



MONTEREY PENINSULA  
COLLEGE

**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT**  
Citizens' Bond Oversight Committee

Monday, November 2, 2015  
3:00 PM – Regular Meeting  
Sam Karas Room, Library and Technology Center  
Monterey Peninsula College

*MEETING AGENDA*

1. **Call to Order**
2. **Public Comment**  
Members of the audience wishing to address the Citizens' Bond Oversight Committee may do so during the public comment period. Under provisions of the Brown Act, the Committee is prohibited from discussing or taking action on oral requests that are not part of the agenda. Comments are limited to three minutes per person or as determined by the committee.
3. **Introductions** INFORMATION  
Stephen Lambert, new student representative, and Steven Crow, professional expert in Administrative Services, will be introduced.
4. **Approval of August 10, 2015 Minutes** ACTION
5. **Accept Bills and Warrants Report** ACTION  
The quarterly list of payments from bond funds expended through September 30, 2015 will be reviewed for acceptance by the committee.
6. **Bond Expenditure Status Report** INFORMATION  
The September 30, 2015 bond expenditure status report will be reviewed with the committee.
7. **Annual Report for 2014-15** ACTION  
The By-Laws state the committee shall present to the Board of Trustees, in public session, an annual written report to include a statement indicating whether the District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution and a summary of the committee's proceedings and activities for the preceding year. A draft annual report will be reviewed for approval and presentation to the Board of Trustees.

- 8. Monterey County Treasurer's Investment Report** INFORMATION  
Series B and C bonds were issued by the district in 2008 and invested with the Monterey County Treasurer's office. The Treasurer's Report of Investments for the quarter ending June 30, 2015 provides the status of these investments.
- 9. Officers** ACTION  
The committee chair will be appointed by Dr. Tribley. Committee members will indicate their interest in serving as vice-chair and a vote will be taken.
- 10. Meeting Schedule (PLEASE BRING CALENDARS)** INFORMATION/ACTION  
The following meeting dates for 2016 are suggested for adoption:  
Monday, Feb 29, 2016  
Monday, June 13, 2016  
Monday, August 29, 2016  
Monday, November 7, 2016 (Annual Organizational Meeting)
- 11. Suggestions for Future Agenda Topics and Announcements**
- 12. Adjournment**

Public records provided to the Committee for the items listed on this agenda may be viewed online at the College's website <http://www.mpc.edu/about-mpc/campus-information/mpc-bond-measure/citizen-s-bond-oversight-committee/meeting-agenda-minutes>, at the Superintendent/President's office, Monterey Peninsula College, 980 Fremont Street, Monterey, California during normal business hours, or at the Committee meeting.

Posted: October 28, 2015



**MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT**  
Citizens' Bond Oversight Committee

Monday, August 10, 2015  
1:30 PM –Tour of Facilities Projects for New Members  
3:00 PM – Regular Meeting  
Sam Karas Room, Library and Technology Center  
Monterey Peninsula College  
980 Fremont Street  
Monterey, California

Meeting Minutes

MEMBERS PRESENT: Mr. Wayne Cruzan, Vice Chair  
Mr. Thomas Gaspich  
Mr. Hunter Harvath  
Mr. Rick Heuer  
Mr. Birt Johnson, Jr.  
Mr. James Panetta, Chair

ABSENT: Ms. Sharon Larson  
Mr. Rob Lee

STAFF PRESENT: Ms. Rosemary Barrios, Controller  
Ms. Vicki Nakamura, Assistant to the President  
Dr. Walter Tribbley, Superintendent/President

OTHERS PRESENT: Mr. Michael Carson, Kitchell

New committee members convened at 1:30 PM for a tour of Marina Education Center and Seaside Public Safety Training facilities projects completed with bond funds.

**1. Call to Order**

The regular meeting of the Citizens' Bond Oversight Committee of Monterey Peninsula College was called to order at 3:08 PM by Chair Panetta.

**2. Public Comment**

There were no public comments.

**3. Approval of June 15, 2015 Minutes**

Motion made by Mr. Johnson, seconded by Mr. Heuer, to approve the minutes of the June 15, 2015 meeting. Motion carried unanimously.

AYES:	6 MEMBERS:	Cruzan, Gaspich, Harvath, Heuer, Johnson, Panetta
NOES:	0 MEMBERS:	None
ABSENT:	2 MEMBERS:	Larson, Lee
ABSTAIN:	0 MEMBERS:	None

**4. Accept Bills and Warrants Report**

Chair Panetta advised the report would be reviewed by page and invited questions. On page 1, Mr. Heuer noted the expense for Collins Electric that had been charged to the bond program for the Arts Complex project and then deleted. This item was part of a lighting retrofit project which was funded by state Proposition 39 energy efficiency funds. Staff discovered the error and the report reflects the removal of the expense of \$141,808 from the accounting for the Arts Complex project.

There were no further questions regarding the report.

It was moved by Mr. Heuer and seconded by Mr. Harvath to accept the June 30, 2015 bills and warrants report. Motion carried unanimously.

AYES:	6 MEMBERS:	Cruzan, Gaspich, Harvath, Heuer, Johnson, Panetta
NOES:	0 MEMBERS:	None
ABSENT:	2 MEMBERS:	Larson, Lee
ABSTAIN:	0 MEMBERS:	None

**5. Bond Expenditure Status Report**

Staff reported the changes made to address the comments from the June meeting. The Pool/Tennis Court Renovation name was changed to Pool Renovation to accurately describe the project scope. In addition, the percentage of construction completion for the Arts Complex project was adjusted from 100% to 70% to reflect the portion of the budget remaining for repairs to the Art Dimensional building systems.

Chair Panetta questioned the 99% construction completion status of the furniture and equipment category. Mr. Carson explained there are future projects that may need furniture or equipment, so the category was not closed out.

Mr. Heuer asked about the status of a statewide facilities bond. Ms. Nakamura said signatures were currently being gathered to place a school facilities bond initiative on the November 2016 ballot.

**6. Meeting Schedule**

The next meeting is the committee’s annual organizational meeting and is scheduled for Monday, November 2, 2015. A group photo will be taken at this meeting.

**7. Suggestions for Future Agenda Topics and Announcements**

Dr. Tribley announced that Dr. Steven Crow will join the District on September 3 to serve as a professional expert in administrative services. He said Dr. Crow will assist in determining the feasibility of another local bond measure for MPC. Dr. Tribley added the recruitment for a permanent vice president was underway, with the position to be filled by January 1, 2016.

Dr. Tribley also shared the good news that Mr. Cruzan, Mr. Heuer, Mr. Johnson, and Mr. Panetta had agreed to serving a third term on the committee.

**8. Adjournment**

Chair Panetta adjourned the meeting at 3:18 PM.

/vn

<b>Monterey Peninsula College</b>		
<b>Bills &amp; Warrants Report</b>		
<b>Through September 30, 2015</b>		
Vendor Name	Description of service or purchase	Amount Paid
		<i>Total Expense at June 30, 2015</i>
<b><u>Student Center</u></b>		\$6,157,616.59
	No new expense this period.	<u>\$0.00</u>
	<b>To Date Expense through September 30, 2015</b>	<b><u>\$6,157,616.59</u></b>
		<i>Total Expense at June 30, 2015</i>
<b><u>Arts Complex</u></b>		\$3,538,312.00
Epico Systems	Professional services to install conduit for fiber optic cable to the Art Gallery.	\$2,155.00
Division of State Architects	Additional plan fees for the Arts Complex	\$1,309.00
	<b>To Date Expense through September 30, 2015</b>	<b><u>\$3,541,776.00</u></b>
		<i>Total Expense at June 30, 2015</i>
<b><u>Music Building</u></b>		\$23,770.35
	No new expense this period.	<u>\$0.00</u>
	<b>To Date Expense through September 30, 2015</b>	<b><u>\$23,770.35</u></b>
		<i>Total Expense at June 30, 2015</i>
<b><u>Furniture/Equipment</u></b>		\$5,337,175.28
	No new expense this period.	<u>\$0.00</u>
	<b>To Date Expense through September 30, 2015</b>	<b><u>\$5,337,175.28</u></b>
		<i>Total Expense at June 30, 2015</i>
<b><u>Swing Space</u></b>		\$5,777,350.31
	No new expense this period.	<u>\$0.00</u>
	<b>To Date Expense through September 30, 2015</b>	<b><u>\$5,777,350.31</u></b>
		<i>Total Expense at June 30, 2015</i>
<b><u>General Institutional Bond Mgmt.</u></b>		\$5,692,510.21
	No new expense this period.	<u>\$0.00</u>
	<b>To Date Expense through September 30, 2015</b>	<b><u>\$5,692,510.21</u></b>

<b>Monterey Peninsula College</b>		
<b>Bills &amp; Warrants Report</b>		
<b>Through September 30, 2015</b>		
Vendor Name	Description of service or purchase	Amount Paid
	<i>Total Expense at June 30, 2015</i>	\$10,382,736.18
<b><u>Theater Building</u></b>		
	No new expense this period.	\$0.00
	<b>To Date Expense through September 30, 2015</b>	<b>\$10,382,736.18</b>
	<i>Total Expense at June 30, 2015</i>	\$6,458,266.36
<b><u>Infrastructure Phase III</u></b>		
	No new expense this period.	\$0.00
	<b>To Date Expense through September 30, 2015</b>	<b>\$6,458,266.36</b>
	<i>Total Expense at June 30, 2015</i>	\$70,498.52
<b><u>PSTC Parker Flats</u></b>		
	No new expense this period.	\$0.00
	<b>To Date Expense through September 30, 2015</b>	<b>\$70,498.52</b>
	<i>Total Expense at June 30, 2015</i>	\$3,543,043.20
<b><u>Humanities, Bus-Humanities, Student Services</u></b>		
	No new expense this period.	\$0.00
	<b>To Date Expense through September 30, 2015</b>	<b>\$3,543,043.20</b>
	<i>Total Expense at June 30, 2015</i>	\$10,832,201.07
<b><u>Life Science &amp; Physical Science</u></b>		
	No new expense this period.	\$0.00
	<b>To Date Expense through September 30, 2015</b>	<b>\$10,832,201.07</b>
	<i>Total Expense at June 30, 2015</i>	\$61,738.00
<b><u>Miscellaneous</u></b>		
	No new expense this period.	\$0.00
	<b>To Date Expense through September 30, 2015</b>	<b>\$61,738.00</b>

<b>Monterey Peninsula College</b>		
<b>Bills &amp; Warrants Report</b>		
<b>Through September 30, 2015</b>		
		Amount
Vendor Name	Description of service or purchase	Paid
<b>Closed Projects</b>		
Old Library		\$21,279.52
Early Start - Walkway/Safety Improvements		\$225,630.18
Early Start -Telephone System Upgrades		\$599,414.48
Early Start - As Built Drawings		\$209,792.00
Early Start - Roof Repairs		\$480,255.64
Early Start - HVAC Repairs	Social Science/Computer Science buildings.	\$618,538.68
Early Start - Landscaping	Library Technology area.	\$438,292.96
Early Start - Vehicles		\$187,070.27
Early Start - Master Signage Plan		\$53,890.42
Early Start - Auto Technology Bldg	HVAC replacement.	\$16,443.00
Drafting Bldg	Furnace replacement.	\$13,974.00
Early Start - New Plant Services Bldg	Costs over state funding for new building.	\$487,574.35
Early Start - Demolition of Old Plant Services Bldg		\$63,521.68
Environmental Impact Report - Campus		\$154,162.67
Business & Computer Science Bldg	Seismic design.	\$7,981.84
Humanities Bldg	Seismic design.	\$16,375.04
International Center Bldg	Blue Prints.	\$14.71
Physical Science Bldg	Architectural Services, for potential elevator replacement.	\$6,986.44
Life Science Bldg	Architectural Services, for potential elevator replacement.	\$7,793.83
Pool/Tennis Courts	Preliminary architectural services.	\$206.00
Physical Education Facility		\$1,488,294.29
PE Field/Track		\$14,848,446.67
Fitness Phase IB		\$899,827.93
College Center Renovation		\$23,608.41
Social Science Renovation		\$863,696.74
Music/Theater Building		\$22,732.50
Family and Consumer Sci		\$67,671.12
Gymnasium Building	Floor/Seismic/Bleachers.	\$877,847.00
Lecture Forum Renovation		\$2,117,203.20
Child Development Center		\$1,029,198.71



	<b>Monterey Peninsula College</b>	
	<b>Bills &amp; Warrants Report</b>	
	<b>Through September 30, 2015</b>	
		Amount
Vendor Name	Description of service or purchase	Paid
<b>Closed Projects (continued)</b>		
Infrastructure/Parking		\$20,886,001.04
Infrastructure 2		\$2,481,606.93
New Administration/Old Library Building		\$4,712,191.10
Public Safety Training Center Renovation		\$7,478,201.30
Auto Technology Building Renovation		\$958,602.22
Business & Computer Science (includes Math)		\$2,215,417.93
New Student Services Building		\$9,681,388.03
New Education Center at Marina		\$8,159,654.52
PE Phase II (Gym/Locker Room Renovation)		\$3,810,035.95
Pool Renovation (includes Pool Building)		\$2,047,493.00
	<b>To Date Expense through September 30, 2015</b>	<b><u>\$88,278,316.30</u></b>
	<b>Total Payments (Closed Projects, Under Construction, and Planned Projects)</b>	<b><u>\$146,156,998.37</u></b>

**BOND EXPENDITURE REPORT 9/30/15**

Total Budget With Other Funds	Projects	A Total Bond Budget	B Total Bond Prior Year Expenses	C 2015-2016	A-B-C	(B+C)/A	
				Year to Date Bond Payments	Bond Budget Balance	% Bond Cost	% Construction Schedule
	<b>In Process</b>						
\$4,724,000	Arts Complex	\$4,724,000	\$3,539,621	\$2,155	\$1,182,224	75%	70%
\$5,952,000	College Center Renovation	\$5,952,000	\$6,157,617	\$0	(\$205,617)	103%	100%
\$5,685,000	Furniture & Equipment	\$5,685,000	\$5,337,175	\$0	\$347,825	94%	99%
\$6,614,000	Humanities, Bus-Hum, Student Services	\$3,296,000	\$3,543,043	\$0	(\$247,043)	107%	100%
\$6,466,000	Infrastructure - Phase III	\$6,466,000	\$6,458,266	\$0	\$7,734	100%	100%
\$10,750,000	Life Science/Physical Science	\$10,750,000	\$10,832,201	\$0	(\$82,201)	101%	100%
\$5,800,000	Swing Space / Interim Housing	\$5,800,000	\$5,777,350	\$0	\$22,650	100%	99%
\$10,400,000	Theater	\$10,400,000	\$10,382,736	\$0	\$17,264	100%	100%
\$0	Miscellaneous	\$0	\$61,738	\$0			
\$0	General Contingency	\$612,990	\$0	\$0	\$612,990	0%	0%
<b>\$56,391,000</b>	<b>Total in Process</b>	<b>\$53,685,990</b>	<b>\$52,089,747</b>	<b>\$2,155</b>	<b>\$1,655,826</b>		
	<b>Future</b>						
\$1,200,000	Music	\$1,200,000	\$23,770	\$0	\$1,176,230	2%	0%
\$12,000,000	PSTC Parker Flats	\$6,000,000	\$70,500	\$0	\$5,929,500	1%	0%
<b>\$13,200,000</b>	<b>Total Future</b>	<b>\$7,200,000</b>	<b>\$94,270</b>	<b>\$0</b>	<b>\$7,105,730</b>		
	<b>Completed</b>						
\$1,057,576	Early Start/Completed-HVAC Repairs	\$618,539	\$618,539	\$0	\$0	100%	100%
\$2,965,574	Early Start/Completed-New Plant Serv Bldg	\$487,574	\$487,574	\$0	\$0	100%	100%
\$599,414	Early Start/Completed-Telephone System	\$599,414	\$599,414	\$0	(\$0)	100%	100%
\$67,671	Family Consumer Science	\$67,671	\$67,671	\$0	\$0	100%	100%
\$1,517,774	Gym - floor/seismic/bleachers	\$877,847	\$877,847	\$0	\$0	100%	100%
\$2,481,607	Infrastructure - Phase II	\$2,481,607	\$2,481,607	\$0	\$0	100%	100%
\$20,886,001	Infrastructure - Phase I	\$20,886,001	\$20,886,001	\$0	\$0	100%	100%
\$2,117,203	Lecture Forum Renovation	\$2,117,203	\$2,117,203	\$0	\$0	100%	100%
\$7,427,191	New Admin / Old Library Renovation	\$4,712,191	\$4,712,191	\$0	(\$0)	100%	100%
\$5,413,198	New Child Development Center Bldg	\$1,029,198	\$1,029,198	\$0	\$0	100%	100%
\$21,420,211	Other Early start / completed	\$1,950,012	\$1,950,012	\$0	\$0	100%	100%
\$17,336,569	PE Field Track, Fitness Building	\$17,236,569	\$17,236,569	\$0	\$0	100%	100%
\$863,697	Social Science Renovation (inc. Seismic)	\$863,697	\$863,697	\$0	\$0	100%	100%
\$7,478,201	Public Safety Training Center Renov.	\$7,478,201	\$7,478,201	\$0	\$0	100%	100%
\$1,000,000	Auto Technology Building	\$958,602	\$958,602	\$0	(\$0)	100%	100%
\$2,300,000	Business Computer Science	\$2,215,418	\$2,215,418	\$0	\$0	100%	100%
\$8,300,000	New Ed Center Building at Marina	\$8,300,000	\$8,159,654	\$0	\$0	98%	100%
\$9,700,000	New Student Services Building	\$9,700,000	\$9,681,388	\$0	\$0	100%	100%
\$3,830,000	PE Phase II - Gym/Locker Room Renov.	\$3,830,000	\$3,810,036	\$0	\$0	99%	100%
\$2,640,519	Pool Renovation	\$2,640,519	\$2,047,493	\$0	\$0	78%	100%
<b>\$112,931,887</b>	<b>Total Completed</b>	<b>\$89,050,263</b>	<b>\$88,278,316</b>	<b>\$0</b>	<b>(\$1)</b>		
<b>\$182,522,887</b>	<b>Total All Projects</b>	<b>\$149,936,253</b>	<b>\$140,462,333</b>	<b>\$2,155</b>	<b>\$8,761,555</b>		
	<b>General Institutional-Bond Management</b>		\$5,692,510	\$0			
	<b>Total Bond Funds Spent to Date</b>		<b>\$146,154,843</b>	<b>\$2,155</b>			
			<b>\$146,156,998</b>				



Citizens' Bond Oversight Committee

ANNUAL REPORT

2014-2015

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## STATEMENT OF COMPLIANCE

This Annual Report is submitted to the Board of Trustees by the Monterey Peninsula Community College District Citizens' Bond Oversight Committee. The Committee advises that, to the best of its knowledge, the Monterey Peninsula Community College District is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution. In particular, bond revenue has been expended only for the purposes so described in Measure I. As prohibited by Article XIII A, Section 1(b)(3)(a) of the California Constitution, no funds were used for any teacher or administrative salaries or other operating expenses.

