

## **ZONE 7 BOARD OF DIRECTORS FINANCE COMMITTEE**

DATE: Wednesday, May 29, 2024  
TIME: 11:00 a.m.  
LOCATION: Zone 7 Administration Building  
100 North Canyons Parkway, Livermore

Director Narum  
Director Gambs

### **AGENDA**

1. Public Comment on Items Not on Agenda
2. Proposed Investment Policy
3. Investment Report as of March 31, 2024 (Unaudited)
4. FY 2023-24 Unaudited Third Quarter Revenue and Expenditure (R&E) Report
5. Verbal Reports
6. Adjournment

**DATE:** May 29, 2024

**TO:** Finance Committee

**FROM:** Osborn Solitei, Treasurer/Assistant General Manager - Finance

**SUBJECT:** Proposed Investment Policy

**SUMMARY:**

- The Agency's Investment Policy ("Policy") sets forth guidelines that ensure the Agency's funds are invested in compliance with State Law and in a prudent manner. The proposed action is in support of Strategic Plan Goal G – Fiscal Responsibility: Operate the Agency in a fiscally responsible manner and Strategic Plan Initiative No. 24 – Continue to effectively manage financial resources for the Agency. In carrying out these fiscal responsibilities, continuing best practices, and maintaining sound financial management policies, Staff continues to submit its annual investment policy to the Board.
- The Policy is reviewed on an annual basis by the Finance Committee and approved by the Board. The last recommended change to the Policy was approved by Board Resolution No. 23-46, dated June 21, 2023.
- The California Debt and Investment Advisory Commission ("CDIAC") annually revises its Local Agency Investment Guidelines to include statutory changes that affect local government investments. One of the recommended changes is to bring the Policy language into better alignment with the California Code.
- Senate Bill 882, also known as the Local Government Omnibus Act of 2023, took effect January 1, 2024. It made a number of changes to Code, including one change to Section 53601(o) which clarified that mortgage-backed securities issued by federal agencies and Government-sponsored enterprises (GSEs) are exempt from the requirements of that particular section, 53601(o). To be more consistent with Code, we have updated the policy to include the following language:
  - › **Section 12.14 Asset-backed Securities** – A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond. For securities eligible for investment not issued or guaranteed by federal agencies and GSEs, the following limitations apply:
    - Maximum limit: Twenty percent (20%) of the portfolio

- Maximum maturity: Five (5) years
  - Credit Requirement: "AA" rating category, equivalent or better by an NRSRO
- In the Glossary, under the section titled Structured Note, we have updated the London Interbank Offered Rate ("LIBOR") to the Secured Overnight Financing Rate ("SOFR") to appropriately describe the example of the relationship between two interest rates with regards to "dual index floaters". LIBOR was phased out on June 30, 2023.

**FUNDING:**

- N/A

**RECOMMENDATION:**

- Staff recommends the Finance Committee discuss and forward the proposed Investment Policy to the full Board for adoption at the next Board meeting.

**ATTACHMENT:**

- Attachment A – Proposed Investment Policy

## POLICY AND PROCEDURE

<b>POLICY TITLE:</b> <b>Investment Policy</b>	<b>NUMBER:</b> <b>2021-03</b>	<b>PAGE:</b> <b>1 of 28</b>
<b>APPROVED BY:</b> <b>Zone 7 Board</b>	<b>REVISION:</b>	<b>EFFECTIVE DATE:</b> <b>July 1, <del>2023</del>2024</b>

This policy is intended to provide guidelines for the prudent investment of surplus cash, reserves, trust funds and restricted monies and to outline a policy for maximizing the efficiency of the Agency's cash management system.

### 1.0 POLICY

It is the policy of the Board of Directors of the Zone 7 Water Agency ("Agency") to invest public funds in a manner which conforms to the four fundamental criteria in order of importance, as listed:

- Safety of Principal
- Liquidity
- Return on Investment, or Yield
- Diversity

### 2.0 INVESTMENT AUTHORITY

In accordance with Section 53600, *et. seq.*, of the Government Code of the State of California, the authority to invest Agency public funds has been delegated to the Agency Treasurer/Assistant General Manager – Finance.

### 3.0 DELEGATION OF AUTHORITY

Responsibility for the investment program is specifically delegated by the Board to the Board-appointed Treasurer or, if no such appointment has been made, to the General Manager, hereafter referred to as Treasurer who will establish procedures for the investment program, consistent with this Investment Policy. The Treasurer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities, including procedures to execute investment transactions in the absence of the Treasurer. All participants in the investment process shall seek to act responsibly as custodians of the public trust. No officer or designee may engage in an investment transaction except as provided under the terms of this policy and supporting procedures.

The Agency may engage the services of one or more external investment managers to assist in the management of the Agency's investment portfolio in a manner consistent with the

Agency's objectives. Such external managers may be granted discretion to purchase and sell investment securities in accordance with this Investment Policy. Such managers must be registered under the Investment Advisers Act of 1940.

#### **4.0 STATEMENT OF OBJECTIVES**

Per Section 53600.5 of the California Government Code, the primary objective of the Treasurer shall be to safeguard the principal of the funds under his or her control when investing public funds. The secondary objective will be to maintain liquidity as required by the Agency and the third objective is to obtain a return on investment of these funds.

