNMA, etc.) and Corporations, which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

SUPRANATIONAL. A Supranational is a multi-national organization whereby member states transcend national boundaries or interests to share in the decision making to promote economic development in the member

countries.

TOTAL RATE OF RETURN. A measure of a portfolio's performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains, and losses in the portfolio.

U.S. TREASURY OBLIGATIONS. Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are considered to have no credit risk and are the benchmark for interest rates on all other securities in the US and overseas. The Treasury issues both discounted securities and fixed coupon notes and bonds.

TREASURY BILLS. All securities issued with initial maturities of one year or less are issued as discounted instruments and are called Treasury bills. The Treasury currently issues three- and six-month T-bills at regular weekly auctions. It also issues "cash management" bills as needed to smooth out cash flows.

TREASURY NOTES. All securities issued with initial maturities of two to ten years are called Treasury notes and pay interest semi-annually.

TREASURY BONDS. All securities issued with initial maturities greater than ten years are called Treasury bonds. Like Treasury notes, they pay interest semi-annually.

VOLATILITY. The rate at which security prices change with changes in general economic conditions or the general level of interest rates.

YIELD TO MATURITY. The annualized internal rate of return on an investment which equates the expected cash flows from the investment to its cost.

AGENDA TRANSMITTAL

TO:
Treasury Oversight Committee

FROM:

DATE OF MEETING:
April 16, 2026

PREPARED BY:



TITLE:
Approve Treasury Oversight Committee Meeting Minutes from 6/4/2025 - Treasurer

SUMMARY:

FISCAL IMPACT:
Is this item allocated in the current budget?
Is this a one-time expenditure?

Anticipated Cost Current Fiscal:
Total Anticipated Cost:
Source:

RECOMMENDED ACTION:

BOS 2021-2026 STRATEGIC GOAL:

INSTRUCTIONS TO CLERK:

ATTACHMENTS:
1. Treasury Oversight Committee Minute 06.042025 FINAL



TREASURY OVERSIGHT COMMITTEE

ALPINE COUNTY
Board Chambers
County Administration Building
Markleeville, CA 96120
Telephone (530) 694-2281

ACTION MINUTES June 4, 2025

Effective 01/20/2026, The Board of Supervisors will approve Action Minutes. Complete audio/video recording of this meeting is available on the Alpine County website www.alpinecountyca.gov

1. CALL TO ORDER / OPEN SESSION / ROLL CALL

2. CALL TO ORDER

Klaus Leitenbauer called the Meeting to order at 9:31 AM with Klaus Leitenbauer, Susan Lapin, Matt McSorley, David Griffith, Charles Dobson, and Jana Hanak present.

Staff members Allison Baumann and Nichole Williamson were present.

3. ORAL COMMUNICATIONS - GENERAL PUBLIC COMMENT

This portion of the meeting is an opportunity for members of the public to address the Treasury Oversight Committee on subjects relating to county business. No action can be taken on matters not listed on the agenda.

No public comments.

Leitenbauer thanked staff members for their work during the fiscal year.

4. UNFINISHED BUSINESS

Leitenbauer announced no unfinished business.

5. REGULAR AGENDA

- 5.1. Approve Treasury Oversight Committee Meeting minutes from 5/7/2025-Treasurer
Motion to approve by Griffith; seconded by McSorley.

Approved unanimously.

- 5.2. Discuss establishment of Self-Directed Investment Portfolio-Treasurer

Reviewed idea of developing a County managed investment portfolio similar to Trindel.

Discussed Baird's potential role in providing education and advisory support.

Reviewed current treasury balances and options for LAIF, CAMP, and CalTRUST.

Discussed interest income/apportionment, realignment fund impacts, and possible recovery of staff salaries.

No action taken; staff will continue research and return with comparisons later in the fiscal year.

5.3. Review updated Investment Policy with possible recommendation for approval to Board of Supervisors-Treasurer

Committee reviewed the redlined policy and comments from Chandler and Baird.

Adjusted several investment limits; clarified sections on federal agencies, municipals, supranationals, and benchmarks.

Glossary attachment to be vetted and added.

Griffith motioned to recommend the policy (as amended) to the Board of Supervisors was made and seconded by Dobson.

Approved unanimously.

6. ADJOURNMENT

The Board will adjourn to the next announced meeting at Alpine County Government Center, 99 Water Street, Markleeville, California.

Meeting adjourned.

Klaus Leitenbauer, Director of Finance

A complete audio/video recording of this meeting is available on the County website
www.alpinecountyca.gov

AGENDA TRANSMITTAL

TO:
Treasury Oversight Committee

FROM:
Klaus Leitenbauer, Director of Finance

DATE OF MEETING:
April 16, 2026

PREPARED BY:
Klaus Leitenbauer, Director of Finance



TITLE:
County to open Public Money Account with Five Star Bank as an alternative to LAIF

SUMMARY:
Reagan Ballo, Senior Vice President from Five Star Bank, presented at our Audit and Finance Committee meeting last November the Bank's Public Money Account as an alternative to the California State Treasurer Local Agency Investment Fund (LAIF). Attached is a copy of his materials from the meeting. After further discussions with Sam Booth, CEO, and Charles McKee, Interim County Counsel, the Treasurer is moving forward with opening a Public Money Account with Five Star Bank.

FISCAL IMPACT:
Is this item allocated in the current budget?
Is this a one-time expenditure?