Respectfully Submitted By: \_\_\_\_\_

James Panetta, Chair  
Citizens' Bond Oversight Committee

Date: November 2, 2015

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## INTRODUCTION

At the election conducted on November 5, 2002, the Monterey Peninsula Community College District was successful in obtaining more than 55% voter approval for Measure I to issue and sell general obligation bonds in the amount of \$145,000,000 to fund specific facility projects. The bond election for Measure I was conducted under Proposition 39 regulations.

Pursuant to Education Code Section 15278, the Board of Trustees established the Citizens' Bond Oversight Committee (CBOC) at their meeting on February 25, 2003 to satisfy the accountability requirements of Proposition 39.

The Citizens' Bond Oversight Committee Bylaws, setting forth the duties and rights of the Committee, were also adopted by the Board at the February 25, 2003 meeting. The Bylaws were subsequently amended in February 2012 to remove the District residency requirement for the student member and in October 2015 to allow members to serve three consecutive terms per a change to Education 15282.

The three primary duties of the Citizens' Bond Oversight Committee are to inform the public concerning the District's expenditure of bond proceeds, review and report on the expenditure of taxpayers' monies, and advise the public on the District's compliance with Proposition 39.

To accomplish these duties and as required in the bylaws, the CBOC submits this annual report to the Board of Trustees. The CBOC expresses its appreciation to District staff for their support of the committee's work and activities.

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MONTEREY PENINSULA COMMUNITY COLLEGE DISTRICT  
CITIZENS' BOND OVERSIGHT COMMITTEE  
November 2, 2015

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## SUMMARY OF THE COMMITTEE'S PROCEEDINGS AND ACTIVITIES FOR 2014-2015

### COMMITTEE MEMBERSHIP

The Bylaws require that the CBOC consist of a minimum of seven members representing students, the business community, senior citizens organization, taxpayers association, college support organization, and the community at large.

Committee members serve without compensation and may be appointed for no more than three consecutive two-year terms. Among those ineligible to serve are elected officials, employees, vendors, contractors, or consultants of the District.

Currently, the committee is composed of nine members, appointed by the Board of Trustees. In November 2014, four members, J. Fagan, Stewart Fuller, Robert Mulford, and Niels Reimers, completed their second term on the committee. (Note: This event occurred prior to the October 2015 revision of the Bylaws allowing a third term.) Mr. Fagan, Mr. Fuller, Mr. Mulford, and Mr. Reimers were recognized by the Board of Trustees for their service to the college with certificates of commendation. As a result of these membership changes, vacancies were created on the committee for representatives from a senior citizens' organization, the MPC Foundation, and local business organizations. Applicants were solicited from appropriate groups and through public notices. The new members appointed by the Governing Board for an initial two-year term were: Thomas Gaspich, representing the Carmel Foundation; Sharon Larson, MPC Foundation representative; Hunter Harvath, representing the Monterey County Hospitality Association; and Rob Lee, Monterey Peninsula Chamber of Commerce representative.

Also, the student representative, Maury Vasquez, completed his initial term in November 2014, and he was reappointed to a second term. In June 2015, Mr. Vasquez resigned from the committee. He was replaced by student trustee, Stephen Lambert, who was appointed by the Board in October 2015.

In accordance with the Bylaws, officers were selected at the annual organizational meeting on November 17, 2014. Dr. Tribley appointed James Panetta to serve as Chair and Wayne Cruzan was elected by the committee to serve as Vice Chair.

The officers and members who served during the past year are as follows:

Wayne Cruzan	2-year second term, 11/2013 – 11/2015
J. Alan Fagan	2-year second term, 11/2012 – 11/2014
J. Stewart Fuller	2-year second term, 11/2012 – 11/2014

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Thomas Gaspich	2-year initial term, 11/2014 – 11/2016
Hunter Harvath	2-year initial term, 11/2014 – 11/2016
Rick Heuer	2-year second term, 11/2013 – 11/2015
Birt Johnson, Jr.	2-year second term, 11/2013 – 11/2015
Stephen Lambert	2-year initial term, 10/2015 – 11/2017
Sharon Larson	2-year initial term, 1/2015 – 11/2016
Rob Lee	2-year initial term, 11/2014 – 11/2016
Bob Mulford	2-year second term, 11/2012 – 11/2014
James Panetta	2-year second term, 11/2013 – 11/2015
Niels Reimers	2-year second term, 11/2012 – 11/2014
Maury Vasquez	2-year second term, 11/2014 – 6/2015

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## MEETINGS AND ACTIVITIES OF THE CITIZENS' BOND OVERSIGHT COMMITTEE

The committee conducts its meetings in accordance with provisions of the Ralph M. Brown Public Meetings Act, Government Code Sections 54950 et seq. Meeting notices and agendas are sent to members of the committee within the required period of time, posted at the Monterey Peninsula College Administration Building, and sent to local media.

The college's bond website (<http://www.mpc.edu/about-mpc/campus-information/mpc-bond-measure>) includes webpages specifically designated for the committee's activities where the meeting schedule, agendas, minutes, and annual reports are posted.

During 2014-15, the committee convened four quarterly meetings. The annual organizational meeting of the committee was held November 17, 2014, with subsequent meetings held on March 9, 2015, June 15, 2015, and August 10, 2015. The primary location for the meetings was the Sam Karas Room in the Library & Technology Center on the Monterey campus.

At the meetings held during 2014-15, the committee reviewed bond program expenditures and received updates on facilities projects. With most of the bond projects completed, the reports to the committee reflected the reduction in construction activity. As an orientation for the new members, the March meeting included a review of the committee's purpose and duties and a summary of the Brown Act by David Casnocha, District bond counsel. The committee also reviewed the 2013-14 independent financial and performance audit reports for the District's bond funds. The June and August meetings were preceded with a tour of facilities completed with bond funds on the Monterey campus and the Fort Ord Center to provide background for the new members.

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## FINANCIAL REPORT OF THE CITIZENS' BOND OVERSIGHT COMMITTEE

The first bond issuance, Series A, was conducted on June 18, 2003. Total principal amount issued was \$40 million. The Series A bond was refinanced in December 2005, increasing the principal amount to \$44,240,052. The second and third series of bonds were issued in January 2008. In Series B, \$9,004,530 of taxable bonds were issued, with no time limit for expenditure. The principal amount of the Series C issuance was \$95,994,770 of tax exempt bond funds that were anticipated to be 85% expended within five years.

In June 2013, a portion of the 2005 refunding bonds and Series C bonds were refinanced, resulting in the issuance of \$19.2 million of tax-exempt bonds and \$14.5 million of taxable bonds at interest rates of 1.52% and 2.02% respectively. As the average interest rate of the bonds prior to the refunding was 4%, \$1.38 million in interest savings was generated for the District's taxpayers.

The bond funds have been invested in Monterey County's investment portfolio. A portion of the funds were placed in custom investments outside of the general pool to generate higher interest earnings. These custom investments matured in January 2014. During the past year, interest earnings totaled \$65,120 through September 30, 2015. In addition, the college received \$30,949, a recoupment of interest lost from the Lehman Brothers bankruptcy in 2008-09.

In 2002, a property tax rate of \$23.89 per \$100,000 of assessed value was projected when the District's bond measure was approved. The tax rate for Measure I in 2014-15 was \$32.47. This rate increase was due to an error made by Monterey County in setting the 2013-14 Measure I tax rate at \$15.77. As a result, Monterey County under levied in 2013-14, and the shortfall was made up by increasing the 2014-15 tax rate to \$32.47. Since the first bond issuance in 2003, the average tax rate has been \$22.01.

Expenditures and payments made from bond funds have been regularly reviewed and accepted by the committee during the course of the year. The annual expenditure report on the following pages shows expenditures for the report period of October 1, 2014 through September 30, 2015 and total expenditures since bond inception.



**MPC Bond Expenditure Report**  
July 1, 2003 through September 30, 2015

<b>Receipts:</b>	<b>Prior</b>	<b>10/1/2014- 09/30/2015</b>	<b>Total</b>
Bond Principal – Series A	\$40,000,000	\$0	\$40,000,000
Refinancing - Series A	\$4,240,052	\$0	\$4,240,052
Bond Principal - Series B, taxable	\$9,004,530	\$0	\$9,004,530
Bond Principal - Series C, nontaxable	\$95,994,770	\$0	\$95,994,770
Interest Income*	\$9,187,116	\$65,120	\$9,252,236
Interest Write-off**	(\$1,878,835)	\$0	(\$1,878,835)
Interest Recovery**	\$704,891	\$30,949	\$735,840
<b>Total Receipts</b>	<b>\$157,252,524</b>	<b>\$96,070</b>	<b>\$157,348,594</b>

\* Interest income is through Sept. 30, 2015  
 \*\* All bond funds are currently on deposit with the Monterey County Investment Pool. The interest write-off and recovery occurred due to the Lehman Brothers and Washington Mutual bankruptcy filings in 2008.

**Expenditures:**

Completed Projects:

As Built Drawings	\$209,792	\$0	\$209,792
Automotive Technology -- HVAC	\$16,443	\$0	\$16,443
Auto Technology Addition	\$958,602	\$0	\$958,602
Business Computer Science	\$2,215,418	\$0	\$2,215,418
Business Computer Science Building - Seismic Design	\$7,982	\$0	\$7,982
Child Development Center	\$1,029,199	\$0	\$1,029,199
College Center Renovation	\$23,608	\$0	\$23,608
Demolition of Old Plant Services	\$63,522	\$0	\$63,522
Drafting Building	\$13,974	\$0	\$13,974
Environmental Impact Report	\$154,163	\$0	\$154,163
Family and Consumer Science Renovation	\$67,671	\$0	\$67,671
Gym - Floor/Seismic/Bleachers	\$877,847	\$0	\$877,847
Humanities Building - Seismic Design	\$16,375	\$0	\$16,375
HVAC Repairs	\$618,539	\$0	\$618,539
Infrastructure I (main campus utilities, parking lot A)	\$20,886,001	\$0	\$20,886,001
Infrastructure II (parking lots D, E, & F)	\$2,481,607	\$0	\$2,481,607
Landscaping – Library & Technology Center	\$438,293	\$0	\$438,293
Lecture Forum Remodel	\$2,117,203	\$0	\$2,117,203
Life Science -- Elevator Evaluation	\$7,794	\$0	\$7,794
Master Signage Program	\$53,890	\$0	\$53,890
New Admin/Old Library Renovation	\$4,712,191	\$0	\$4,712,191
New Education Center Building at Marina	\$8,159,655	\$0	\$8,159,655
New Facilities Building	\$487,574	\$0	\$487,574
New Student Services Building	\$9,681,388	\$0	\$9,681,388
Old Library Renovation Analysis	\$21,280	\$0	\$21,280
Miscellaneous	\$221	\$0	\$221
Physical Education (Stadium, Fitness Center, etc.)	\$17,236,568	\$0	\$17,236,568

Physical Science -- Elevator Evaluation	\$6,986	\$0	\$6,986
PE Phase II - Gym/Locker Room Renovation	\$3,810,036	\$0	\$3,810,036
Pool Renovation	\$2,013,583	\$33,910	\$2,047,493
Public Safety Training Center	\$7,478,201	\$0	\$7,478,201
Roof Repairs	\$480,256	\$0	\$480,256
Social Science Remodel	\$863,697	\$0	\$863,697
Telephone System Upgrades	\$599,414	\$0	\$599,414
Theater Light Board	\$22,733	\$0	\$22,733
Vehicles	\$187,070	\$0	\$187,070
Walkway/Safety Improvements	\$225,630	\$0	\$225,630

<b>Completed Projects</b>	<b>\$88,244,406</b>	<b>\$33,910</b>	<b>\$88,278,316</b>
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In Process:

Arts Complex	\$3,645,117	(\$103,341)	\$3,541,776
Bond Program Management	\$5,687,034	\$5,476	\$5,692,510
Student Center	\$6,101,194	\$56,423	\$6,157,617
Furniture/Equipment	\$5,268,435	\$68,740	\$5,337,175
Humanities, Bus-Hum, Student Services	\$3,541,386	\$1,657	\$3,543,043
Infrastructure - Phase III	\$6,458,266	\$0	\$6,458,266
Life & Physical Science	\$10,831,745	\$456	\$10,832,201
Music Building	\$23,770	\$0	\$23,770
PE Phase II - Gym/Locker Room Renovation.	\$70,499	\$0	\$70,499
Swing Space/Interim Housing	\$5,775,223	\$2,127	\$5,777,350
Theater	\$10,382,736	\$0	\$10,382,736
Miscellaneous	\$47,698	\$14,040	\$61,738
Management Expense for Custom Investment Portfolio***	\$45,272	\$0	\$45,272

<b>In Process</b>	<b>\$57,878,375</b>	<b>\$45,578</b>	<b>\$57,923,953</b>
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<b>Total Expenditures</b>	<b>\$146,122,781</b>	<b>\$79,488</b>	<b>****\$146,202,269</b>
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\*\*\* The District requested the Monterey County Treasurer to manage and place custom investments for a portion of the funds on deposit with the Treasurer. These investments were outside the general pool and included GE corporate bonds which generate a higher rate of return. The District was notified by the Treasurer's Office that the last security matured on 1/7/2014. There were no further interest postings to segregated investments after this date.

\*\*\*\* Total expenditures of \$146,202,269 equate to 93% of Measure I bond proceeds of \$157,348,594 being spent through September 30, 2015 on District bond projects. In addition, the District has been successful in securing matching funds from the state and other sources to augment bond proceeds and further address District facility needs. These matching funds will supplement bond proceeds by an estimated \$40,704,037, resulting in total projected expenditures of \$197,439,641 for facilities projects by the end of the bond program.

# CAMPUS RENOVATION/CONSTRUCTION PROJECTS COMPLETED, IN PROCESS, AND PLANNED FOR THE FUTURE

September 30, 2015

**COMPLETED PROJECTS:**

Note: For completed projects, Prop 39 Bond amounts listed are actual expenditures to date. Projects are listed in order of completion.