In order of priority, the four fundamental criteria shall be followed in the investment of funds:

- 4.1 Safety of Principal** – Investments shall be undertaken in a manner which first seeks to ensure the preservation of principal in the portfolio. Each investment transaction shall be entered only after taking into consideration the quality of the issuer, the underlying security or collateral, and diversification of the portfolio. Cash flow analysis will be conducted and utilized to avoid the need to sell securities prior to maturity. The Agency shall seek to preserve principal by mitigating both credit and market risk.
- 4.2 Liquidity** – Every effort shall be made to ensure that the Agency's portfolio is sufficiently liquid to meet current and anticipated operating requirements. Cash flow analysis should be performed on an ongoing basis. Investments shall be made to ensure maturities are compatible with anticipated cash flow requirements.
- 4.3 Return on Investment, or Yield** – Investments shall be undertaken to produce an investment return consistent with the primary objectives of Safety of Principal and Liquidity, and the Prudent Investor Standard.
- 4.4 Diversity** – The objective is to avoid over concentration or exposure to any one issuer, instrument or maturity sector as specified in the Summary Table of Investment Guidelines and Eligible Securities herein, so that no single investment or class of investments can have a disproportionate impact on the total portfolio. This restriction does not apply to U.S. Treasury securities.

The investment portfolio shall be diversified and designed to attain a market average rate of return, considering cash flow requirements. The Treasurer shall have an overall investment objective of holding investments to maturity and not investing with the objective of trading for speculative purposes. However, the Treasurer may swap or sell securities in order to:

- i) raise cash to meet unanticipated cash-flow requirements

- ii) swap old securities for current coupon securities
- iii) Maintain portfolio allocation limits
- iv) maintain a duration target
- v) Improve the quality, liquidity, or return of the portfolio
- vi) avoid further erosion and loss of investment principal due to deterioration in creditworthiness, as well as to respond to rapidly changing interest rate environments

## 5. CONCENTRATION OF RISK

Governmental Accounting Standards Board (GASB) statement No. 40 – *Deposits and Investment Risk Disclosures – An Amendment of GASB No. 3*. It recognizes that there are many factors that can affect the value of investments. Investment risk factors include credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

**Credit risk** is the risk of loss due to failure of an issuer of a security or a financial institution. The Agency purchases U.S. Treasuries and high-grade securities which will lessen this type of risk. In addition, the portfolio will be diversified so that the failure of any one issuer will not unduly harm the Agency's cash flow.

**Custodial credit risk** is the risk that in the event of the failure of the custodian, the investments may not be returned. The Agency's investment securities are to be held by a third-party custodian designated by the Agency and evidenced by safekeeping receipts.

**Concentration of credit risk** is the risk associated with a lack of diversification of having too much invested in a few individual issuers, thereby exposing the organization to greater risks resulting from adverse economic, political, regulatory, geographic, or credit developments. The Agency's investments will be diversified and will not exceed maximum percentages allowed in the California Government Code.

**Interest rate risk** is the risk that the market value of securities in the portfolio will fall due to an increase in general interest rates. Interest rate risk may be reduced by structuring the portfolio so that securities are maturing periodically to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity. The Agency will limit investments to a maximum maturity of five years (unless otherwise authorized by Agency Board).

**Foreign currency risk** results from investment in foreign currency-denominated securities. The Agency will not invest in foreign currency (i.e., non-US dollar) dominated instruments.

## **6.0 SCOPE**

The Investment Policy applies to all funds of the Agency including Water Enterprise Operations Funds, Renewal/Replacement & System-Wide Improvement Fund, State Water Facilities Fund, Water Enterprise Capital Expansion Fund, Flood Control Operations Fund, Flood Protection Development Impact Fee Fund, Water Facilities Fund, Water Supply and Reliability Fund, Vehicle/Equipment Replacement Reserve Fund, Endowments, and all other funds held by the Agency. This investment policy does not apply to proceeds of notes, bonds or similar external financings which would be invested pursuant to bond indentures or State of California Government Code Section 53600, *et. seq.*, as applicable.

## **7.0 PRUDENT INVESTOR STANDARD**

All investments and evaluation of such investments shall be made with the Prudent Investor Standard as set forth in the California Government Code, Sections 53600.3 and 27000.3, which is defined as a standard of conduct whereby any person authorized to make investment decisions on behalf of the Agency acts with care, skill, prudence and diligence under the circumstances then prevailing, including but not limited to, the general economic conditions and the anticipated needs of the Agency with the aim to safeguard principal and meet the liquidity needs of the Agency.

## **8.0 PORTFOLIO ADJUSTMENTS**

Portfolio percentage limitations and credit rating requirements for each category of investment are applicable only at the date of purchase. Should an investment percentage be exceeded due to instances such as the fluctuation in overall portfolio size, or market valuation changes, the Treasurer is not required to sell the affected securities.

Should a security held in the portfolio be downgraded below the minimum rating criteria specified in this Investment Policy, the Treasurer or investment advisor, if one is utilized, shall perform a credit analysis of such security to determine whether to hold or sell the security. The Treasurer may elect to sell the security immediately to minimize losses in the event that an orderly disposition with minimal losses cannot be achieved. If a decision is made to retain a downgraded security in the portfolio, its presence in the portfolio will be monitored.

