

**Outline**

I.) Modifications to the layout:

1. Created a table to better display the investment options.
2. Modified the headings for clarity
  - a. “Permitted Investments” changed to “Authorized Investments”
  - b. “Maximum Percentage/Portfolio” changed to “Maximum % of Portfolio”
  - c. Changed “Term” to “Maximum Term”
3. Added “Credit Quality” column for quick reference vs. current reference to the law.

II.) Changes and additions to the “Authorized Investments.” Notes pursuant to each specific instrument are located below each item in blue text.

Authorized Investments	Maximum % of Portfolio	Purchase Restrictions	Maximum Term	Credit Quality
U.S. Treasury Notes	100%	None	5 Years	Guaranteed by U.S. Government
U.S. Treasury Bonds	100%	None	5 Years	Guaranteed by U.S. Government
U.S. Treasury Bills	100%	None	5 Years	Guaranteed by U.S. Government
Cash Management Bills	100%	None	5 Years	Guaranteed by U.S. Government
Broke out each type of U.S. Treasury Obligation for clarification. Changed holdings from unlimited to 100% – meaning these instruments could make up 100% of the portfolio as opposed to unlimited % again for clarification.				
U.S. Federal Agency or U.S. Government Sponsored Enterprise (GSE) obligations	100%	No more than 25% of portfolio in any one Federal Agency*	5 Years	Guaranteed by U.S. Government
Specified “U.S. Federal Agency” and added “GSE” as opposed to just “Agencies” to better align with Government Code. Specified 100% holding vs. unlimited as with Treasury Obligations above. Increased percentage of portfolio allowable with a given agency from 5% to 25% to provide more availability with a given Agency due to yield spread among the available obligations. Government Code permits up to 100%. Extended maximum term from 3 years to 5 years pursuant to Government Code to allow flexibility to potentially lock in to higher yields for longer term.				

<b>Money Market Mutual Funds</b>	20%	No more than 10% of portfolio with any one issuer*, must maintain consistent net asset value (NAV) of \$1	Daily Liquidity	Rating category of AAA quality equivalent or better by two or more Nationally Recognized Statistical Ratings Organizations (NRSRO) or Advisor requirements
<b>New Instrument. This instrument as detailed above is in compliance with Government Code 53601. Treasury is requesting to add this option for two reasons:</b>				
<b>1. Bank of America offers an overnight sweep option into a Money Market Mutual Fund for funds held in our main dedicated deposit account (DDA) to allow these funds to earn interest. This will allow Treasury to earn yields on money held in the DDA, beyond what is needed for compensating balance. For example money that is held in the DDA to cover outstanding checks.</b>				
<b>2. It will allow Treasury to further diversify the portfolio and allow one more investment option in an increasingly tightening investment environment.</b>				
<b>Public Investment Money Market Accounts (Collateralized)</b>	30%	No more than 20% of portfolio with any one issuer*	Daily Liquidity	Secured with Collateral
<b>Changed name from “Demand Deposit Savings Account” to better align with Government Code.</b>				
<b>Certificates of Deposit, Non-negotiable</b>	30%	No more than 5% with any one issuer*	5 Years	Insured
<b>No Change</b>				
<b>Collateralized Certificates of Deposit, Non-negotiable</b>	30%	No more than 5% with any one issuer*	5 Years	Secured with Collateral
<b>Broken out from “Certificates of Deposit, Non-negotiable” for clarification.</b>				
<b>Negotiable Certificates of Deposit</b>	30%	No more than 5% with any one issuer*	5 Years	Rating category of A-1, P-1, F-1 equivalent or better by a NRSRO
<b>Added ratings requirement according to Government Code.</b>				
<b>Bankers Acceptances</b>	40%	No more than 5% with any one issuer*, Drawn on and accepted by a commercial bank	180 Days	Rating category of A-1, P-1, F-1 equivalent or better by a NRSRO
<b>Added ratings</b>				
<b>Domestic Commercial Paper</b>	25%	No more than 5% with any one issuer*	270 Days	Rating category of A-1, P-1, F-1 equivalent or better by a NRSRO
<b>Increased portfolio percent from 20% to 25% for flexibility. Government Code allows 40%. Added ratings</b>				
<b>Repurchase Agreement (REPO)</b>	20%	No more than 5% with any one issuer*	1 Year	Secured with Collateral

**Changed portfolio percent to 20% from unlimited. While Government Code allows 100%, it is prudent to only allow 20% due to the short-term limit of these instruments.**

<b>Medium-Term Corporate Notes</b>	30%	No more than 10% with any one issuer*, Issued by corporations organized and operating within the United States, depository institutions licensed by the United States, or any state and operating within the United States	5 Years	Rating category of A equivalent or better
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**Added verbiage to clarify restrictions. Added ratings**

<b>State and Local Government Bonds</b>	20%	No more than 5% with any one issuer*, Issued by State and local governments in the United States	5 Years	Rating category of A equivalent or better by one NRSRO
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**Expanded to include local government bonds as a potentially viable investment pursuant to Government Code. This would potentially allow Treasury to invest in any County or City bonds. Added Ratings**

<b>Local Agency Investment Fund (LAIF)**</b>	100%	\$75,000,000.00 Cap per State Treasurer	Daily Liquidity	Complies with CA Government Code §16429.1 and §16430
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**Changed verbiage to clarify limits, restrictions and liquidity**

<b>Deposit Placement Services</b>	30%	Individual deposit no more than can be Federally insured	5 Years	Insured
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**Slight change to the description for clarification.**

<b>California Asset Management Program (CAMP)</b>	100%	2 x LAIF	Daily Liquidity	Complies with CA Government Code § 53601
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**New Instrument. California Asset Management Program is a California Joint Powers Authority established in 1989 to provide California public agencies with professional investment services. The CAMP Pool is a permitted investment for all local agencies under California Government Code Section 53601(p). A potential investment that will allow further diversification of the portfolio.**

<b>Registered California State Warrants, or Treasury Notes, or Bonds</b>	100%	None	5 Years	Guaranteed by the State of California
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**Expanded to include California Treasury Notes and Bonds.**