<u>Project</u>	<u>Description</u>	<u>Funding Source</u>		<u>Total Cost</u>
		<u>Prop 39 Bond</u>	<u>State &amp; Other</u>	
Library & Technology Center	This new 65,000 sq. ft., 3-story building houses the college's book and media collections and includes computer labs, classrooms, multi-media rooms, group study rooms, teleconferencing capability and a faculty lounge. The \$19.9 million project was primarily funded by the state, with \$438,000 provided by MPC bond funds. The facility was completed in July 2003.	\$438,293	\$19,470,000	\$19,908,293
Facilities Building	The new 18,440 sq. ft. building consolidates the college's plant services, warehouse, building maintenance, and grounds operations within one building. Old structures formerly housing these operations were demolished. The state funded \$2.48 million of the total project cost of \$2.97 million and MPC bonds provided funding of \$488,000. This project was completed in fall 2003.	\$487,574	\$2,478,000	\$2,965,574

**COMPLETED PROJECTS:**

Note: For completed projects, Prop 39 Bond amounts listed are actual expenditures to date. Projects are listed in order of completion.

<u>Project</u>	<u>Description</u>	<u>Funding Source</u>		<u>Total Cost</u>
		<u>Prop 39 Bond</u>	<u>State &amp; Other</u>	
Early Start & Miscellaneous Projects	This group of projects include walkway and safety improvements, new IP phone system, new roofs on Life Science, Physical Science, Business-Computer Science, and Art Dimensional buildings, rebuilding the HVAC systems in Art Dimensional, Social Science, Business-Computer Science buildings, completing required campus wide CEQA reports, campus as-built site drawings, purchase of new vans and street cleaner. Dollar amounts given represent actual MPC bond expenses to date. Most of these projects were completed by 2004, with the exception of the campus CEQA environmental report, completed in March, 2006.	\$2,729,672	\$439,037	\$3,168,709
Community Stadium	This project completely refurbished and modernized the existing campus football stadium, track, and softball fields. The upgrades include synthetic football/soccer and softball fields, an eight lane all weather track, new bleachers and support facilities. MPC bond funds covered most of the \$13.5 million cost, with \$100,000 received from a state waste tire grant program for the artificial turf installed on the football field. The project was completed in spring 2007.	\$13,406,672	\$100,000	\$13,506,672
Fitness Center	This new 12,750 sq. ft., two-story building provides classrooms, offices, and a weight room. The old structure was demolished. The project was completed August, 2007.	\$3,829,897		\$3,829,897

**COMPLETED PROJECTS:**

Note: For completed projects, Prop 39 Bond amounts listed are actual expenditures to date. Projects are listed in order of completion.

<u>Project</u>	<u>Description</u>	<u>Funding Source</u>		<u>Total Cost</u>
		<u>Prop 39 Bond</u>	<u>State &amp; Other</u>	
Child Development Center	This new three-building, 9,900 sq. ft. complex provides a child care facility serving the campus and community. The facilities also include a classroom and observation rooms that make up an academic laboratory to provide practicum experience for Child Development Program courses. The state funded \$4.4 million of the project with \$1 million contributed from MPC bond funds. The project was completed in October, 2007.	\$1,029,198	\$4,384,000	\$5,413,198
Infrastructure - Phase I	All of the campus infrastructure (underground utilities, roads, walkways, bridges, etc.) will be rebuilt under the bond program. Phase I makes up 77% of the total infrastructure work on campus and was completed in September, 2008.	\$20,886,001		\$20,886,001
Lecture Forum	The existing 18,545 square foot instructional building was remodeled to upgrade technology and improve acoustics. The HVAC system was replaced, restrooms rebuilt, new seating and floor covering installed, and the building repainted. The majority of work was completed August 2007 with minor work completed in summer 2008.	\$2,117,203		\$2,117,203
Social Science	The existing 12,580 square foot instructional building was remodeled to meet current seismic and ADA standards. The bathrooms were rebuilt, the HVAC system replaced, and new furniture, paint, and floor coverings were added. The majority of the work was completed August 2007 with minor work completed in summer 2008.	\$863,697		\$863,697

**COMPLETED PROJECTS:**

Note: For completed projects, Prop 39 Bond amounts listed are actual expenditures to date. Projects are listed in order of completion.

<u>Project</u>	<u>Description</u>	<u>Funding Source</u>		<u>Total Cost</u>
		<u>Prop 39 Bond</u>	<u>State &amp; Other</u>	
Infrastructure - Phase II	This phase includes the rebuilding and expansion of parking lots D, E, & F, addition of campus wide emergency alarms, and rebuilding of the baseball backstop. The parking lots and alarm installation were completed in August 2008; the backstop was completed in August 2009.	\$2,481,607		\$2,481,607
Family Consumer Science	The existing facility was remodeled to repair the roof and upgrade the classroom. The project was substantially completed January 2009.	\$67,671		\$67,671
Gym	The upper floor of the existing gym was rebuilt, including seismic upgrades and gym floor and bleacher replacement. The project was accomplished using a combination of state scheduled maintenance funding and MPC bond funds. The project was completed in January 2009.	\$877,847	\$600,000	\$1,477,847
Administration Building Renovation	The former library building, consisting of 19,040 square feet, was remodeled to house campus administrative offices. The state funded \$2.715 million of the total cost with \$4.56 million contributed from MPC bond funds. Office move-in was accomplished in April 2009.	\$4,712,191	\$2,715,000	\$7,427,191
Public Safety Training Center Renovation	Two existing former Army buildings on Colonel Durham Road in Seaside at the former Fort Ord were renovated to provide classrooms and offices for public safety training programs. Construction began in July, 2008. The project was substantially completed in December 2009. Site drainage issues were resolved in summer 2010.	\$7,478,201		\$7,478,201

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**COMPLETED PROJECTS:**

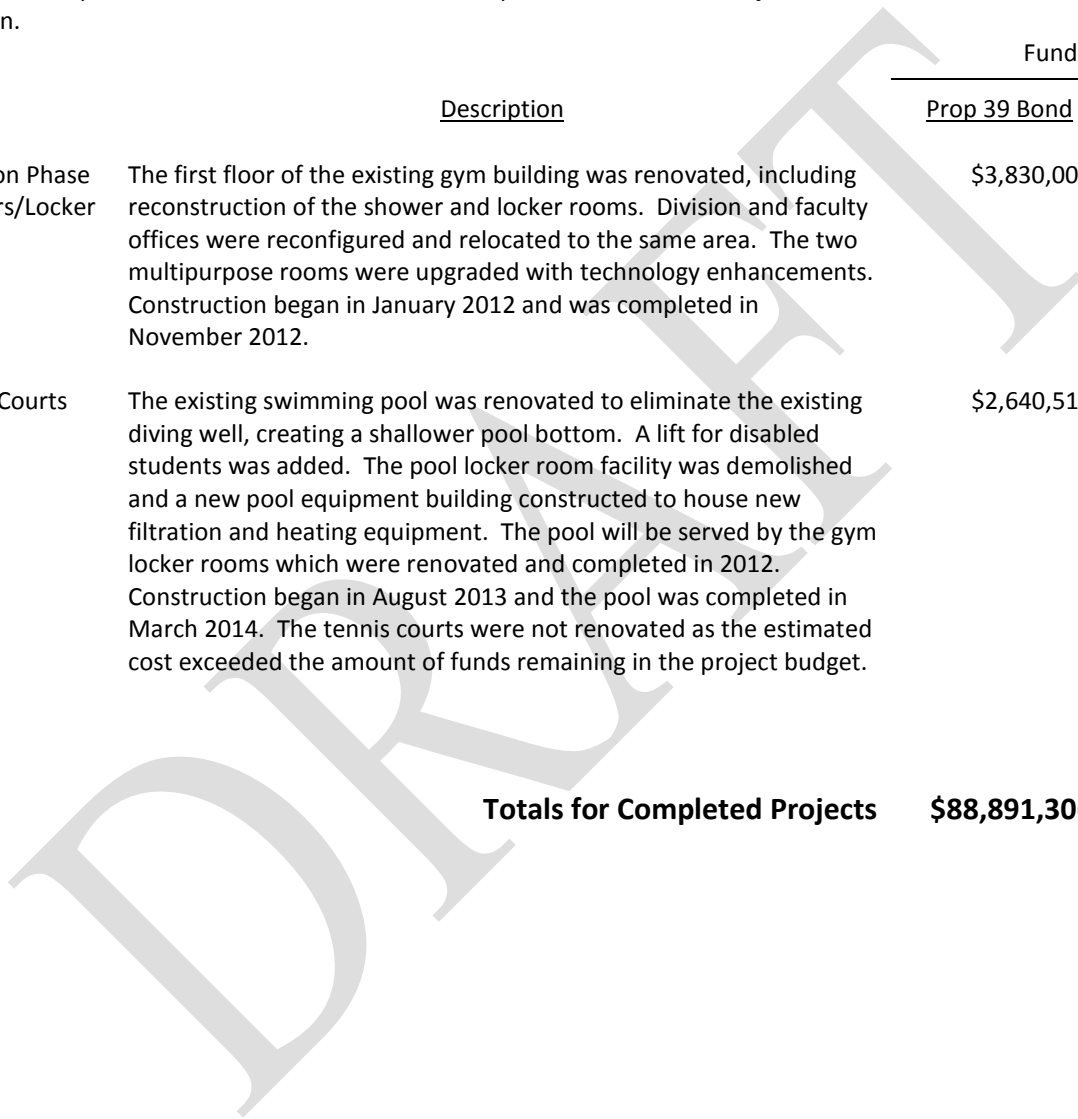
Note: For completed projects, Prop 39 Bond amounts listed are actual expenditures to date. Projects are listed in order of completion.

<u>Project</u>	<u>Description</u>	<u>Funding Source</u>		<u>Total Cost</u>
		<u>Prop 39 Bond</u>	<u>State &amp; Other</u>	
Auto Technology Addition	This project consisted of a remodel and addition to the existing facility. The project was substantially completed in September 2010.	\$958,602		\$958,602
Business, Math, Computer Science	The existing Business Computer Science building was completely renovated. Former fiscal services and information technology offices were converted into math classrooms and a math learning center. A Final Project Proposal for the Business, Math and Science Buildings project that included the renovation of the Business Computer Science Building was submitted to the state Chancellor's Office in July 2007 to request 50% state funding support and was subsequently approved. However, as state bond funding for community college facility projects has been uncertain, the District determined this project would go forward using bond funds only. Construction began in June 2010. The project was completed in February 2011.	\$2,215,418		\$2,215,418
Student Services Building	A new 22,000 sq. ft. building was constructed adjacent to the current Student Center, allowing the consolidation of student services offices at one location on the Monterey campus. Construction began in August 2009 and was substantially completed by March 2011. Offices were moved in phases and accomplished by May 2011.	\$9,681,388		\$9,681,388
Education Center at Marina	Temporary facilities were installed on the Education Center site on Imjin Parkway and 3rd Avenue in Marina in 2007. Construction of the first permanent academic facilities began in February 2010 and was substantially complete by August 2011, in time for the start of the fall 2011 semester.	\$8,159,655		\$8,159,655

**COMPLETED PROJECTS:**

Note: For completed projects, Prop 39 Bond amounts listed are actual expenditures to date. Projects are listed in order of completion.

<u>Project</u>	<u>Description</u>	<u>Funding Source</u>		<u>Total Cost</u>
		<u>Prop 39 Bond</u>	<u>State &amp; Other</u>	
Physical Education Phase II: Gym - Showers/Locker Rooms	The first floor of the existing gym building was renovated, including reconstruction of the shower and locker rooms. Division and faculty offices were reconfigured and relocated to the same area. The two multipurpose rooms were upgraded with technology enhancements. Construction began in January 2012 and was completed in November 2012.	\$3,830,000		\$3,810,036
Pool and Tennis Courts Renovation	The existing swimming pool was renovated to eliminate the existing diving well, creating a shallower pool bottom. A lift for disabled students was added. The pool locker room facility was demolished and a new pool equipment building constructed to house new filtration and heating equipment. The pool will be served by the gym locker rooms which were renovated and completed in 2012. Construction began in August 2013 and the pool was completed in March 2014. The tennis courts were not renovated as the estimated cost exceeded the amount of funds remaining in the project budget.	\$2,640,519		\$2,047,493
<b>Totals for Completed Projects</b>		<b>\$88,891,306</b>	<b>\$30,186,037</b>	<b>\$118,464,353</b>





**PROJECTS IN PROCESS:**

Note: Cited dollar amounts are estimates and subject to change. Projects are listed in alphabetical order.

<u>Project</u>	<u>Description</u>	<u>Budgets</u>		<u>Total Cost</u>
		<u>Prop 39 Bond</u>	<u>State &amp; Other</u>	
Arts Complex	The Final Project Proposal to rebuild the existing Art Studio, Art Ceramics, Art Dimensional, and International Center buildings, and demolish the existing Drafting building was re-submitted to the state Chancellor's Office in July 2009 to request 50% state funding support and was approved. However, with state bond funding for community college facility projects being uncertain, the District completed this project with local bond funds only. The project was reduced in scope. A complete renovation of the Art Studio and Art Ceramics buildings was accomplished. Construction began in September 2013, and completed in late summer 2014, in time for fall semester. The Art Dimensional building will be improved as the budget allows, to include replacement of mechanical and electrical systems, exterior painting, and roofing.	\$4,724,000		\$4,724,000
Student Center Renovation	The Student Center has been renovated and all building systems repaired. The interior space was redesigned to better serve student support functions, including food service, bookstore, TRIO, ASMPC, student activities, and security. Construction was underway in September 2013, and completed in August 2014.	\$5,952,000		\$5,952,000
Furniture & Equipment	New furniture has been installed in all lecture classrooms. Funds have been used to provide furniture and equipment for the Business, Math, Computer Science building, the Education Center at Marina, the Public Safety Training Center in Seaside, the new Student Services building, the Life Science and Physical Science buildings, the Theater, Student Center, and Art buildings.	\$5,685,000		\$5,685,000

**PROJECTS IN PROCESS:**

Note: Cited dollar amounts are estimates and subject to change. Projects are listed in alphabetical order.

<u>Project</u>	<u>Description</u>	<u>Budgets</u>		<u>Total Cost</u>
		<u>Prop 39 Bond</u>	<u>State &amp; Other</u>	
Humanities, Business Humanities, and Student Services	The existing Humanities and former Student Services buildings have been renovated and the existing Business Humanities building demolished. The Final Project Proposal was submitted to the state Chancellor's Office in July 2007 to request 50% state funding support and was approved. The project was allocated state funds to proceed with drawings in August 2009. Funds for construction were included in the 2010-11 state budget and construction will proceed in phases. Renovation of the former Student Services building to provide offices for humanities faculty and supportive services classroom and lab began in June 2011. Construction was completed in March 2012. Renovation of the Humanities Building began in January 2013 and was completed for the fall 2013 semester. The demolition of the Business Humanities building occurred in October 2013 and the vacated site was renovated to provide additional parking and improved traffic circulation.	\$3,296,000	\$3,318,000	\$6,614,000
Infrastructure - Phase III	This phase includes new data cabling installed campus wide, the rebuilding of many sidewalks and parking lots B, C, & J, the installation of additional lighting and signage upgrades, an elevator at PE, additions to disaster notification systems, new greenhouses, a generator for the data center, and replacement of the kilns for the art ceramics program. Work will be completed in phases from May 2008 through September 2014.	\$6,466,000		\$6,466,000

**PROJECTS IN PROCESS:**

Note: Cited dollar amounts are estimates and subject to change. Projects are listed in alphabetical order.