The Treasurer shall note in a quarterly report securities which have been downgraded below investment grade and the status of disposition.

## **9.0 SAFEKEEPING AND CUSTODY**

All securities transactions entered into by the Agency shall be conducted on a delivery-versus-payment (DVP) basis pursuant to a custodial safekeeping agreement. All securities owned by the Agency shall be held in safekeeping by an independent custodian designated by the

Treasurer. Financial institutions providing safekeeping services shall provide reports or receipts which verify securities held in safekeeping.

### **10.0 REPORTING AND DISCLOSURE**

The Treasurer shall submit a quarterly report within 45 days following the end of the quarter covered by the report to the Agency Board of Directors pursuant to California Government Code Section 53646 (b)(1). The report shall at a minimum provide information on compliance to this policy and on the composition of the portfolio for each fund with:

- Types of investment
- Issuer
- Maturity dates
- Par and dollar amount
- Market values including source of the valuation
- Rates of Interest
- Expected yields to maturity

In addition, the quarterly report shall also include a statement denoting the ability to meet the Agency's expenditure requirements for the next six (6) months.

### **11.0 COLLATERALIZATION**

Collateral is required for investments in certificates of time deposit and agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 110% of market value for certificate of time deposit and for repurchase agreements it will be at least 102% of market value of principal and accrued interest.

### **12.0 INVESTMENT GUIDELINES AND ELIGIBLE SECURITIES**

Section 53600, *et seq.*, of the Government Code of the State of California prescribes the statutory requirement relating to investments by local treasurers, providing guidance on:

- i. Allowable Investments
- ii. Portfolio diversification requirements including proportional limits on investment types, maximum maturity, and minimum credit rating criteria.

The maximum maturity of any investment in the portfolios shall not exceed five (5) years except when specifically authorized by the Agency Board of Directors through resolution. When practical, the Treasurer shall solicit more than one quotation on each trade for the purpose of awarding investment trades on a competitive basis. The Agency will conform to the legal provisions set forth in the Government Code with further and more specific requirements about allowable investments and restrictions as detailed below:



### **12.1 US Treasury Bonds, Bills and Notes**

Bills, notes, and bonds issued by the U.S. Treasury which are direct obligations of the federal government.

- Maximum limit: Not Applicable (N.A.)
- Maximum maturity: Five (5) years
- Credit Requirement: N.A.

### **12.2 Federal Agency Bonds and Notes**

Notes, bonds, or other instruments of federal agencies, or United States government-sponsored enterprises (GSEs). Not all are direct obligations of the U. S. Treasury but may involve federal sponsorship and/or guarantees, in some instances.

- Maximum limit: N.A.
- Maximum maturity: Five (5) years
- Credit Requirement: N.A.

### **12.3 Banker's Acceptances**

Bills of exchange or time drafts drawn on and accepted by a commercial bank, typically created from a letter of credit issued in a foreign trade transaction.

- Maximum limit: forty percent (40%) of the portfolio
- Maximum maturity: One-hundred eighty (180) days
- Issued by banks with total deposits of over one billion dollars (\$1,000,000,000)
- Twenty-five percent (25%) limitation to any one issuer
- Credit requirement: Ratings of A1, P1 or F1 or better by two Nationally Recognized Statistical Rating Organizations (NRSRO). No rating may be lower than any of the rating listed above.
- Issued by banks from offices in the USA.

### **12.4 Commercial Paper**

Commercial paper is defined as short-term, unsecured promissory notes issued by financial and non-financial companies to raise short-term cash. Financial companies issue commercial paper to support their consumer and/or business lending; non-financial companies issue for operating funds.

- Maximum limit: Forty percent (40%) of the portfolio until January 1, 2026. After January 1, 2026, Twenty-five percent (25%) of the portfolio
- Maximum Maturity: Two hundred seventy (270) days

- Maximum Issuer Exposure: No more than five percent (5%) of the portfolio shall be invested in the commercial paper and the medium-term notes of any one issuer
- Credit requirement: Ratings of "A1" or higher, or the equivalent, by an NRSRO.
- Limited to paper issued by corporations organized and operating in the U.S. with total assets in excess of five hundred million (\$500,000,000) and rated in a rating category of "A" its equivalent or higher for the issuer's debt, other than commercial paper, if any, as provided by an NRSRO.

### **12.5 Medium Term Corporate Notes**

Corporate and depository institution debt securities. Issuers are banks and bank holding companies, thrifts, finance companies, insurance companies and industrial corporations. These debt obligations that are generally unsecured.

- Maximum limit: Thirty percent (30%) of the portfolio
- Maximum maturity: Five (5) years
- Maximum Issuer Exposure: No more than five percent (5%) of the portfolio shall be invested in the commercial paper or medium-term notes of any single issuer
- Credit Requirement: "A" rating category, equivalent or better by an NRSRO.
- Eligibility: Limited to corporations organized and operating within the United States or depository institutions licensed by the United States or any State and operating within the United States.

### **12.6 Negotiable Certificates of Deposit**

Issued by a nationally or state-chartered bank, a savings association, or a federal association, a state or federal credit union or by a federally licensed or state-licensed branch of a foreign bank.