Anticipated Cost Current Fiscal:
Total Anticipated Cost:
Source:

RECOMMENDED ACTION:
Informational only

BOS 2021-2026 STRATEGIC GOAL:

INSTRUCTIONS TO CLERK:

ATTACHMENTS:
1. Five Star Bank - Public Money Market Account



November 13, 2025

Mr. Klaus H. Leitenbauer, Director of Finance
Alpine County
99 Water Street
Markleeville, CA 96120

Dear Mr. Leitenbauer,

Five Star Bank is offering a Public Money Market Account (PMMA) that matches the most recently published monthly rate at LAIF (Local Agency Investment Fund). The current rate on our Public Money Market Account is 4.150% as of 11/13/2025.

Five Star Bank Public Money Market Account Overview:

- Funds are collateralized as per state law, GC 53652. All deposits are either fully insured by the FDIC or fully collateralized as per state statute.
- Withdrawals must be initiated by 2:30 PM PST for same day wire transfer.
- The rate is reset each month to match the most recently published monthly LAIF rate.
- Interest is compounded daily and will be paid monthly on the last day of the month.
- The Public Money Market Account must maintain an average daily collected balance of \$25,000.00 to waive the \$15.00 monthly service charge.
- The maximum deposit amount in the Public Money Market Account must not exceed the Shareholder Equity Value of Five Star Bank, as of 6/30/2025, this was \$416 million.
- Account terms are subject to change at any time at the discretion of Five Star Bank.

Sincerely,



Reagan Ballo, CTP
SVP/Managing Director of Government Banking

t: [916-660-5752](tel:916-660-5752) | m: [1-805-305-1882](tel:1-805-305-1882)

e: rballo@fivestarbanc.com

a: 3100 Zinfandel Drive, Suite 650
Rancho Cordova, CA 95670



Five Star Bank Facts



Asset Size:
\$4.2 Billion



Website:
www.fivestarbanc.com

NASDAQ Ticker:
FSBC

National Recognition

 **S&P Global Market Intelligence**
Top 3 Best-Performing Community Banks
2024
with assets between \$3B and \$10B 

 **Raymond James Community Bankers Cup Winner**
2024
Ranked in top 10% of community banks in the nation 

 **Piper Sandler's Sm-All Stars**
2024
Recognized for outperformance on growth, profitability, asset capital and capital 

Ratings & Rankings

Bauer Financial
5 Stars (out of 5)

Findley Report
Super Premier Performing Bank

IDC
Superior Rating

Sacramento Business Journal
Best Places to Work 2023
Fastest Growing Companies 2025

About Five Star Bank

Five Star Bank was founded in 1999 by a group of entrepreneurs who wanted to create the kind of personalized banking services they desired themselves - services inspired by partnership and defined by shared vision and goals. Today, Five Star Bank is guided by purpose-driven banking, community stewardship, regional and industry expertise, a speed to serve and a commitment to economic development. As a premier business bank, we provide our clients with the highest level of service and trust.

Exceptional Products & Services

Specialized Lending

- Business Lending & Lines of Credit
- Commercial Real Estate
- Construction
- Faith Community
- Food, Agribusiness & Diversified Industries
- Government
- Healthcare
- Manufactured Housing, RV & Self Storage
- Manufacturing & Distribution
- Non-Profit
- Practice
- Professional Services
- Small Business Administration (SBA)
- Venture Banking, Technology & Startup

Treasury Management Solutions

- Automated Clearing House (ACH)
- Positive Pay
- Credit Sweep
- Zero Balance Account
- Certificate of Deposit Registry Services (CDARS)
- FDIC Insured Cash Sweep (ICS)
- Remote Deposit Capture (and Mobile)
- Merchant Services
- Bill Pay
- Wire Transfers
- Cash Vault Services

Contact a Government Banking Expert

Reagan Ballo, CTP

Senior Vice President / Managing Director of Government Banking
rballo@fivestarbanc.com | 916.660.5752



Direct Access to Your Banker



Safety

- Funds collateralized at all times or fully FDIC insured*
- Well-capitalized under applicable regulatory guidelines
 - Common Equity Tier 1 capital ratio of 11.00% (as of 3/31/2025)

Liquidity

- Same day funds access with checks and wire transfers**
- Deposit accounts to match your cash flow needs from day one to five years
- Choose from Public Funds checking, money market accounts, or certificates of deposit (CDs)

Yield

- Competitive rates on money market accounts and CDs
- Interest paid monthly for money market accounts and quarterly for CDs

Relationship Management

- Direct access to your banker 24/7
- Responsive support team
- Banking solutions customized to your organization

*Using IntraFi Network LLC

**Outgoing wire transfer requests must be submitted by 2:30 PM PST for same day access, excluding weekends and holidays

“Five Star Bank is your bank for Safety, Liquidity and Yield.”

REAGAN BALLO

Senior Vice President /
Managing Director of Government Banking
rballo@fivestarbank.com
916.660.5752

Five Star Bank Facts, Ratings & Rankings

TOTAL ASSET SIZE	→	\$4.2 Billion
NASDAQ	→	FSBC
WEBSITE	→	www.fivestarbank.com
BAUER FINANCIAL	→	5 Stars (out of 5)
FINDLEY REPORT	→	Super Premier Performing Bank
IDC	→	Superior Rating



S&P GLOBAL MARKET INTELLIGENCE

2024 Top 3 Best-Performing Community Banks in the Nation (Banks with assets between \$3B - \$10B)



RAYMOND JAMES

2024 Community Bankers Cup



PIPER SANDLER & CO.

2024 Sm-All Stars



SACRAMENTO BUSINESS JOURNAL

2025 Fastest Growing Companies