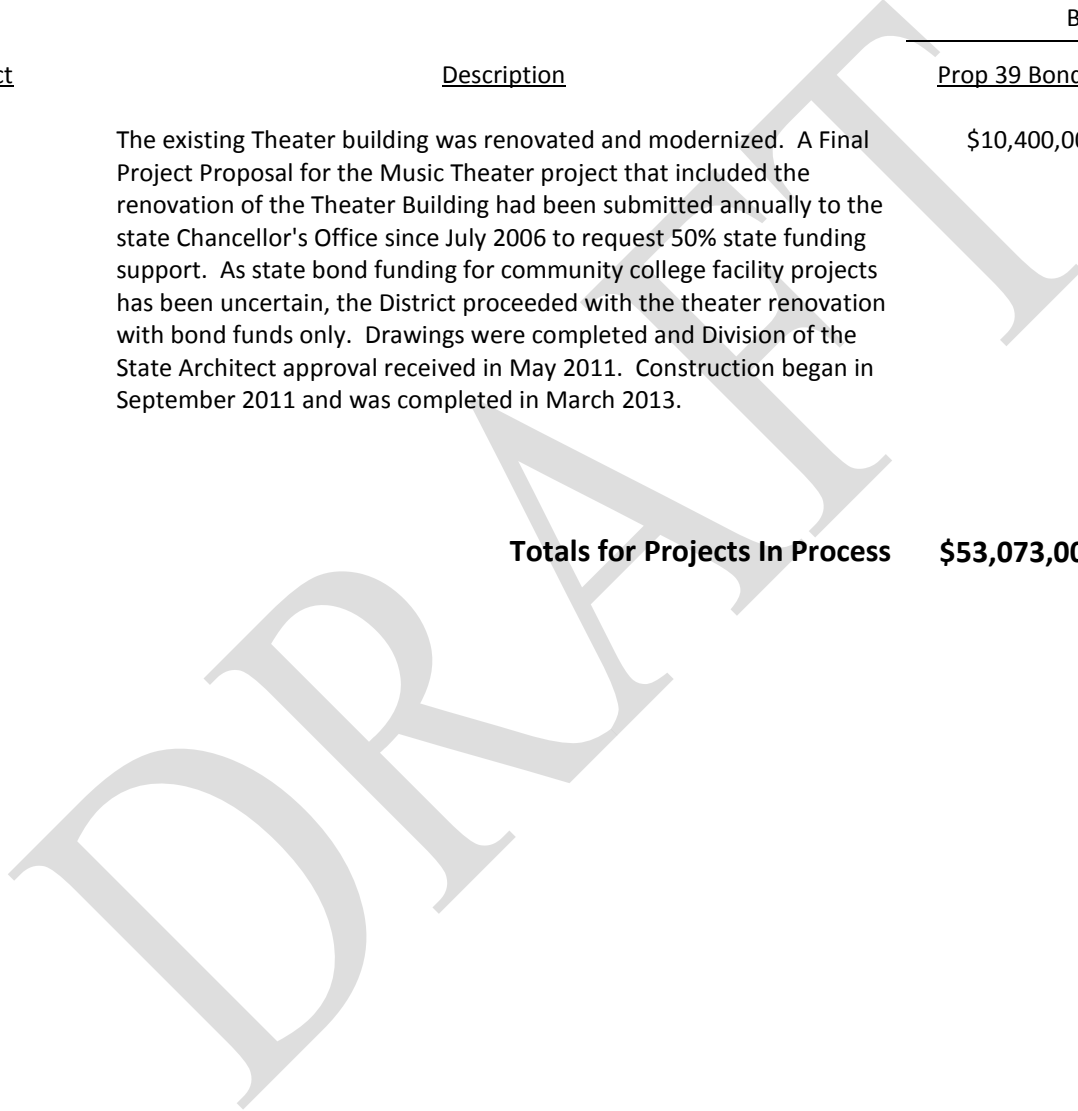
<u>Project</u>	<u>Description</u>	<u>Budgets</u>		<u>Total Cost</u>
		<u>Prop 39 Bond</u>	<u>State &amp; Other</u>	
Life Science and Physical Science Buildings	The existing Physical Science and Life Science buildings have been rebuilt, to include modernizing and upgrading of all science laboratories. A Final Project Proposal for the Business, Math and Science Buildings project that included the renovation of these buildings was submitted to the state Chancellor's Office in July 2007 to request 50% state funding support and was subsequently approved. However, as state bond funding for community college facility projects has been uncertain, the District adjusted the scope and completed this project with local bond funds only. Revised schematic drawings were completed by the architect and the Division of the State Architect approval received in May 2011. The project was completed in phases. The Life Science building renovation began construction in September 2011 and was completed in June 2012. Renovation of the Physical Science building began in September 2012 and was completed for fall semester 2013.	\$10,750,000		\$10,750,000
Swing Space/Interim Housing	Temporary space to house programs and services displaced by modernization projects is planned. Temporary modulars have been placed on campus and at the Education Center. The former administration building was renovated in 2009 to provide temporary classrooms and renamed the General Classrooms building. The facility was modified again in summer 2011 to provide space for labs to accommodate the Life Science and Physical Science programs. Additional modification occurred in summer 2013 to provide temporary space for the creative arts programs while the Art Studio and Art Ceramics buildings were renovated.	\$5,800,000		\$5,800,000

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**PROJECTS IN PROCESS:**

Note: Cited dollar amounts are estimates and subject to change. Projects are listed in alphabetical order.

<u>Project</u>	<u>Description</u>	<u>Budgets</u>		<u>Total Cost</u>
		<u>Prop 39 Bond</u>	<u>State &amp; Other</u>	
Theater	The existing Theater building was renovated and modernized. A Final Project Proposal for the Music Theater project that included the renovation of the Theater Building had been submitted annually to the state Chancellor's Office since July 2006 to request 50% state funding support. As state bond funding for community college facility projects has been uncertain, the District proceeded with the theater renovation with bond funds only. Drawings were completed and Division of the State Architect approval received in May 2011. Construction began in September 2011 and was completed in March 2013.	\$10,400,000		\$10,400,000
<b>Totals for Projects In Process</b>		<b>\$53,073,000</b>	<b>\$3,318,000</b>	<b>\$56,391,000</b>



**FUTURE PROJECTS:**

Note: Changes to future projects are anticipated to accommodate probable changes in state funding. Cited dollar amounts are estimates and subject to change. Projects listed in alphabetical order.

<u>Project</u>	<u>Description</u>	<u>Budgets</u>		<u>Total Cost</u>
		<u>Prop 39 Bond</u>	<u>State &amp; Other</u>	
Music Facilities – Phase I	The existing Music facilities will be modernized. Two of the three music facility structures (the current recital hall and the music lab wing) will be renovated. The recital hall will be converted into two rehearsal rooms. The third structure (choral music room) will be demolished. The Final Project Proposal for phase I of renovation of the Music facilities was submitted to the state Chancellor's Office in July 2013 to request 50% state funding support and was approved. The project is proposed for completion in fall 2017. This timeline is contingent upon state bond funding being approved and allocated.	\$1,200,000	\$1,200,000	\$2,400,000
Public Safety Training Center - Phase II (Parker Flats)	New outdoor training facilities will be constructed at the Parker Flats and MOUT sites at the former Fort Ord, including an emergency vehicle driving course, a burn building for firefighter training, and a firing range. The Final Project Proposal for this project was submitted to the state Chancellor's Office in July 2009 for 50% state funding consideration and was approved. The projected completion date of summer 2016 is contingent upon state bond funding being approved and allocated.	\$6,000,000	\$6,000,000	\$12,000,000
<b>Totals for Future Projects</b>		<b>\$7,200,000</b>	<b>\$7,200,000</b>	<b>\$14,400,000</b>

**CONTINGENCY:**

<u>Description</u>	<u>Budgets</u>		<u>Total Cost</u>
	<u>Prop 39 Bond</u>	<u>State &amp; Other</u>	
The contingency was established in August 2010 to provide contingent funding for projects as needed. Project cost estimates are subject to change due to the variable bid climate or from unexpected construction issues that may arise. Currently, the contingency is equivalent to 0.39% of total Prop 39 bond funds.	\$612,990	\$0	\$612,990

**Grand Totals (Projects)      \$149,164,306      \$40,704,037      \$189,868,343**

**BOND PROGRAM MANAGEMENT:**

<u>Description</u>	<u>Budgets</u>		<u>Total Cost</u>
	<u>Prop 39 Bond</u>	<u>State &amp; Other</u>	
An outside firm is being used to manage the overall bond construction program. Funds to pay for these services are generated from interest earnings on the bond funds on deposit with the Monterey County Treasurer (minus any management fees on the custom investment portfolio managed by the treasurer). Amounts in the columns to the right represent actual expenses to date.	\$5,692,510		\$5,692,510
Projected program management expense for the remaining years of the bond program.	\$1,878,788		\$1,878,788
<b>Totals for Program Management</b>	<b>\$7,571,298</b>		<b>\$7,571,298</b>

**Overall Grand Totals      \$157,348,594      \$40,704,037      \$197,439,641**

## APPENDIX

### **COMMITTEE ROSTER**

### **COMMITTEE MEETING AGENDAS**

November 17, 2014

March 9, 2015

June 15, 2015

August 10, 2015

### **COMMITTEE MEETING MINUTES (NOT INCLUDED IN DRAFT)**

November 17, 2014

March 9, 2015

June 15, 2015

August 10, 2015

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## MONTEREY PENINSULA COLLEGE

### Citizens' Bond Oversight Committee Members

- James Panetta, Chair, *Community member*
- Wayne Cruzan, Vice Chair, *GENTRAIN Society*
- Birt Johnson, Jr., *Community member*
- Rob Lee, *Monterey Peninsula Chamber of Commerce*
- Hunter Harvath, *Monterey County Hospitality Association*
- Sharon Larson, *Monterey Peninsula College Foundation*
- Rick Heuer, *Monterey Peninsula Taxpayers Association*
- Thomas Gaspich, *Carmel Foundation*
- Stephen Lambert, *Associated Students of Monterey Peninsula College*



# Monterey County

## Board Order

168 West Alisal Street,  
1st Floor  
Salinas, CA 93901  
831.755.5066

Upon motion of Supervisor Parker, seconded by Supervisor Phillips and carried by those members present, the Board of Supervisors hereby:

- a. Received and accepted the Treasurer's Report of Investments for the quarter ending June 30, 2015;
- b. Received and approved the Treasurer's Investment Policy for FY 2015-16; and
- c. Renewed the Delegation of Investment Authority to the Treasurer-Tax Collector pursuant to California Government Code 53607.

PASSED AND ADOPTED on this 28th day of July 2015, by the following vote, to wit:

AYES: Supervisors Armenta, Phillips, Salinas, Parker and Potter

NOES: None

ABSENT: None

I, Gail T. Borkowski, Clerk of the Board of Supervisors of the County of Monterey, State of California, hereby certify that the foregoing is a true copy of an original order of said Board of Supervisors duly made and entered in the minutes thereof of Minute Book 78 for the meeting on July 28, 2015.

Dated: July 29, 2015  
File ID: 15-0820

Gail T. Borkowski, Clerk of the Board of Supervisors  
County of Monterey, State of California

By   
Deputy



# Monterey County

168 West Alisal Street,  
1st Floor  
Salinas, CA 93901  
831.755.5066

## Board Report

Legistar File Number: 15-0820

July 28, 2015

**Introduced:** 7/15/2015

**Version:** 1

**Current Status:** Consent Agenda

**Matter Type:** General Agenda Item

- a. Receive and Accept the Treasurer's Report of Investments for the quarter ending June 30, 2015; and
- b. Receive and Approve the Treasurer's Investment Policy for FY 2015-16; and
- c. Renew the Delegation of Investment Authority to the Treasurer-Tax Collector pursuant to California Government Code 53607.

### RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Receive and Accept the Treasurer's Report of Investments for the quarter ending June 30, 2015; and
- b. Receive and Approve the Treasurer's Investment Policy for FY 2015-16; and
- c. Renew the Delegation of Investment Authority to the Treasurer-Tax Collector pursuant to California Government Code 53607.

### SUMMARY:

Government Code Section 53646 (b) (1) states the Treasurer may submit a quarterly report of investments. The attached exhibits provide a narrative portfolio review of economic and market conditions that support the investment activity during the April - June period, the investment portfolio position by investment type, a listing of historical Monterey County Treasury Pool yields versus benchmarks, and the investment portfolio by maturity range.

The Treasurer has also amended the Monterey County Investment Policy to provide additional clarification and revise outdated language and update investment categories as stated in Government Code §53601(q). In addition, annual Board approval of the Investment Policy and delegation of investment authority are prescribed by Government Code sections 53646 and 53607.

### DISCUSSION:

During the April to June quarter, interest rates moved slightly higher with Treasury yields remaining essentially flat up to one year maturities and increasing in the 2- to 5-year range. The annualized rate of increase remained essentially flat except for 2-year maturities. At the June Federal Open Market Committee (FOMC) meeting the median projection for the fed funds rate was stated to be between 0.50% and 0.75% by the end of 2015 with a slower rate of increases over the next two years.

U.S. Gross Domestic Product (GDP) decreased by 0.2% in the 1st Quarter of 2015. The unemployment rate fell by 0.2% between March and June while inflation continues to undershoot the FOMC's target rate of 2%. The combination of mixed economic indicators in

the U.S. and ongoing European instability continues to make U.S. bonds attractive to all investors and kept rates low during the quarter under report.

On June 30, 2015, the Monterey County investment portfolio contained an amortized book value of \$1,120,854,255 spread among 78 separate securities and funds. The par value of those funds was \$1,118,174,319, with a market value of \$1,120,818,419 or 100.00% of amortized book value. The portfolio's net earned income yield for the period was 0.72%. The portfolio produced an estimated income of \$2,061,464 for the quarter which will be distributed proportionally to all agencies participating in the investment pool. The investment portfolio had a weighted average maturity of 422 days.

The investment portfolio was in compliance with all applicable provisions of state law and the adopted Investment Policy, and contained sufficient liquidity to meet all projected outflows over the next six months. Market value pricings were obtained through Bloomberg LLP, Union Bank of California and included live-bid pricing of corporate securities.

OTHER AGENCY INVOLVEMENT:

A copy of this report will be distributed to all agencies participating in the County investment pool and the Treasury Oversight Committee. In addition, the report will be published on the County Treasurer's web site. A monthly report of investment transactions is provided to the Board of Supervisors as required by Government Code 53607.

FINANCING:

The investment portfolio contains sufficient liquidity to meet all projected expenditures over the next six months. We estimate that the investment earnings in the General Fund will be consistent with budgeted revenue, but at historically low levels, as the Federal Reserve is expected to raise rates by only 0.25% to 0.50% by the end of 2015.

Prepared by: Richard N. Smith, Assistant Treasurer-Tax Collector, x5836

Approved by: Mary A. Zeeb, Treasurer-Tax Collector, x5015

Attachments:

- Exhibit A - Investment Portfolio Review 06-30-15
- Exhibit B - Portfolio Management Report 06-30-15
- Exhibit C - Monterey County Historical Yields vs. Benchmarks
- Exhibit D - Aging Report 07-01-15
- Exhibit E - Monterey County Investment Policy - Red Line
- Exhibit F - Monterey County Investment Policy - Proposed

cc:

County Administrative Office

County Counsel

Auditor-Controller - Internal Audit Section

All depositors

Treasury Oversight Committee

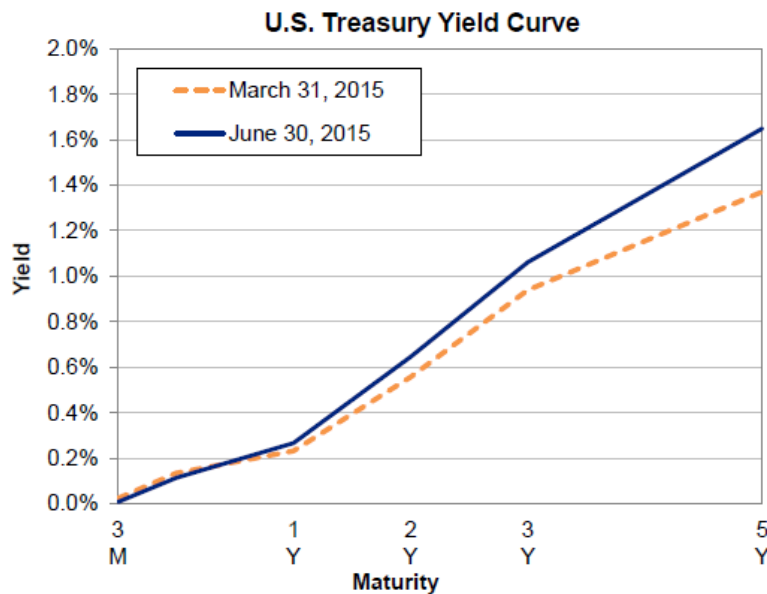
## Investment Portfolio Review Quarter Ending June 30, 2015

### OVERVIEW – April 1, 2015 – June 30, 2015

During the April to June quarter, interest rates moved slightly higher with Treasury yields remaining essentially flat up to one year maturities and increasing in the 2- to 5-year range. The annualized rate of increase remained essentially flat except for 2-year maturities. At the June Federal Open Market Committee (FOMC) meeting the median projection for the fed funds rate would be between 0.50% and 0.75% by the end of 2015 with a slower rate of increases over the next two years.

### INTEREST RATES INCREASED IN 2- TO 5-YEAR RANGE

- Yields for securities 1 year and under were mostly unchanged while yields for maturities longer than 1 year had sizeable increases.
- The steep shape of the yield curve continues to provide valuable opportunities to “roll-down” the yield curve.