- Maximum limit: Thirty percent (30%) of the portfolio
- Maximum Issuer Exposure: Five percent (5%) per issuer
- Maximum maturity: Five (5) years
- Credit Requirement: "A" rating category, equivalent or better long-term, or "A-1", equivalent or better short-term, by an NRSRO
- Issued by banks with total deposits of one billion dollars (\$1,000,000,000) or more

### **12.7 Certificates of Time Deposit**

Time deposits, which are non-negotiable, are issued most commonly by commercial banks, savings and loans and credit unions with federal deposit insurance available for amounts up to two hundred-fifty thousand (\$250,000).

- Maximum limit: Thirty percent (30%) of the portfolio for all deposits

- Maximum maturity: Five (5) years
- On uncollateralized deposits, limited to FDIC insured amount of two hundred-fifty thousand (\$250,000)
- Amounts over FDIC insured amount must be fully collateralized
- Credit Requirement: For federally insured deposits of two hundred-fifty thousand (\$250,000) or less, no minimum credit rating required. For deposits over two hundred-fifty thousand (\$250,000): Ratings of rating category "A" or the equivalent or better by any two NRSRO

Pursuant to Government Code 53637, the Agency is prohibited from investing in certificate of deposits of a state or federal credit union if a member of the Agency's Board of Directors or decision-making authority serves on the board of directors or committee.

### **12.8 Money Market Mutual Funds**

Regulated by the SEC, these funds operate under strict maturity and diversification guidelines. These funds have no federal guarantee but are viewed as a very safe short-term cash investment.

- Maximum limit: Twenty percent (20%) of the portfolio
- Maximum Maturity: N.A.
- Maximum Issuer Exposure: Ten percent (10%) of the portfolio
- Rating Requirement: Top ranking or highest letter and numerical rating provided by at least two NRSROs
- Daily liquidity
- Net Asset Value (NAV) requirement: one dollar (\$1.00)
- Funds must be invested in securities and obligations permitted under the California Government Code

### **12.9 State of California, Local Agency Investment Fund (LAIF)**

LAIF is a pooled investment fund overseen by the State Treasurer, which operates like a money market fund, but is for the exclusive benefit of governmental entities within the state. The maximum investment amount currently authorized by Local Agency Investment Fund (LAIF) is seventy-five million (\$75 million), which is subject to change. The LAIF is in trust in the custody of the State of California Treasurer. The Agency's right to withdraw its deposited monies from LAIF is not contingent upon the State's failure to adopt a State Budget.

- Maximum limit: Current State limit
- Maximum Maturity: N.A.

### **12.10 Municipal Bonds and Notes**

Municipal obligations issued by the State of California and any other of the states in the union. Including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the 50 states.

Bonds, notes, warrants, or other evidences of indebtedness of a local agency within California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

- Maximum limit: Forty percent (40%) of the portfolio
- Maximum maturity: Five (5) years
- Credit Requirement: "A" rating category, equivalent or better by an NRSRO

### **12.11 Repurchase Agreement**

A repurchase agreement is a purchase of authorized securities with terms including a written agreement by the seller to repurchase the securities on a future date and price.

- Maximum limit: Twenty percent (20%) of the portfolio
- Maximum maturity: Three hundred sixty (360) days
- Master Repurchase Agreement must be on file
- Limited to primary dealers or financial institutions rated "A" or better by Moody's or equivalent.
- Fully collateralized at market value of at least one hundred two percent (102%) with US government or federal agency securities

### **12.12 California Asset Management Program (CAMP)**

- Maximum limit: Ten percent (10%) of the portfolio
- Rated highest rating by an NRSRO

### **12.13 Supranational Obligations**

United States 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.

- Maximum limit: Thirty percent (30%) of the portfolio
- Maximum maturity: Five (5) years
- Credit Requirement: "AA" rating category, equivalent or better by any NRSRO

### **12.14 Asset-backed Securities**

A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond. For securities eligible for investment not issued or guaranteed by federal agencies and GSEs, the following limitations apply:

- Maximum limit: Twenty percent (20%) of the portfolio
- Maximum maturity: Five (5) years
- Credit Requirement: "AA" rating category, equivalent or better by an NRSRO

### **13.0 CREDIT RATING**

Credit rating requirements for eligible securities referred to in this policy shall mean the numeric, alpha, and/or alpha-numeric designations assigned by a National Recognized Statistical Rating Organizations (NRSRO).

Please see Rating Description table herein, below.

### **14.0 MONITORING SAFETY AND LIQUIDITY**

The Treasurer shall monitor on an ongoing basis investments for exposure to risk and credit deterioration to ensure primary objectives of safety of principal and liquidity are adhered to. Such matters shall be reported to the Agency Board of Directors as part of the Treasurer's quarterly and/or annual report.

### **15.0 ADMINISTRATION**

The Treasurer may, at any time, establish more restrictive requirements for securities approved for investment as deemed appropriate in this Investment Policy. These restrictions may include, but are not limited to, higher credit ratings, lower percentage limits by security type or issuer, shorter maturities, and additional collateral requirements for collateralized investments.

### **16.0 AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS**

Investments not purchased directly from the issuer will be purchased from institutions licensed by the State of California as a broker/dealer, including:

- National or California State Chartered Banks
- Federal or California Chartered Savings Institutions
- Brokerage firms designated as a primary government dealer by the Federal Reserve Bank

- Member of a federally regulated securities exchange
- Institutions licensed by the State of California as a broker/dealer
- Federal or state savings institutions or associations as defined in Finance Code Section 5102

The Treasurer or designee will maintain a current and eligible list of reputable primary and regional dealers, brokers, and financial institutions with whom securities trading and placement of funds are authorized. A strong capital base credit worthiness, and, where applicable, a broker/dealer staff experienced in transactions with California local governments are the primary criteria for inclusion on the Agency's approved list.

Approved dealers and brokers shall be limited to primary dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule) and which provide proof of Financial Industry Regulatory Authority (FINRA) certification; proof of California State registration; and a completed Agency broker/dealer questionnaire. In addition, prior to approval and for every two years thereafter, approved dealers and brokers must provide: an audited financial statement; certification of receipt, review of and willingness to comply with the current Investment Policy; and certification of compliance with Rule G-37 of the Municipal Securities Rulemaking Board regarding limitations on political contributions to the Board of Directors of the Agency or to any candidate for these offices.

The Treasurer may remove a firm from the approved list at any time due to any failure to comply with any of the above criteria; any failure to successfully execute a transaction; any change in broker/dealer staff; or any other action, event, or failure to act which, in the sole discretion of the Treasurer is materially adverse to the best interests of the Agency.

If the Agency utilizes an external investment advisor, the advisor will perform due diligence and maintain their own list of approved broker/dealers. The advisor is authorized to transact with its own approved broker/dealer list on behalf of the Agency.

## **17.0 INVESTMENT SECURITY**

To ensure a high degree of internal control, the Agency shall comply with the following:

- All securities purchased from dealers and brokers shall be held in safekeeping by the Agency's custodial bank, a national bank, a State chartered bank or trust company, established for this purpose as someone other than the selling party of the security. Securities purchased will be covered by a trust or safekeeping receipt in a manner that establishes the Agency's ownership. All transactions completed on a delivery versus pay basis (DVP).
- All trade confirmation shall be received directly and reviewed for conformity to the original transaction by an individual other than the person originating the transaction.

All trade confirmation must be an original; copies of confirmations are not allowed. Any discrepancies will be brought to the attention of the Treasurer.

### **18.0 FUND WIRE PROCEDURES**

Payment for securities purchased from broker dealers that are ineligible for safekeeping will be made through the Agency's custodial bank. Funds will only be transferred subsequently but immediately following the custodial bank's acknowledgement that they are prepared to make settlement on the terms and conditions specified by the Agency. Payment for securities purchased from bank investment departments that will be safely kept with the trust department of the bank will be made immediately upon confirmation of the trade.

### **19.0 PERFORMANCE REVIEW AND INTERNAL CONTROL**

The Treasurer or designee is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Agency are protected from loss, theft, or misuse. The internal control structure will be designed to provide reasonable assurance that these objectives are met. The internal control includes; the activities of any subordinate officials acting on behalf of the Agency. Procedures should include references to individuals authorized to execute transactions or transfers, safekeeping agreements, repurchase agreements, wire transfer agreements, collateral/depository agreements and banking services contracts, as appropriate. An independent analysis by an external auditor shall be conducted annually to review internal control, account activity, and compliance with policies, procedures, and applicable laws.

### **20.0 ETHICS AND CONFLICT OF INTEREST**

All officers and employees involved in the investment process shall refrain from engaging in any personal business activity which could conflict with proper execution and management of the investment program or that could impair their ability to make impartial investment decisions. Any material financial interests in financial institutions which do business with the Agency should be disclosed to the General Manager of the Agency. All individuals involved in the investment process are required to annually file applicable financial disclosures as required by the Fair Political Practices Commission.

### **21.0 POLICY REVIEW AND ADOPTION**

This Investment Policy shall be reviewed at least annually to ensure it is consistent with the Agency's objectives and relevance to current law and financial and economic trends. Any amendments to this Policy, other than State and Federal Laws, which automatically supersede the relevant sections, shall be forwarded to the Board of Directors for adoption by resolution.

**22.0 HISTORY**

<b>Date</b>	<b>Action</b>	<b>Resolution</b>
May 17, 2017	Originally Adopted	17-42
May 16, 2018	Adopted	18-42
May 15, 2019	Adopted	19-38
April 15, 2020	Adopted	20-47
June 16, 2021	Adopted	21-48
June 15, 2022	Adopted	22-47
<u>June 21, 2023</u>	<u>Adopted</u>	<u>23-46</u>