	3/31/15	6/30/15
<b>3 Month</b>	0.02%	0.01%
<b>6 Month</b>	0.14%	0.11%
<b>1 Year</b>	0.23%	0.27%
<b>2 Year</b>	0.56%	0.65%
<b>3 Year</b>	0.94%	1.06%
<b>5 Year</b>	1.37%	1.65%

The County Treasury outperformed or matched all of the portfolio benchmarks this quarter. Our consistent investment strategy ladders short term debt to provide liquidity and takes advantage of available higher rates by buying small amounts of longer term corporate and non callable securities, while maintaining positions in currently held callable debt structures. The following indicators reflect key aspects of the County’s investment portfolio in light of the above noted conditions:

1. Market Access – Access to U.S. Treasuries and Agency debt has been plentiful, but yields have continued to remain low as investors seek safe havens from an uncertain world market. These issues have continued to keep yields low on Treasury bonds from April through June.

**Exhibit A**

During the quarter, the majority of County investment purchases continue to be in U.S. Treasury and Agency markets with a continued small position in shorter term, highly rated (AA or better) Corporate bonds, Certificates of Deposits and highly rated (A1, P1), short term Commercial Paper. In addition, the Treasurer continues to keep a high level of overnight liquid assets, reflecting the need to maintain increased levels of available cash to ensure the ability to meet all cash flow needs.

2. Diversification - The Monterey County Treasurer’s portfolio consists of fixed income investments, all of which are authorized by the State of California Government Code 53601.

The portfolio asset spread is detailed in the table below:

Portfolio Asset Composition				
Corporate Assets	Overnight Liquid Assets	US Treasuries	Federal Agencies	Commercial Paper
8.52%	38.74%	1.78%	50.07%	0.89%

- Total may not equal 100% due to rounding

3. Credit Risk – Approximately 91% of the investment portfolio is comprised of U.S. Treasuries, Federal Agency securities and other liquid funds. All assets have an investment grade rating. U.S. Treasuries are not specifically rated, but are considered the safest of all investments. The corporate debt (8.52%) is rated in the higher levels of investment grade. All federal agency securities have AA ratings, or are guaranteed by the U.S. Treasury.

The portfolio credit composition is detailed in the table below:

Portfolio Credit Composition						
AAA	AA+	AA-	A-1 (Short Term)	Not Rated (LAIF/BlackRock)	AAAm	Aaf/S1+ (CalTrust)
1%	55%	2%	1%	12%	14%	12%

4. Liquidity Risk – Liquidity risk, as measured by the ability of the County’s Treasury to meet withdrawal demands on invested assets, was adequately managed during the April to June quarter. The portfolio’s average weighted maturity was 422 days, and large percentages (38.74%) of assets are held in immediately available funds.

**PORTFOLIO CHARACTERISTICS**

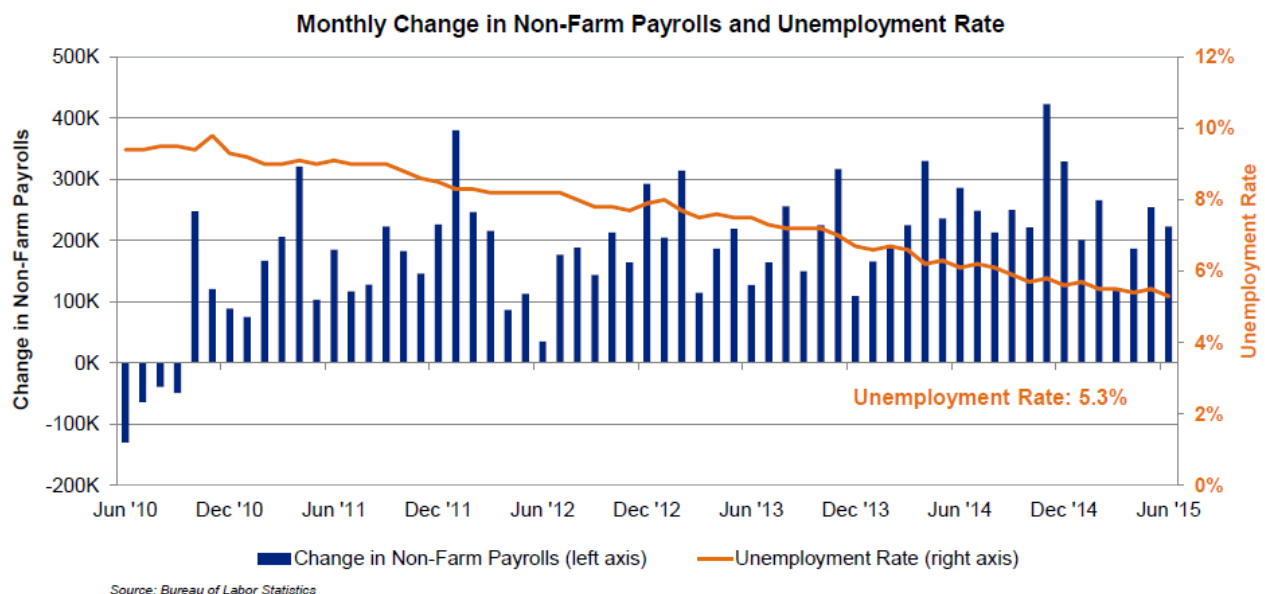
	<u>March 31, 2015</u>	<u>June 30, 2015</u>
Total Assets	\$1,105,343,895	\$1,120,854,255
Market Value	\$1,106,386,623	\$1,120,818,419
Days to Maturity	466	422
Yield	0.57%	0.72%
Estimated Earnings	\$1,528,658	\$2,061,464

**FUTURE STRATEGY**

Ongoing improvement in employment data and housing starts are positive economic news. However, inflation remains relatively static. These mixed economic signals and the ongoing instability in the European Union may dampen the FOMC’s stated desire to increase rates. The portfolio remains in position to take advantage of an increasing rate environment.

**U.S. ECONOMY CONTINUES TO CREATE JOBS**

- U.S. labor market added 664,000 jobs in the quarter, likely confirming hopes that the economy is performing well after a slow start to the year. The U.S. economy has added 2.9 million jobs over the past year.
- The unemployment rate fell to 5.3% in June, down from 5.5% in March, but the drop was due largely to a decline in labor force participation.



As long as the Federal Treasury continues to target short term rates at historically low levels, the returns on the investments in the County’s pool will remain historically low. The portfolio is adequately positioned to take advantage of changing market conditions.



**Monterey County  
Portfolio Management  
Portfolio Details - Investments  
June 30, 2015**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	Days to Maturity	Maturity Date
<b>Money Market Accts-GC 53601(k)(2)</b>												
SYS11672	11672	BlackRock			80,363,378.96	80,363,378.96	80,363,378.96	0.091			1	
SYS11801	11801	CalTrust			140,000,000.00	140,000,000.00	140,000,000.00	0.501	Aaa	AAA	1	
SYS11830	11830	Federated		07/01/2014	0.00	0.00	0.00	0.101	Aaa	AAA	1	
SYS11578	11578	Fidelity Investments			108,132,312.88	108,132,312.88	108,132,312.88	0.110	Aaa	AAA	1	
<b>Subtotal and Average</b>			<b>284,843,086.58</b>		<b>328,495,691.84</b>	<b>328,495,691.84</b>	<b>328,495,691.84</b>				<b>1</b>	
<b>State Pool-GC 53601(p)</b>												
SYS11361	11361	LAIF			50,000,000.00	50,000,000.00	50,000,000.00	0.260			1	
<b>Subtotal and Average</b>			<b>50,000,000.00</b>		<b>50,000,000.00</b>	<b>50,000,000.00</b>	<b>50,000,000.00</b>				<b>1</b>	
<b>CAMP-GC 56301(p)</b>												
SYS10379	10379	Calif. Asset Mgmt			55,300,000.00	55,300,000.00	55,300,000.00	0.084		AAA	1	
SYS11961	11961	Calif. Asset Mgmt			378,627.29	378,627.29	378,627.29	0.088		AAA	1	
<b>Subtotal and Average</b>			<b>20,368,737.18</b>		<b>55,678,627.29</b>	<b>55,678,627.29</b>	<b>55,678,627.29</b>				<b>1</b>	
<b>Negotiable CDs - GC 53601 (i)</b>												
<b>Subtotal and Average</b>			<b>9,340,659.34</b>									
<b>Medium Term Notes - GC 53601(k)</b>												
084664BS9	12031	Berkshire Hathaway Finance		04/24/2015	10,000,000.00	10,107,400.00	10,162,451.28	1.600	Aa2	AA	684	05/15/2017
36962G4N1	11701	General Electric		08/11/2010	10,000,000.00	9,999,500.00	10,000,000.00	1.029	A	AA	41	08/11/2015
36962G5W0	11855	General Electric		04/27/2012	5,000,000.00	5,097,650.00	4,997,612.89	2.300	A	AA	666	04/27/2017
36962G5W0	11856	General Electric		04/27/2012	5,000,000.00	5,097,650.00	5,002,733.33	2.300	A	AA	666	04/27/2017
369604BC6	12010	General Electric		01/23/2015	10,000,000.00	10,892,900.00	10,977,323.33	5.250	Aa	AA	889	12/06/2017
478160BF0	12000	Johnson & Johnson		12/23/2014	2,000,000.00	2,004,440.00	2,000,000.00	0.700	Aaa	AAA	516	11/28/2016
478160AY0	12004	Johnson & Johnson		01/08/2015	7,000,000.00	7,094,710.00	7,097,172.36	2.150	Aaa	AAA	319	05/15/2016
89233P5S1	11839	Toyota Motor Corporation		02/29/2012	5,000,000.00	5,079,250.00	5,034,465.00	2.050	Aa	AA	561	01/12/2017
89236TCA1	12009	Toyota Motor Corporation		01/16/2015	10,000,000.00	10,009,600.00	10,041,994.05	1.450	Aa	AA	926	01/12/2018
89233P6S0	12018	Toyota Motor Corporation		03/30/2015	10,000,000.00	10,025,500.00	10,031,840.44	1.250	Aaa	AA	827	10/05/2017
94974BFG0	12021	Wells Fargo & Company		04/07/2015	10,000,000.00	9,981,200.00	10,083,714.71	1.500	Aaa	AA	930	01/16/2018
94974BFL9	12025	Wells Fargo & Company		04/13/2015	10,000,000.00	10,042,400.00	10,057,140.26	1.250	A2	A+	385	07/20/2016
<b>Subtotal and Average</b>			<b>91,011,158.09</b>		<b>94,000,000.00</b>	<b>95,432,200.00</b>	<b>95,486,447.65</b>				<b>636</b>	
<b>Commercial Paper Disc.- GC 53601(h)</b>												
62478YU97	12015	Union Bank of Calif.		03/17/2015	10,000,000.00	9,999,700.00	9,999,555.56	0.200	P-1	A-1	8	07/09/2015

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**Monterey County  
Portfolio Management  
Portfolio Details - Investments  
June 30, 2015**

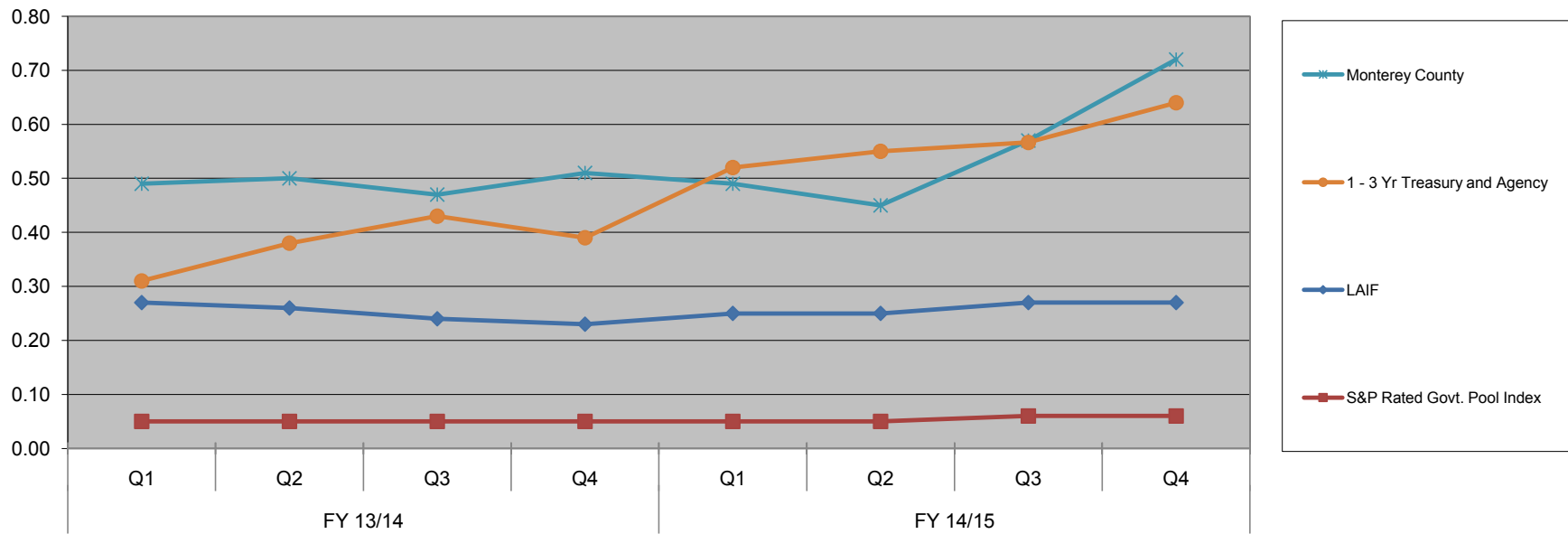
CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	Days to Maturity	Maturity Date
<b>Subtotal and Average</b>			<b>9,997,055.56</b>		<b>10,000,000.00</b>	<b>9,999,700.00</b>	<b>9,999,555.56</b>				<b>8</b>	
<b>Fed Agcy Coupon Sec - GC 53601(f)</b>												
3133EAF86	11864	Federal Farm Credit Bank		08/07/2012	10,000,000.00	9,986,100.00	10,000,000.00	0.970	Aaa	AA	768	08/07/2017
3133ECHV9	11912	Federal Farm Credit Bank		04/02/2013	10,000,000.00	10,002,100.00	10,000,096.21	0.350	Aaa	AA	29	07/30/2015
3133EDSU7	11985	Federal Farm Credit Bank		08/15/2014	10,000,000.00	10,038,200.00	10,000,000.00	1.000	Aaa	AA	776	08/15/2017
3133EEBU3	11996	Federal Farm Credit Bank		11/26/2014	10,000,000.00	10,007,100.00	10,004,038.70	0.600	Aaa	AA	502	11/14/2016
3133EEFE5	12008	Federal Farm Credit Bank		01/12/2015	10,000,000.00	10,039,800.00	10,036,286.36	1.125	Aaa	AA	901	12/18/2017
3133EEMA5	12011	Federal Farm Credit Bank		01/30/2015	10,000,000.00	9,985,200.00	10,008,598.08	1.500	Aaa	AA	1,643	12/30/2019
3133EELZ1	12012	Federal Farm Credit Bank		02/02/2015	10,000,000.00	9,983,800.00	10,029,718.21	1.000	Aaa	AA	1,002	03/29/2018
3133EESZ4	12016	Federal Farm Credit Bank		03/25/2015	10,000,000.00	10,017,900.00	10,007,149.89	0.460	Aaa	AA	377	07/12/2016
3133EDMB5	12017	Federal Farm Credit Bank		03/26/2015	10,000,000.00	10,010,800.00	10,001,698.38	0.500	Aaa	AA	419	08/23/2016
3133EETE0	12020	Federal Farm Credit Bank		04/01/2015	10,000,000.00	10,037,000.00	10,051,158.25	1.125	Aaa	AA	985	03/12/2018
313380EC7	11878	Federal Home Loan Bank		09/17/2012	10,000,000.00	9,976,600.00	9,978,622.25	0.750	Aaa	AA	800	09/08/2017
313380XB8	11881	Federal Home Loan Bank		10/17/2012	10,000,000.00	10,000,500.00	9,999,029.17	0.625	Aaa	AA	474	10/17/2016
313370TW8	11888	Federal Home Loan Bank		12/05/2012	10,000,000.00	10,180,700.00	10,173,855.24	2.000	Aaa	AA	436	09/09/2016
313373SZ6	11913	Federal Home Loan Bank		04/02/2013	10,000,000.00	10,162,300.00	10,155,325.78	2.125	Aaa	AA	345	06/10/2016
313378A43	11925	Federal Home Loan Bank		05/02/2013	10,000,000.00	10,087,000.00	10,162,570.81	1.375	Aaa	AA	982	03/09/2018
313383A68	11928	Federal Home Loan Bank		06/13/2013	10,000,000.00	9,948,600.00	10,000,000.00	1.080	Aaa	AA	1,078	06/13/2018
313378QK0	11966	Federal Home Loan Bank		04/04/2014	10,000,000.00	10,188,000.00	10,019,971.20	1.875	Aaa	AA	1,346	03/08/2019
3130A3J70	11997	Federal Home Loan Bank		12/12/2014	10,000,000.00	10,006,100.00	10,002,069.59	0.625	Aaa	AA	511	11/23/2016
313371PV2	11998	Federal Home Loan Bank		12/12/2014	10,000,000.00	10,152,900.00	10,131,920.22	1.625	Aaa	AA	527	12/09/2016
313371PV2	11999	Federal Home Loan Bank		12/12/2014	10,000,000.00	10,152,900.00	10,131,920.22	1.625	Aaa	AA	527	12/09/2016
3130A3PT5	12001	Federal Home Loan Bank		12/23/2014	10,000,000.00	9,994,500.00	9,993,082.90	0.125	Aaa	AA	160	12/08/2015
3130A3UU6	12005	Federal Home Loan Bank		01/27/2015	10,000,000.00	10,026,800.00	10,000,000.00	0.875	Aaa	AA	576	01/27/2017
3130A4U42	12019	Federal Home Loan Bank		03/31/2015	10,000,000.00	10,009,100.00	10,010,829.38	0.800	Aaa	AA	730	06/30/2017
3130A2KD7	12028	Federal Home Loan Bank		04/09/2015	10,000,000.00	10,003,300.00	10,004,094.78	0.315	Aaa	AA+	190	01/07/2016
3130A3KK9	12029	Federal Home Loan Bank		04/17/2015	10,000,000.00	9,997,300.00	9,998,891.60	0.125	Aaa		147	11/25/2015
3130A0SD3	12030	Federal Home Loan Bank		04/17/2015	10,000,000.00	10,005,700.00	10,008,561.32	0.375	Aaa	AA+	233	02/19/2016
3130A4Q70	12032	Federal Home Loan Bank		04/23/2015	10,000,000.00	10,031,500.00	10,044,374.89	1.000	Aaa	AA+	870	11/17/2017
3133834R9	12034	Federal Home Loan Bank		04/23/2015	10,000,000.00	9,999,300.00	10,001,458.95	0.375	Aaa	AA+	359	06/24/2016
3134G3H52	11871	Federal Home Loan Mtg Corp		09/12/2012	10,000,000.00	9,995,900.00	10,000,000.00	1.000	Aaa	AA	804	09/12/2017
3134G3S50	11887	Federal Home Loan Mtg Corp		11/30/2012	10,000,000.00	10,019,000.00	10,008,556.59	0.625	Aaa	AA	489	11/01/2016
3134G42M9	11916	Federal Home Loan Mtg Corp		04/25/2013	10,000,000.00	9,987,100.00	10,000,000.00	0.700	Aaa	AA	664	04/25/2017
3134G42G2	11917	Federal Home Loan Mtg Corp		04/30/2013	10,000,000.00	9,998,000.00	10,000,000.00	1.050	Aaa	AA	1,034	04/30/2018
3134G43F3	11920	Federal Home Loan Mtg Corp		04/30/2013	10,000,000.00	9,936,400.00	10,000,000.00	1.020	Aaa	AA	1,034	04/30/2018
3134G43V8	11923	Federal Home Loan Mtg Corp		05/15/2013	10,000,000.00	9,977,100.00	9,999,425.56	1.050	Aaa	AA	1,049	05/15/2018
3137EADJ5	11970	Federal Home Loan Mtg Corp		04/09/2014	10,000,000.00	10,046,600.00	9,993,905.89	1.000	Aaa	AA	758	07/28/2017