**SUMMARY TABLE OF  
INVESTMENT GUIDELINES AND ELIGIBLE SECURITIES**

<b>Authorized Investments</b>	<b>Maximum % Holdings</b>	<b>Purchase Restrictions</b>	<b>Maximum Maturity</b>	<b>Credit Quality</b>
US Treasury Bonds, Bills and Notes	100%	N.A.	5 Years	<b><i>N.A.</i></b>
Federal Agency and GSE Bonds & Notes	100%	N.A.	5 Years	<b><i>Full backing by the federal government of the United States of America</i></b>
Bankers' Acceptance	40%	25% limitation to a single issuer	180 days	<b><i>"A-1/P-1" rated by an NRSRO or equivalent for domestic banks</i></b>
Commercial Paper	40% until 1/1/2026; 25% after 1/1/2026	5% limitation to single issuer	270 days	<b><i>"A-1/P-1" rating category, equivalent or better by an NRSRO</i></b>
Medium Term Corporate Notes	30%	5% limitation to a single issuer. Limited to US licensed and operating corporations	5 years	<b><i>"A" rating category, equivalent or better by an NRSRO</i></b>
Negotiable CD	30%	National or state chartered bank, S&L, or branch of foreign bank	5 years	<b><i>"A" rating category, equivalent or better by an NRSRO</i></b>
Certificates of Time Deposit	30%	See California Government Code Section 53637	5 years	<b><i>Limit to FDIC Insured amount \$250,000, Fully collateralized on amounts over the insured amount in accordance with California Government Code</i></b>

<b>Authorized Investments</b>	<b>Maximum % Holdings</b>	<b>Purchase Restrictions</b>	<b>Maximum Maturity</b>	<b>Credit Quality</b>
Money Market Mutual Funds	20%	10% per fund Must maintain constant NAV of \$1.00	Daily Liquidity	<b><i>Top ranking or highest letter and numerical by 2 NRSRO Fund must be invested in securities and obligation permitted under Government Code</i></b>
State of California, Local Agency Investment Fund ("LAIF")	Current State Limit	N.A.	N.A.	<b><i>Subject to California Government Code Section 16429.1 limitations</i></b>
Municipal Bonds & Notes	40%	N.A.	5 Years	<b><i>"A" rating category, equivalent or better by an NRSRO</i></b>
Repurchase Agreements ("REPO")	20%	Limited to primary dealers or financial institutions rated "A" or better by Moody's	360 days	<b><i>Fully collateralized (min 102% of funds borrowed with daily mark to market) with US Government or federal agency securities with maximum 5-year maturities</i></b>
California Asset Management Program ("CAMP")	10%	N.A.	Daily Liquidity	<b><i>Highest rating by an NRSRO</i></b>
Section 115 Pension Trust Fund	By Board Approval	By Board Approval	N.A.	<b><i>Investment Guidelines Document for the Trust Fund</i></b>
Supranational Obligations	30%	Issued by: International Bank for Reconstruction & Development, International Finance	5 Years	<b><i>"AA" rating category, equivalent or better by an NRSRO</i></b>

Authorized Investments	Maximum % Holdings	Purchase Restrictions	Maximum Maturity	Credit Quality
		Corporation, or Inter-American Development Bank		
Asset-Backed Securities	20%	N.A.	5 Years	<b><i>"AA" rating category, equivalent or better by an NRSRO</i></b>

**RATING DESCRIPTION TABLE**

<b>Long Term Debt Ratings</b>			
<b>Credit Quality</b>	<b>Moody's</b>	<b>S&amp;P</b>	<b>Fitch</b>
<b>Strongest Quality</b>	Aaa	AAA	AAA
<b>Strong Quality</b>	Aa1/Aa2/Aa3	AA+/AA/AA-	AA
<b>Good Quality</b>	A1/A2/A3	A+/A/A-	A
<b>Medium Quality</b>	Baa1/Baa2/Baa3	BBB+/BBB/BBB-	BBB
<b>Speculative</b>	Ba1/Ba2/Ba3	BB+/BB/BB-	BB
<b>Low</b>	B1/B2/B3	B+/B/B-	B
<b>Poor</b>	Caa	CCC+	CCC
<b>Highly Speculative</b>	Ca/C	CCC/CCC-/CC	CC
<b>Short Debt Ratings</b>			
<b>Credit Quality</b>	<b>Moody's</b>	<b>S&amp;P</b>	<b>Fitch</b>
<b>Strongest Quality</b>	P-1	A-1+	F1
<b>Strong Quality</b>		A-1	
<b>Good Quality</b>	P-2	A-2	F2
<b>Medium Quality</b>	P-3	A-3	F3

Note: Investment Grade ratings applies to securities with at least a medium credit quality or higher by one of the nationally recognize rating organization, anything below the medium credit quality is non-investment grade.

## EXHIBIT A GLOSSARY

**ACCRETION:** Adjustment of the difference between the prices of a bond bought at an original discount and the par value of the bond.

**AGENCIES:** Federal agency securities and/or Government-sponsored enterprises (GSEs), also known as U.S. Government instrumentalities. Securities issued by Government National Mortgage Association (GNMA) are considered true agency securities, backed by the full faith and credit of the U.S. Government. GSEs are financial intermediaries established by the federal government to fund loans to certain groups of borrowers, for example homeowners, farmers and students and are privately owned corporations with a public purpose. The most common GSEs are Federal Farm Credit System Banks, Federal Home Loan Banks, Federal Home Loan Mortgage Association, and Federal National Mortgage Association.

**AMORTIZATION:** Accounting procedure that gradually reduces the cost value of a limited life or intangible asset through periodic charges to income. For fixed assets, the term used is "depreciation." It is common practice to amortize any premium over par value paid in the purchase of preferred stock or bond investments.

**ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR):** The official annual financial report for the Agency. It includes combined statements and basic financial statements for each individual fund and account group prepared in conformity with Generally Accepted Accounting Principles (GAAP).

**APPRECIATION:** Increase in the value of an asset such as a stock bond, commodity, or real estate.

**ASKED PRICE:** The price a broker/dealer offers to sell securities.

**ASSET BACKED:** A type of security that is secured by receivables, such as credit card and auto loans. These securities typically pay principal and interest monthly.

**BANKERS' ACCEPTANCE (BA):** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer. This money market instrument is used to finance international trade.

**BASIS POINT:** One-hundredth of one percent (i.e., 0.01%).

**BENCHMARK:** A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investment.

**BID PRICE:** The price a broker/dealer offers to purchase securities.

**BOND:** A financial obligation for which the issuers promises to pay the bondholder a specified stream of future cash flows, including periodic interest payments and a principal repayment.

**BOOK VALUE:** The value at which a debt security is shown on the holder's balance sheet. Book value is acquisition cost less amortization of premium or accretion of discount.

**BROKER:** A broker acts as an intermediary between a buyer and seller for a commission and does not trade for his/her own risk and account or inventory.

**CALLABLE SECURITIES:** A security that can be redeemed by the issuer before the scheduled maturity date.

**CASH EQUIVALENTS (CE):** Highly liquid and safe instruments or investments that can be converted into cash immediately. Examples include bank accounts, money market funds, and Treasury bills.

**CASH FLOW:** An analysis of all changes that affect the cash account during a specified period.

**CERTIFICATE OF DEPOSIT (CD):** A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.

**COLLATERAL:** Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

**COLLATERALIZED MORTGAGE OBLIGATION (CMO):** A type of mortgage-backed security that creates separate pools of pass-through rates for different classes of bondholders with varying maturities, called tranches. The repayments from the pool of pass-through securities are used to retire the bonds in the order specified by the bonds' prospectus.

**COMMERCIAL PAPER:** Short-term, unsecured, negotiable promissory notes of corporations.

**CORPORATE NOTE:** Debt instrument issued by a private corporation.

**COUPON:** The annual rate at which a bond pays interest.

**CREDIT RATINGS:** A grade given to a debt instrument that indicates its credit quality. Private independent rating services such as Standard & Poor's, Moody's and Fitch provide these.

**CREDIT RISK:** The risk that an obligation will not be paid, and a loss will result due to a failure of the issuer of a security.

**CUSIP:** Stands for Committee on Uniform Securities Identification Procedures. A CUSIP number identifies most securities, including stocks of all registered U.S. and Canadian companies, and U.S. government and municipal bonds. The CUSIP system—owned by the American Bankers Association and operated by Standard & Poor's—facilitates the clearing and settlement process of securities. The number consists of nine characters (including letters and numbers) that uniquely identify a company or issuer and the type of security.

**CURRENT YIELD:** The annual interest on an investment divided by the current market value. Since the calculation relies on the current market value rather than the investor's cost, current yield is unrelated to the actual return the investor will earn if the security is held to maturity.

**CUSTODIAN:** A bank or other financial institution that keeps custody of stock certificates and other assets.

**DEALER:** A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his/her own risk and account or inventory.

**DEBENTURES:** A bond secured only by the general credit of the issuers.

**DELIVERY VERSUS PAYMENT (DVP):** Delivery of securities with a simultaneous exchange of money for the securities.

**DERIVATIVES:** A financial instrument that is based on, or derived from, some underlying asset, reference date, or index.

**DIRECT ISSUER:** Issuer markets its own paper directly to the investor without use of an intermediary.

**DISCOUNT:** The difference between the cost of a security and its value at maturity when quoted at lower than face value.

**DIVERSIFICATION:** Dividing investment funds among a variety of securities offering independent returns and risk profiles.

**DURATION:** A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a given fixed-income security. This calculation is based on three variables: term to maturity, coupon rate, and yield to maturity. Duration measures the price sensitivity of a bond to changes in interest rates.

**FACE VALUE:** The principal amount owed on a debt instrument. It is the amount on which interest is computed and represents the amount that the issuer promises to pay at maturity.

**FAIR VALUE:** The amount at which a security could be exchanged between willing parties, other than in a forced or liquidation sale. If a market price is available, the fair value is equal to the market value.

**FANNIE MAE:** Trade name for the Federal National Mortgage Association (FNMA), a U.S. Government sponsored enterprise.

**FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC):** A federal agency that provides insurance on bank deposits, guaranteeing deposits to a set limit per account, currently \$250,000.

**FEDERAL FARM CREDIT BANK (FFCB):** Government-sponsored enterprise that consolidates the financing activities of the Federal Land Banks, the Federal Intermediate Credit Banks, and the Banks for Cooperatives. Its securities do not carry direct U.S. government guarantees.

**FEDERAL FUNDS RATE:** The rate of interest at which Federal funds are traded. This rate is considered to be the most sensitive indicator of the direction of interest rates, as it is currently pegged by the Federal Reserve through open-market operations.

**FEDERAL GOVERNMENT AGENCY SECURITIES:** Federal Agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.

**FEDERAL HOME LOAN BANKS (FHLB):** Government sponsored enterprise (currently made up of 12 regional banks) that regulates and lends funds and provides correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. Although the banks operate under federal charter with government supervision, the securities are not guaranteed by the U. S. Government.