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**Monterey County  
Portfolio Management  
Portfolio Details - Investments  
June 30, 2015**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	S&P	Days to Maturity	Maturity Date
<b>Fed Agcy Coupon Sec - GC 53601(f)</b>												
3137EADL0	11987	Federal Home Loan Mtg Corp		08/25/2014	10,000,000.00	10,023,600.00	9,977,761.87	1.000	Aaa	AA	821	09/29/2017
3137EADK2	12014	Federal Home Loan Mtg Corp		02/18/2015	10,000,000.00	9,893,800.00	9,849,717.03	1.250	Aaa	AA	1,492	08/01/2019
3134G5RF4	12024	Federal Home Loan Mtg Corp		04/06/2015	10,000,000.00	9,998,900.00	10,004,084.91	0.400		AA	331	05/27/2016
3136G0B26	11874	Federal National Mtg Assn		09/27/2012	10,000,000.00	9,997,600.00	10,000,000.00	1.000	Aaa	AA	819	09/27/2017
3135G0NH2	11876	Federal National Mtg Assn		09/13/2012	10,000,000.00	9,999,100.00	9,997,397.75	0.950	Aaa	AA	784	08/23/2017
3136G06Z9	11885	Federal National Mtg Assn		12/13/2012	10,000,000.00	9,998,500.00	10,000,000.00	0.650	Aaa	AA	531	12/13/2016
3136G14N6	11890	Federal National Mtg Assn		01/02/2013	10,000,000.00	9,985,800.00	9,996,672.34	0.750	Aaa	AA	728	06/28/2017
3135G0PP2	11903	Federal National Mtg Assn		01/18/2013	10,000,000.00	10,027,000.00	10,015,675.98	1.000	Aaa	AA	812	09/20/2017
3135G0UH4	11906	Federal National Mtg Assn		02/22/2013	10,000,000.00	9,960,800.00	10,000,000.00	1.200	Aaa	AA	967	02/22/2018
3135G0XA6	11924	Federal National Mtg Assn		05/21/2013	10,000,000.00	9,931,600.00	10,000,000.00	1.030	Aaa	AA	1,055	05/21/2018
3135G0XK4	11927	Federal National Mtg Assn		05/30/2013	10,000,000.00	9,952,300.00	10,000,000.00	1.050	Aaa	AA	1,059	05/25/2018
3135G0WJ8	11929	Federal National Mtg Assn		05/28/2013	10,000,000.00	9,940,100.00	9,952,263.25	0.875	Aaa	AA	1,055	05/21/2018
3135G0PQ0	11948	Federal National Mtg Assn		12/04/2013	10,000,000.00	10,004,600.00	9,958,065.37	0.875	Aaa	AA	848	10/26/2017
3135G0PQ0	12007	Federal National Mtg Assn		01/12/2015	10,000,000.00	10,004,600.00	9,994,261.45	0.875	Aaa	AA	848	10/26/2017
3136FTS67	12013	Federal National Mtg Assn		02/03/2015	10,000,000.00	10,107,900.00	10,193,265.03	1.700	Aaa	AA	1,337	02/27/2019
3135G0AL7	12022	Federal National Mtg Assn		04/06/2015	10,000,000.00	10,138,300.00	10,135,841.30	2.250	Aaa	AA	258	03/15/2016
3135G0VA8	12023	Federal National Mtg Assn		04/06/2015	10,000,000.00	10,013,900.00	10,013,412.01	0.500	Aaa	AA	273	03/30/2016
3135G0YM9	12033	Federal National Mtg Assn		04/23/2015	10,000,000.00	10,215,900.00	10,256,551.76	1.875	Aaa	AA+	1,175	09/18/2018
<b>Subtotal and Average</b>			<b>589,097,376.50</b>		<b>530,000,000.00</b>	<b>531,185,500.00</b>	<b>531,302,180.47</b>				<b>730</b>	
<b>Federal Agency Disc.-GC 53601(f)</b>												
313384ML0	12027	Federal Home Loan Bank		04/09/2015	10,000,000.00	9,997,400.00	9,996,383.34	0.140			93	10/02/2015
313396LV3	12026	Freddie Mac Discount Security		04/09/2015	10,000,000.00	9,998,700.00	9,997,075.00	0.135			78	09/17/2015
<b>Subtotal and Average</b>			<b>59,328,826.99</b>		<b>20,000,000.00</b>	<b>19,996,100.00</b>	<b>19,993,458.34</b>				<b>85</b>	
<b>US Treasury Note-GC 53601(b)</b>												
912828VR8	11940	U.S. Treasury		08/29/2013	10,000,000.00	10,028,100.00	9,982,787.95	0.625	Aaa	AA	411	08/15/2016
912828UJ7	11988	U.S. Treasury		08/25/2014	10,000,000.00	10,001,600.00	9,917,936.07	0.875	Aaa	AA	945	01/31/2018
<b>Subtotal and Average</b>			<b>19,894,931.69</b>		<b>20,000,000.00</b>	<b>20,029,700.00</b>	<b>19,900,724.02</b>				<b>677</b>	
<b>Federal Agency Step Up-GC 53601(f)</b>												
3136G07K1	11886	Federal National Mtg Assn		12/06/2012	10,000,000.00	10,000,900.00	9,997,569.44	0.700	Aaa	AA	889	12/06/2017
<b>Subtotal and Average</b>			<b>9,997,446.28</b>		<b>10,000,000.00</b>	<b>10,000,900.00</b>	<b>9,997,569.44</b>				<b>889</b>	
<b>Total and Average</b>			<b>1,143,879,278.20</b>		<b>1,118,174,319.13</b>	<b>1,120,818,419.13</b>	<b>1,120,854,254.61</b>				<b>422</b>	

## Exhibit C Monterey County Historical Yields vs. Benchmarks



Quarterly Yield	FY 13/14				FY 14/15			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Monterey County	0.49	0.50	0.47	0.51	0.49	0.45	0.57	0.72
1 - 3 Yr Treasury and Agency	0.31	0.38	0.43	0.39	0.52	0.55	0.57	0.64
LAIF	0.27	0.26	0.24	0.23	0.25	0.25	0.27	0.27
S&P Rated Govt. Pool Index	0.05	0.05	0.05	0.05	0.05	0.05	0.06	0.06

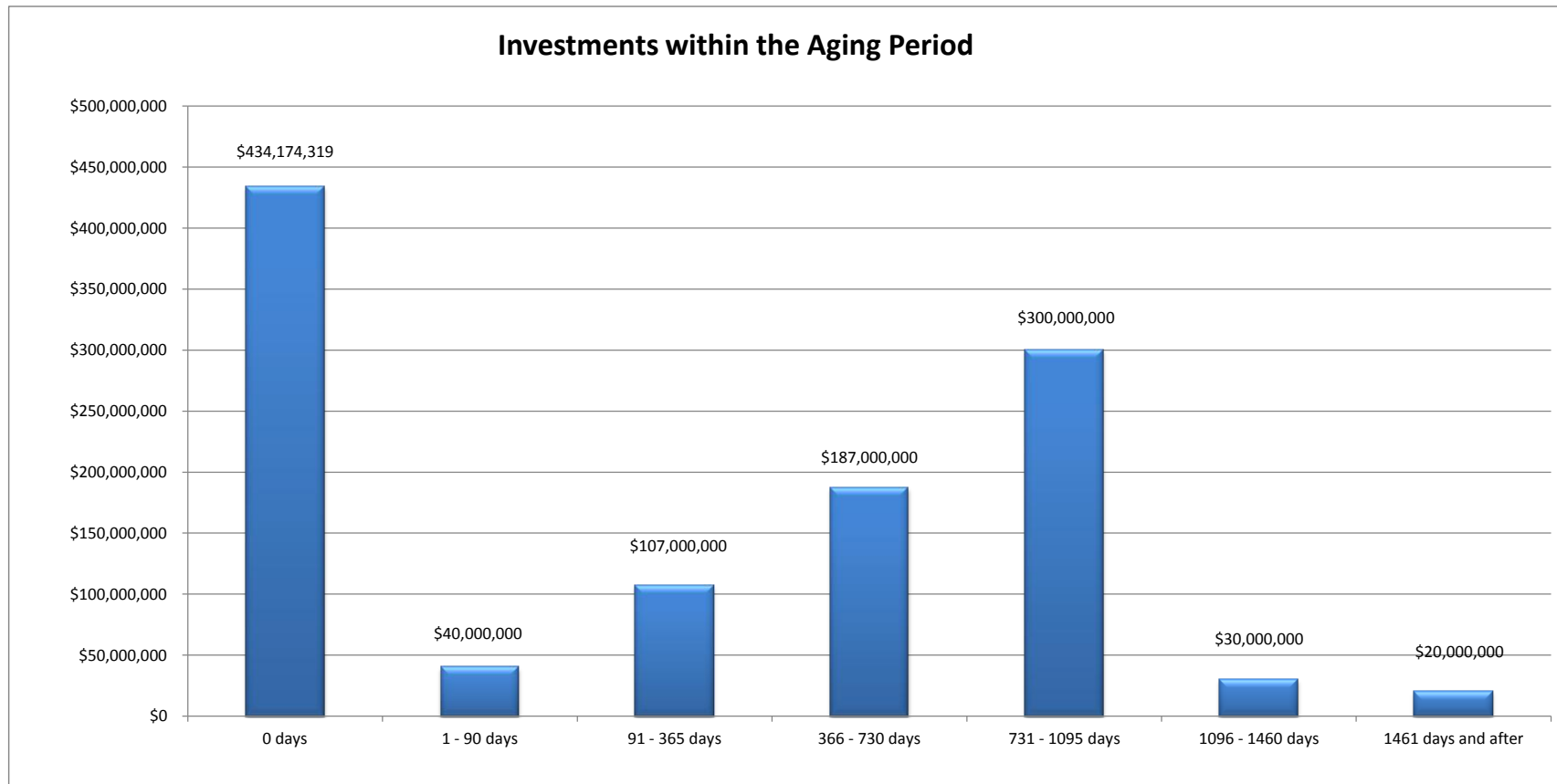
The S&P Index yields are obtained from Bloomberg

The 1-3 Yr Treas and Agy yields are obtained from the B of A Merrill Lynch Global Bond Indices/Bloomberg



**Exhibit D  
Monterey County  
Aging Report  
By Maturity Date  
As of July 1, 2015**

				Maturity Par Value	Percent of Portfolio	Current Book Value	Current Market Value
<b>Aging Interval:</b>	<b>0 days</b>	<b>07/01/2015 - 07/01/2015</b>	<b>7 Maturities</b>	<b>434,174,319.13</b>	<b>38.83%</b>	<b>434,174,319.13</b>	<b>434,174,319.13</b>
<b>Aging Interval:</b>	<b>1 - 90 days</b>	<b>07/02/2015 - 09/29/2015</b>	<b>4 Maturities</b>	<b>40,000,000.00</b>	<b>3.58%</b>	<b>39,996,726.77</b>	<b>40,000,000.00</b>
<b>Aging Interval:</b>	<b>91 - 365 days</b>	<b>09/30/2015 - 06/30/2016</b>	<b>11 Maturities</b>	<b>107,000,000.00</b>	<b>9.57%</b>	<b>107,408,309.25</b>	<b>107,405,610.00</b>
<b>Aging Interval:</b>	<b>366 - 730 days</b>	<b>07/01/2016 - 06/30/2017</b>	<b>21 Maturities</b>	<b>187,000,000.00</b>	<b>16.72%</b>	<b>187,704,930.43</b>	<b>188,012,090.00</b>
<b>Aging Interval:</b>	<b>731 - 1095 days</b>	<b>07/01/2017 - 06/30/2018</b>	<b>30 Maturities</b>	<b>300,000,000.00</b>	<b>26.83%</b>	<b>301,241,865.93</b>	<b>300,835,600.00</b>
<b>Aging Interval:</b>	<b>1096 - 1460 days</b>	<b>07/01/2018 - 06/30/2019</b>	<b>3 Maturities</b>	<b>30,000,000.00</b>	<b>2.68%</b>	<b>30,469,787.99</b>	<b>30,511,800.00</b>
<b>Aging Interval:</b>	<b>1461 days and after</b>	<b>07/01/2019 -</b>	<b>2 Maturities</b>	<b>20,000,000.00</b>	<b>1.79%</b>	<b>19,858,315.11</b>	<b>19,879,000.00</b>
<b>Total for</b>			<b>78 Investments</b>	<b>1,118,174,319.13</b>	<b>100.00</b>	<b>1,120,854,254.61</b>	<b>1,120,818,419.13</b>



# Exhibit E

## INVESTMENT POLICY Treasurer-Tax Collector County of Monterey

### 1.0 Policy.

It is the policy of the Treasurer-Tax Collector of Monterey County to invest public funds in a manner which provides for the safety of the funds on deposit, the cash flow demands, or liquidity needs of the treasury pool participants, and the highest possible yield after first considering the first two objectives of safety and liquidity. In addition, it is the Treasurer-Tax Collector's policy to invest all funds in strict conformance with all state statutes governing the investment of public monies.

### 2.0 Scope.

This Investment Policy applies to all financial assets of the Treasury Pool participants. The Policy does not apply to bond proceeds, which are governed by their respective bond documents. These funds are accounted for in the annual Financial Reports of the County and each of the Treasury Pool's participating agencies.

**2.1 Participating Agencies.** Participants in the Treasurer's Investment Pool shall be limited to the County of Monterey, school districts within Monterey County and those special districts, which, by statute, maintain depository authority with the County Treasurer.

**2.2 Outside Agency Participation.** It is the Treasurer's policy to prohibit any voluntary agency participation in the treasury pool.

### 3.0 Prudence.

The County Treasurer is a trustee and therefore a fiduciary subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds, the County Treasurer 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 county and the other depositors. Within the limitations of this section and considering individual investments as part of an overall investment strategy, a trustee is authorized to acquire investments as authorized by law. Nothing in this Chapter is intended to grant investment authority to any person or governing body except as provided in Sections 53601 and 53607 of the Government Code.

### 4.0 Objectives.

The primary objectives, in priority order, of the County of Monterey's investment activities shall be:

**4.1 ~~Safety~~-Safety of Ppincipal.** Investments of the County shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses do not exceed the income generated from the remainder of the portfolio.

**4.2 Liquidity.** The investment portfolio shall remain sufficiently liquid to enable all depositors to meet all expenditure requirements that might be reasonably anticipated. A minimum of 30% of the invested assets, including cash held in commercial bank accounts, shall be kept in ~~overnight~~ liquid assets **having a maturity of one (1) year or less**. In the event that unforeseen cash-flow fluctuations temporarily cause the ratio of ~~overnight~~ liquid assets to decline below 30% of the portfolio balance, no new investments will be made until the minimum ratio is restored.

**4.3 Return on Investment.** The County's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the County's investment risk constraints and the cash flow characteristics of the portfolio.

## **5.0 Delegation of Authority.**

Subject to amended delegation by the Board of Supervisors pursuant to Government Code Section 53607, the Treasurer-Tax Collector is authorized to manage the Monterey County investment program. The Treasurer-~~Tax~~ Collector shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures should include reference to: safekeeping, master repurchase agreements, funds transfer agreements, collateral/ depository agreements and banking service contracts. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer-Tax Collector. The Treasurer- Tax Collector shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

## **6.0 Conflict of Interest.**

Pursuant to Article 2 (commencing with Section 87200) of Chapter 7 of Title 9 of the Government Code and the regulations of the Fair Political Practices Commission enacted pursuant thereto, the Treasurer-Tax Collector shall ~~disclose his~~ investments, interests in real properties, and any income received during the immediately preceding 12 months. Such disclosure shall be in writing, and shall be filed with the officer designated by law within the time periods specified by law.

**6.1 Acceptance of Gifts.** The Treasurer-Tax Collector and all deputized

departmental staff are prohibited from accepting any monetary or in-kind gift from any broker, dealer, or firm doing business or seeking to do business with the Monterey County Treasurer.

## 7.0 Authorized Dealers and Institutions.

The Treasurer-Tax Collector will maintain a list of broker/dealers and institutions authorized to provide investment services. Repurchase agreements and reverse repurchase agreements shall only be made with primary dealers designated by the Federal Reserve Bank. The Treasurer-Tax Collector may impose additional qualifications of brokers and their firms in order to ensure professionalism and suitability. At a minimum, all broker/dealers and/or financial institutions authorized to provide investment services to Monterey County shall meet the following criteria:

~~For e~~ Commercial banks and savings institutions, must be authorized as insured with the FDIC, SIPC, or NCUA (credit unions), as applicable.

a) Must hold an active corporate registered status with the Secretary of State (California), or an out-of-state counterpart agency.

~~be~~3. Commercial banks and savings institutions used for deposits, must be a state or national bank, savings association or federal association, a state or federal credit union, or a federally insured industrial loan company, in this state

~~cd~~4. Must be an active member of the Financial Industry Regulatory Authority.

**7.1 Limitations on Political Contributions.** Pursuant to Government Code Section 27133 (c), the Treasurer-Tax Collector shall not select for business any broker, brokerage, dealer, or securities firm that has made a political contribution within the last four years in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the County Treasurer, any member of the Monterey County Board of Supervisors, or any candidate for those offices.

## 8.0 Authorized and Suitable Investments.

The Treasurer-Tax Collector of Monterey County may invest in any security within the limits authorized by Section 53601 and 53635 of the Government Code of the State of California, and within the limits of any other Government Code Statute that permits public agency investment in various securities or participation in investment trading techniques or strategies. Permissible investments are detailed in Appendix A.

**8.1 Limitations.** The Treasurer shall not invest in any security, which, by its structure, term or other characteristics, has the possibility of returning a zero or negative yield or could be subject to a loss of principal at the time such security has attained its maturity date. Investments shall not be made in inverse floaters, range notes, and interest-only strips.

**8.2 Reverse Repurchase Agreements.** Any reverse repurchase agreement shall have a maximum maturity of 92 days, and the proceeds shall not be invested beyond



the expiration of the reverse repurchase agreement. The maximum amount of Reverse Repurchase Agreements shall be limited to 20% of the portfolio's book value on the date of the transaction.

**8.3 Securities Lending.** The Treasurer may engage in securities lending programs through nationally recognized counter parties, with a 20% restriction based on the portfolio's book value on the date of the transaction. Instruments involved in a securities lending program are restricted to U.S. Treasuries and Federal Agency securities as described in Government Code Section 53635 and the County Investment Policy. Notification of collateral substitution is required.

**8.4 Maximum Credit Exposure.** The Treasurer shall limit the investments in any single issuer, regardless of the combination of asset class; to no more than 10% of the portfolio's ~~twelve-month-projected minimum size~~ book value on the date of the transaction. Obligations of the United States Treasury and its Agencies are exempted from this restriction. Pooled funds such as LAIF, CAMP, CalTrust, and money market funds have other specific limitations as described in Appendix A.

**8.5 Maximum Dollar Limits.** The Treasurer shall limit investments to specific maximum dollar limits by issuer as detailed in Appendix A. In the case of investments outside the core portfolio, maximum dollar limits shall apply to each separate investment.

## 9.0 Safekeeping and Custody.

All security transactions, including collateral for repurchase agreements, shall be conducted on a delivery-versus-payment basis. Securities shall be held by a third-party custodian designated by the Treasurer-Tax Collector and evidenced by safekeeping receipts and tri-party master repurchase agreements. Securities acquired through reverse repurchase agreement transactions may be held as collateral by primary dealers acting as counter-parties.

## 10.0 Investments Outside Core Portfolio

The Treasurer will accept funds for investment outside of the core pooled portfolio (custom invested funds) from depository agencies who also deposit their operating fund in the core portfolio under the following criteria:

- a) the funds represent proceeds of bonds, other forms of indebtedness, or special purpose funds not required for normal operating expenses, and
- b) the funds represent new or additional assets of the agency that were not previously invested in the Monterey County Investment Pool, or under other conditions approved by the Treasurer, and
- c) the funds may be transferred to the core portfolio upon mutual agreement

between the depository agency and the Monterey County Treasurer. Any such transfer will reflect the market value of any securities sold prior to their maturity, where the underlying funds cannot be transferred back to a custom investment outside the core portfolio unless approved by the Treasurer, and

d) funds may be transferred to the Monterey County Treasurer's operating (checking) account for further disbursement provided the funds originate from: maturing securities; overnight ~~liquid~~ funds; sold securities subject to ~~subsection 10 (c)9.5(e)~~ above, and associated earned income on those funds, and

e) within 7 business days prior to the maturity of any security the depository agency shall inform the Monterey County Treasurer of the desired disposition of such maturing assets to include, rollover to a new asset, transfer to the core portfolio, or transfer to the Monterey County Treasurer's operating account subject to the conditions in ~~109.5~~ (a) through (f) inclusive, and

f) any earned income on "custom invested funds" will be segregated from the core portfolio and deposited to an overnight ~~liquid~~-fund designated specifically for such income. Any liquidation or transfer of the underlying asset will invoke a corresponding transfer of the associated earned income.

### **11.0 Criteria for Withdrawal of Funds from the Treasury Investment Pool – Section 27136 and Section 27133 (h) - Government Code.**

An agency with funds on deposit in the County Treasury where such funds may statutorily be invested outside of the County Treasury may apply for a withdrawal of those funds. Pursuant to Government Code Sections 27133 (h) and 27136, the County Treasurer shall evaluate each proposal for withdrawal of funds. The Treasurer's evaluation shall assess the effect of a proposed withdrawal on the stability and predictability of the investments in the County treasury pool. In addition, and prior to any withdrawal, the Treasurer shall find that the proposed withdrawal will not adversely affect the interests of the other depositors in the treasury pool.

All applications for withdrawal must be submitted by a Resolution of the depository agency at least 30 days in advance of the anticipated date of withdrawal. Resolutions for withdrawal shall include:

- a. a statement of the purpose for withdrawal
- b. the date(s) and amount(s) of funds to be withdrawn
- c. a certification that funds withdrawn from the county pool shall be managed by the applicant agency and that withdrawn funds shall not be returned for future investment by the County Treasurer for a term of one year, and
- d. an acknowledgement that the value of any funds withdrawn from the ~~e~~County ~~€~~Treasury shall reflect their most recent quarterly asset valuation as reported by the Treasurer.

The Treasurer shall provide an applicant agency a written response within 15 days from receipt of the application. The Treasurer's determination shall be final.

## **12.0 Maximum Maturities.**

Any non-marketable investments, such as time deposits, should not exceed a two-year maturity. In addition, no specific investment shall have a term remaining to maturity in excess of five years except under the following circumstance, and subject to specific approval of the Board of Supervisors at least 90-days in advance of purchasing investments:

**Other special purpose investments** where the maturity term is not integral to short term cash flow needs.

**12.1 Weighted Average Maturity.** The weighted average maturity of the overall portfolio shall not exceed two years.

**12.2 Money Market Fund.** The maximum maturity of investments in a money market fund shall not exceed 397 days, and the weighted average maturity of the fund shall not exceed 60 days. A Money Market Fund shall not comprise more than 10% of the portfolio's book value on the date investments are made; maximum investment in all Money Market Funds, as described in Government Code Section 53635(~~+~~) shall not exceed 20% of the portfolio's book value on the date that investments are made.

## **13.0 Audits.**

The Monterey County investment portfolio shall be subject to a process of independent review by the Auditor-Controller's internal auditor. The County's external auditors shall review the investment portfolio in connection with the annual county audit and requirements of the Governmental Accounting Standards Board.

**13.1 Compliance Audit** Pursuant to Government Code Section 27134, the County Treasury Oversight Committee shall cause an annual audit to be conducted to determine the County Treasurer's compliance with Article 6, Chapter 5 of Division 2 of Title 3 of the Government Code.

## **14.0 Performance Standards.**

The investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account the County's investment risk constraints and cash flow needs.

## **15.0 Investment Policy Adoption.**

The Treasurer-Tax Collector of Monterey County shall submit the Investment Policy to the Board of Supervisors for adoption at least annually.

**15.1 Policy Amendments.** As the California Government Code pertaining to investments is amended, this policy shall likewise become amended and adopted by the Board of Supervisors. Other amendments may be recommended periodically by the Treasurer-Tax Collector.

### **16.0 Reporting.**

Pursuant to Government Code Section 53646 (b) the Treasurer-Tax Collector may provide quarterly investment reports to the Board of Supervisors, Treasury Oversight Committee, and all pool participants. The report shall include a listing of all securities held in the portfolio. Such listing shall include investment description, maturity date, par, amortized book value and market values, and a risk measurement standard such as duration, along with a certification concerning the portfolio's available liquidity to meet expenditure requirements for the next succeeding reporting period. ~~and disclosure of the method used to apportion investment interest.~~

### **17.0 Allocation of Investment Cost.**

The costs of investing, banking, and cash management as budgeted annually and applied quarterly shall be assessed to depositing agencies at the time of quarterly interest apportionment by the County Auditor-Controller, and in accordance with Government Code statutes. Depositing agencies will receive net revenue after pro rata application of costs that correspond to a basis point reduction to earned interest rates.

When actual annual costs of investing are determined, any differences from budgeted amounts shall be included in an adjusting interest allocation by the Auditor-Controller

### **18.0 Treasury Oversight Committee**

A Treasury Oversight Committee nominated by the County Treasurer and confirmed by the Board of Supervisors shall provide oversight through periodic review of the Investment Policy and compliance with such policy. The Treasury Oversight Committee, pursuant to Government Code Section 27130 et seq; shall consist of 6 members including: the Treasurer-Tax Collector, the County Administrative Officer or his/her designee: the County Superintendent of Schools, or his/her designee, a representative of the governing bodies of County School Districts, a representative of the legislative bodies of County Special Districts that are authorized depositors in the County Treasury, and a member of the public. The committee shall meet at least annually, or as needed, and shall review the Investment Policy and report on compliance with such policy.

**18.1 Establishment of Treasury Oversight Committee.** Pursuant to Section 27130 et seq; of the Government Code, the Monterey County Treasury Oversight Committee ~~is~~was established. The committee shall be subject to the provisions of the Political Reform Act of 1974, as amended (Government Code Sections 8100 et seq).

**18.2 Brown Act** Pursuant to Government Code Section 27132.4, Committee meetings shall be open to the public and subject to the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of part 1 of Division 2 of Title 5).

**18.3 Membership Prohibitions** Pursuant to Government Code Section 27132.2, no member of the committee shall directly or indirectly raise money for a candidate for local Treasurer or a member of the governing board of any local agency that has deposited funds in the County Treasury while a member of the committee.

Pursuant to Government Code Section 27132.3, a member of the Treasury Oversight Committee may not secure employment with, or be employed by, bond underwriters, bond ~~covered~~counsel, security brokersages or dealers or financial services firms, with whom the Treasurer is doing business during the period that the person is a member of the Committee or for one year after leaving the Committee.

APPENDIX A  
Authorized Investments County General Pool

Instrument	Maximum Maturity	County Restriction	Max %/ Dollar Limit
California State Treasurer's Local Agency Investment Fund	N/A	N/A	\$50,000,000 (per account or as approved by the State Treasurer for bond/note proceeds)
California Asset Management Program	N/A	N/A	20%
CalTrust	N/A	N/A	20%
Bonds, including revenue bonds, issued by the County, its Agencies, or authorities	5 years	N/A	10% limit issuer (*)
U.S. Treasury notes, bonds, bills, or certificates of indebtedness bearing a full faith and credit pledge	5 years	N/A	N/A
Registered warrants, notes, and bonds, including revenue bonds, of the State of California and all other 49 <sup>(1)</sup>	5 years	N/A	10% limit issuer (*)
Bonds, notes, warrants, and other evidences of indebtedness issued by any local agency within California, including revenue bonds <sup>(1)</sup>	5 years	N/A	10% limit issuer (*)
Obligations of federal agencies and United States government-sponsored enterprises	5 years	N/A	N/A
Bankers acceptances <sup>(2)</sup>	180 days	N/A	40% (*)
Prime commercial paper of domestic issuers with assets in excess of \$500 million <sup>(2)</sup>	270 days	N/A	40% (*)
Negotiable certificates of deposit issued by domestic banks, associations, and state- chartered branches of foreign banks <sup>(1)</sup>	5 years	N/A	30% (*)
Reverse repurchase agreements and Securities Lending	92 days matched maturities	<del>N/A</del> 20%	N/A
Repurchase agreements	1 year	20%	N/A
Medium term notes issued by domestic corporations and depository institutions <sup>(3)</sup> <del>rated "A" or higher at time of purchase</del>	5 years	No inverse floating rate instruments	30% (*)
Money market mutual funds	N/A	N/A	20% Total all funds 10% any one fund
<del>Collateralized deposits and investment contracts</del>	<del>5 years</del>	<del>N/A</del>	<del>10% limit issuer (*)</del>
Securitized pass through instruments rated "A" or higher, from an issuer rated "AA" or higher at time of purchase	5 years	N/A	20% (*)
<del>U.S. dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, and eligible for purchase and sale within the U.S. <sup>(4)</sup></del>	<del>5 years</del>	<del>N/A</del>	<del>30%</del>
Overall portfolio weighted average maturity	2 years	-----	-----

\*Total exposure of all asset classes to any single issuer shall not exceed 10% of the 12-mo projected minimum size of the portfolio.

(1) which are rated by a nationally recognized statistical rating organization (NRSRO) as "A" or better for securities longer than one year and "A-1" or better for securities under one year

(2) which are rated by an NRSRO as "A-1" or better

(3) which are rated by an NRSRO as "A" or better at the time of purchase

(2)(4) which are rated by an NRSRO as "AA" or better

**Exhibit F****INVESTMENT POLICY****Treasurer-Tax Collector  
County of Monterey****1.0 Policy**

It is the policy of the Treasurer-Tax Collector of Monterey County to invest public funds in a manner which provides for the safety of the funds on deposit, the cash flow demands, or liquidity needs of the treasury pool participants, and the highest possible yield after first considering the first two objectives of safety and liquidity. In addition, it is the Treasurer-Tax Collector's policy to invest all funds in strict conformance with all state statutes governing the investment of public monies.

**2.0 Scope**

This Investment Policy applies to all financial assets of the Treasury Pool participants. The Policy does not apply to bond proceeds, which are governed by their respective bond documents. These funds are accounted for in the annual Financial Reports of the County and each of the Treasury Pool's participating agencies.

**2.1 Participating Agencies**

Participants in the Treasurer's Investment Pool shall be limited to the County of Monterey, school districts within Monterey County and those special districts, which, by statute, maintain depository authority with the County Treasurer.

**2.2 Outside Agency Participation**

It is the Treasurer's policy to prohibit any voluntary agency participation in the treasury pool.

**3.0 Prudence**

The County Treasurer is a trustee and therefore a fiduciary subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds, the County Treasurer 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 county and the other depositors. Within the limitations of this section and considering individual investments as part of an overall investment strategy, a trustee is authorized to acquire investments as authorized by law. Nothing in this Chapter is intended to grant investment authority to any person or governing body except as provided in Sections 53601 and 53607 of the Government Code.

**Exhibit F****4.0 Objectives**

The primary objectives, in priority order, of the County of Monterey's investment activities shall be:

**4.1 Safety of Principal**

Investments of the County shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses do not exceed the income generated from the remainder of the portfolio.

**4.2 Liquidity**

The investment portfolio shall remain sufficiently liquid to enable all depositors to meet all expenditure requirements that might be reasonably anticipated. A minimum of 30% of the invested assets, including cash held in commercial bank accounts, shall be kept in assets having a maturity of one (1) year or less. In the event that unforeseen cash-flow fluctuations temporarily cause the ratio of liquid assets to decline below 30% of the portfolio balance, no new investments will be made until the minimum ratio is restored.

**4.3 Return on Investment**

The County's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the County's investment risk constraints and the cash flow characteristics of the portfolio.

**5.0 Delegation of Authority**

Subject to amended delegation by the Board of Supervisors pursuant to Government Code Section 53607, the Treasurer-Tax Collector is authorized to manage the Monterey County investment program. The Treasurer-Tax Collector shall establish written procedures for the operation of the investment program consistent with this investment policy.

Procedures should include reference to: safekeeping, master repurchase agreements, funds transfer agreements, collateral/ depository agreements and banking service contracts. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer-Tax Collector. The Treasurer-Tax Collector shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

**6.0 Conflict of Interest**

Pursuant to Article 2 (commencing with Section 87200) of Chapter 7 of Title 9 of the Government Code and the regulations of the Fair Political Practices Commission enacted pursuant thereto, the Treasurer-Tax Collector shall disclose investments, interests in real properties, and any income received during the immediately preceding 12 months. Such disclosure shall be in writing, and shall be filed with the officer designated by law within the time periods specified by law.



**Exhibit F****6.1 Acceptance of Gifts**

The Treasurer-Tax Collector and all deputized departmental staff are prohibited from accepting any monetary or in-kind gift from any broker, dealer, or firm doing business or seeking to do business with the Monterey County Treasurer.

**7.0 Authorized Dealers and Institutions**

The Treasurer-Tax Collector will maintain a list of broker/dealers and institutions authorized to provide investment services. Repurchase agreements and reverse repurchase agreements shall only be made with primary dealers designated by the Federal Reserve Bank. The Treasurer-Tax Collector may impose additional qualifications of brokers and their firms in order to ensure professionalism and suitability. At a minimum, all broker/dealers and/or financial institutions authorized to provide investment services to Monterey County shall meet the following criteria:

- a. Commercial banks and savings institutions must be authorized as insured with the FDIC, SIPC, or NCUA (credit unions), as applicable.
- b. Must hold an active corporate registered status with the Secretary of State (California), or an out-of-state counterpart agency.
- c. Commercial banks and savings institutions used for deposits, must be a state or national bank, savings association or federal association, a state or federal credit union, or a federally insured industrial loan company, in this state
- d. Must be an active member of the Financial Industry Regulatory Authority.

**7.1 Limitations on Political Contributions**

Pursuant to Government Code Section 27133 (c), the Treasurer-Tax Collector shall not select for business any broker, brokerage, dealer, or securities firm that has made a political contribution within the last four years in an amount exceeding the limitations contained in Rule G-37 of the Municipal Securities Rulemaking Board, to the County Treasurer, any member of the Monterey County Board of Supervisors, or any candidate for those offices.

**8.0 Authorized and Suitable Investments.**

The Treasurer-Tax Collector of Monterey County may invest in any security within the limits authorized by Section 53601 and 53635 of the Government Code of the State of California, and within the limits of any other Government Code Statute that permits public agency investment in various securities or participation in investment trading techniques or strategies. Permissible investments are detailed in Appendix A.

**8.1 Limitations**

The Treasurer shall not invest in any security, which, by its structure, term or other characteristics, has the possibility of returning a zero or negative yield or could be subject to a loss of principal at the time such security has attained its maturity date. Investments shall not be made in inverse floaters, range notes, and interest-only strips.

**Exhibit F****8.2 Reverse Repurchase Agreements**

Any reverse repurchase agreement shall have a maximum maturity of 92 days, and the proceeds shall not be invested beyond the expiration of the reverse repurchase agreement. The maximum amount of Reverse Repurchase Agreements shall be limited to 20% of the portfolio's book value on the date of the transaction.

**8.3 Securities Lending**

The Treasurer may engage in securities lending programs through nationally recognized counter parties, with a 20% restriction based on the portfolio's book value on the date of the transaction. Instruments involved in a securities lending program are restricted to U.S. Treasuries and Federal Agency securities as described in Government Code Section 53635 and the County Investment Policy. Notification of collateral substitution is required.

**8.4 Maximum Credit Exposure**

The Treasurer shall limit the investments in any single issuer, regardless of the combination of asset class; to no more than 10% of the portfolio's book value on the date of the transaction. Obligations of the United States Treasury and its Agencies are exempted from this restriction. Pooled funds such as LAIF, CAMP, CalTrust, and money market funds have other specific limitations as described in Appendix A.

**8.5 Maximum Dollar Limits**

The Treasurer shall limit investments to specific maximum dollar limits by issuer as detailed in Appendix A. In the case of investments outside the core portfolio, maximum dollar limits shall apply to each separate investment.

**9.0 Safekeeping and Custody**

All security transactions, including collateral for repurchase agreements, shall be conducted on a delivery-versus-payment basis. Securities shall be held by a third-party custodian designated by the Treasurer-Tax Collector and evidenced by safekeeping receipts and tri-party master repurchase agreements. Securities acquired through reverse repurchase agreement transactions may be held as collateral by primary dealers acting as counter-parties.

**10.0 Investments Outside Core Portfolio**

The Treasurer will accept funds for investment outside of the core pooled portfolio (custom invested funds) from depository agencies who also deposit their operating fund in the core portfolio under the following criteria:

- a. the funds represent proceeds of bonds, other forms of indebtedness, or special purpose funds not required for normal operating expenses, and
- b. the funds represent new or additional assets of the agency that were not previously invested in the Monterey County Investment Pool, or under other conditions approved by the Treasurer, and
- c. the funds may be transferred to the core portfolio upon mutual agreement between the depository agency and the Monterey County Treasurer. Any such transfer will

**Exhibit F**

reflect the market value of any securities sold prior to their maturity, where the underlying funds cannot be transferred back to a custom investment outside the core portfolio unless approved by the Treasurer, and

- d. funds may be transferred to the Monterey County Treasurer's operating (checking) account for further disbursement provided the funds originate from: maturing securities; overnight funds; sold securities subject to subsection 10 (c.) above, and associated earned income on those funds, and
- e. within 7 business days prior to the maturity of any security the depository agency shall inform the Monterey County Treasurer of the desired disposition of such maturing assets to include, rollover to a new asset, transfer to the core portfolio, or transfer to the Monterey County Treasurer's operating account subject to the conditions in 10 (a.) through (f.) inclusive, and
- f. any earned income on "custom invested funds" will be segregated from the core portfolio and deposited to an overnight fund designated specifically for such income. Any liquidation or transfer of the underlying asset will invoke a corresponding transfer of the associated earned income.

**11.0 Criteria for Withdrawal of Funds from the Treasury Investment Pool – Section 27136 and Section 27133 (h) - Government Code**

An agency with funds on deposit in the County Treasury where such funds may statutorily be invested outside of the County Treasury may apply for a withdrawal of those funds. Pursuant to Government Code Sections 27133 (h) and 27136, the County Treasurer shall evaluate each proposal for withdrawal of funds. The Treasurer's evaluation shall assess the effect of a proposed withdrawal on the stability and predictability of the investments in the County treasury pool. In addition, and prior to any withdrawal, the Treasurer shall find that the proposed withdrawal will not adversely affect the interests of the other depositors in the treasury pool.

All applications for withdrawal must be submitted by a Resolution of the depository agency at least 30 days in advance of the anticipated date of withdrawal. Resolutions for withdrawal shall include:

- a. a statement of the purpose for withdrawal
- b. the date(s) and amount(s) of funds to be withdrawn
- c. a certification that funds withdrawn from the county pool shall be managed by the applicant agency and that withdrawn funds shall not be returned for future investment by the County Treasurer for a term of one year, and
- d. an acknowledgement that the value of any funds withdrawn from the County Treasury shall reflect their most recent quarterly asset valuation as reported by the Treasurer.

The Treasurer shall provide an applicant agency a written response within 15 days from receipt of the application. The Treasurer's determination shall be final.

**Exhibit F****12.0 Maximum Maturities**

Any non-marketable investments, such as time deposits, should not exceed a two-year maturity. In addition, no specific investment shall have a term remaining to maturity in excess of five years except under the following circumstance, and subject to specific approval of the Board of Supervisors at least 90-days in advance of purchasing investments:

**Other special purpose investments** where the maturity term is not integral to short term cash flow needs.

**12.1 Weighted Average Maturity**

The weighted average maturity of the overall portfolio shall not exceed two years.

**12.2 Money Market Fund**

The maximum maturity of investments in a money market fund shall not exceed 397 days, and the weighted average maturity of the fund shall not exceed 60 days. A Money Market Fund shall not comprise more than 10% of the portfolio's book value on the date investments are made; maximum investment in all Money Market Funds, as described in Government Code Section 53635 shall not exceed 20% of the portfolio's book value on the date that investments are made.

**13.0 Audits**

The Monterey County investment portfolio shall be subject to a process of independent review by the Auditor-Controller's internal auditor. The County's external auditors shall review the investment portfolio in connection with the annual county audit and requirements of the Governmental Accounting Standards Board.

**13.1 Compliance Audit**

Pursuant to Government Code Section 27134, the County Treasury Oversight Committee shall cause an annual audit to be conducted to determine the County Treasurer's compliance with Article 6, Chapter 5 of Division 2 of Title 3 of the Government Code.

**14.0 Performance Standards**

The investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account the County's investment risk constraints and cash flow needs.

**15.0 Investment Policy Adoption**

The Treasurer-Tax Collector of Monterey County shall submit the Investment Policy to the Board of Supervisors for adoption at least annually.

**15.1 Policy Amendments**

As the California Government Code pertaining to investments is amended, this policy shall likewise become amended and adopted by the Board of Supervisors.

**Exhibit F**

Other amendments may be recommended periodically by the Treasurer-Tax Collector.

**16.0 Reporting**

Pursuant to Government Code Section 53646 (b) the Treasurer-Tax Collector may provide quarterly investment reports to the Board of Supervisors, Treasury Oversight Committee, and all pool participants. The report shall include a listing of all securities held in the portfolio. Such listing shall include investment description, maturity date, par, amortized book value and market values, and a risk measurement standard such as duration, along with a certification concerning the portfolio's available liquidity to meet expenditure requirements for the next succeeding reporting period.

**17.0 Allocation of Investment Cost**

The costs of investing, banking, and cash management as budgeted annually and applied quarterly shall be assessed to depositing agencies at the time of quarterly interest apportionment by the County Auditor-Controller, and in accordance with Government Code statutes. Depositing agencies will receive net revenue after pro rata application of costs that correspond to a basis point reduction to earned interest rates.

When actual annual costs of investing are determined, any differences from budgeted amounts shall be included in an adjusting interest allocation by the Auditor-Controller.

**18.0 Treasury Oversight Committee**

A Treasury Oversight Committee nominated by the County Treasurer and confirmed by the Board of Supervisors shall provide oversight through periodic review of the Investment Policy and compliance with such policy. The Treasury Oversight Committee, pursuant to Government Code Section 27130 et seq; shall consist of 6 members including: the Treasurer-Tax Collector, the County Administrative Officer or his/her designee: the County Superintendent of Schools, or his/her designee, a representative of the governing bodies of County School Districts, a representative of the legislative bodies of County Special Districts that are authorized depositors in the County Treasury, and a member of the public. The committee shall meet at least annually, or as needed, and shall review the Investment Policy and report on compliance with such policy.

**18.1 Establishment of Treasury Oversight Committee**

Pursuant to Section 27130 et seq; of the Government Code, the Monterey County Treasury Oversight Committee was established. The committee shall be subject to the provisions of the Political Reform Act of 1974, as amended (Government Code Sections 8100 et seq).

**18.2 Brown Act**

Pursuant to Government Code Section 27132.4, Committee meetings shall be open to the public and subject to the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of part 1 of Division 2 of Title 5).

**Exhibit F**

**18.3 Membership Prohibitions**

Pursuant to Government Code Section 27132.2, No member of the committee shall directly or indirectly raise money for a candidate for local Treasurer or a member of the governing board of any local agency that has deposited funds in the County Treasury while a member of the committee.

Pursuant to Government Code Section 27132.3, a member of the Treasury Oversight Committee may not secure employment with, or be employed by, bond underwriters, bond counsel security brokerages or dealers or financial services firms, with whom the Treasurer is doing business during the period that the person is a member of the Committee or for one year after leaving the Committee.

**APPENDIX A**  
**Authorized Investments County General Pool**

<b>Instrument</b>	<b>Maximum Maturity</b>	<b>County Restriction</b>	<b>Max %/ Dollar Limit</b>
California State Treasurer's Local Agency Investment Fund	N/A	N/A	\$50,000,000 (per account or as approved by the State Treasurer for bond/note proceeds)
California Asset Management Program	N/A	N/A	20%
CalTrust	N/A	N/A	20%
Bonds, including revenue bonds, issued by the County, its Agencies, or authorities	5 years	N/A	10% limit issuer
U.S. Treasury notes, bonds, bills, or certificates of indebtedness bearing a full faith and credit pledge	5 years	N/A	N/A
Registered warrants, notes, and bonds, including revenue bonds, of the State of California and all other 49 states <sup>(1)</sup>	5 years	N/A	10% limit issuer
Bonds, notes, warrants, and other evidences of indebtedness issued by any local agency within California, including revenue bonds <sup>(1)</sup>	5 years	N/A	10% limit issuer
Obligations of federal agencies and United States government-sponsored enterprises	5 years	N/A	N/A
Bankers acceptances <sup>(2)</sup>	180 days	N/A	40%
Prime commercial paper of domestic issuers with assets in excess of \$500 million <sup>(2)</sup>	270 days	N/A	40%
Negotiable certificates of deposit issued by domestic banks, associations, and state-chartered branches of foreign banks <sup>(1)</sup>	5 years	N/A	30%
Reverse repurchase agreements and Securities Lending	92 days matched maturities	20%	N/A
Repurchase agreements	1 year	20%	N/A
Medium term notes issued by domestic corporations and depository institutions <sup>(3)</sup>	5 years	No inverse floating rate instruments	30%
Money market mutual funds	N/A	N/A	20% Total all funds 10% any one fund
Securitized pass through instruments rated "A" or higher, from an issuer rated "AA" or higher at time of purchase	5 years	N/A	20%
U.S. dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank, and eligible for purchase and sale within the U.S. <sup>(4)</sup>	5 years	N/A	30%
Overall portfolio weighted average maturity	2 years	----	----

(1) which are rated by a nationally recognized statistical rating organization (NRSRO) as "A" or better for securities longer than one year and "A-1" or better for securities under one year

(2) which are rated by an NRSRO as "A-1" or better

(3) which are rated by an NRSRO as "A" or better at the time of purchase

(4) which are rated by an NRSRO as "AA" or better