**FEDERAL HOME LOAN MORTGAGE CORPORATION (FHLMC):** Government sponsored enterprise that helps maintain the availability of mortgage credit for residential housing. FHLMC finances these operations by marketing guaranteed mortgage certificates and mortgage participation certificates. Its discount notes and bonds do not carry direct U.S. government guarantees.

**FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA):** Government sponsored enterprise that is the largest single provider of residential mortgage funds in the United States. FNMA is a private stockholder-owned corporation. The corporation's purchases include a



variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted.

**FEDERAL OPEN MARKET COMMITTEE (FOMC):** A committee of the Federal Reserve Board, which establishes monetary policy and executes it through temporary and permanent changes to the supply of bank reserves.

**FEDERAL RESERVE SYSTEM:** The central bank of the U.S. which consists of a seven-member Board of Governors, 12 regional banks and about 5,700 commercial banks that are members.

**FED WIRE:** A wire transmission service established by the Federal Reserve Bank to facilitate the transfer of funds through debits and credits of funds between participants within the Fed system.

**FREDDIE MAC:** Trade name for the Federal Home Loan Mortgage Corporation (FHLMC), a U.S. government sponsored enterprise.

**GINNIE MAE:** Trade name for the Government National Mortgage Association (GNMA), a direct obligation bearing the full faith and credit of the U.S. Government.

**GOVERNMENT ACCOUNTING STANDARDS BOARD (GASB):** A standard-setting body, associated with the Financial Accounting Foundation, which prescribes standard accounting practices for governmental units.

**GUARANTEED INVESTMENT CONTRACTS (GICS):** An agreement acknowledging receipt of funds, for deposit, specifying terms for withdrawal, and guaranteeing a rate of interest to be paid.

**INTEREST RATE:** The annual yield earned on an investment, expressed as a percentage.

**INTEREST RATE RISK:** The risk of gain or loss in market values of securities due to changes in interest-rate levels. For example, rising interest rates will cause the market value of portfolio securities to decline.

**INVESTMENT AGREEMENTS:** A contract providing for the lending of issuer funds to a financial institution which agrees to repay the funds with interest under predetermined specifications.

**INVESTMENT GRADE (LONG TERM RATINGS):** The minimum, high quality ratings for long-term debt such as corporate notes. Investment Grade ratings are as follows: A3 (Moody's), A- (S&P), and A- (Fitch).

**INVESTMENT PORTFOLIO:** A collection of securities held by a bank, individual, institution or government agency for investment purposes.

**LIQUIDITY:** A liquid asset is one that can be converted easily and rapidly into cash with minimum risk of principal.

**LOCAL AGENCY INVESTMENT FUND (LAIF):** An investment pool sponsored by the State of California and administered/managed by the State Treasurer. Local government units, with consent of the governing body of that agency, may voluntarily deposit surplus funds for the purpose of investment. Interest earned is distributed by the State Controller to the participating governmental agencies on a quarterly basis.

**LOCAL AGENCY INVESTMENT POOL:** A pooled investment vehicle sponsored by a local agency or a group of local agencies for use by other local agencies.

**MARKET RISK:** The risk that the value of securities will fluctuate with changes in overall market conditions or interest rates. Systematic risk of a security that is common to all securities of the same general class (stocks, bonds, notes, money market instruments) and cannot be eliminated by diversification (which may be used to eliminate non-systematic risk).

**MARKET VALUE:** The price at which a security is currently being sold in the market. See FAIR VALUE.

**MASTER REPURCHASE AGREEMENT:** A written contract covering all future transactions between the parties to repurchase agreements and reverse repurchase agreements that establish each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

**MATURITY:** The date that the principal or stated value of a debt instrument becomes due and payable.

**MEDIUM-TERM CORPORATE NOTES (MTNs):** Unsecured, investment-grade senior debt securities of major corporations which are sold in relatively small amounts either on a continuous or an intermittent basis. MTNs are highly flexible debt instruments that can be structured to respond to market opportunities or to investor preferences.

**MODIFIED DURATION:** The percent change in price for a 100-basis point change in yields. This is a measure of a portfolio's or security's exposure to market risk.

**MONEY MARKET:** The market in which short-term debt instruments (Treasury Bills, Discount Notes, Commercial Paper, Banker's Acceptances and Negotiable Certificates of Deposit) are issued and traded.

**MORTGAGED BACKED SECURITIES:** A type of security that is secured by a mortgage or collection of mortgages. These securities typically pay principal and interest monthly.

**MUNICIPAL BONDS:** Debt obligations issued by states and local governments and their agencies, including cities, counties, government retirement plans, school Agencies, state universities, sewer agency, municipally owned utilities and authorities running bridges, airports, and other transportation facilities.

**MUTUAL FUND:** An entity that pools money and can invest in a variety of securities which are specifically defined in the fund's prospectus.

**NEGOTIABLE CERTIFICATE OF DEPOSIT:** A large denomination certificate of deposit which can be sold in the open market prior to maturity.

**NET PORTFOLIO YIELD:** Calculation in which the 365-day basis equals the annualized percentage of the sum of all Net Earnings during the period divided by the sum of all Average Daily Portfolio Balances.

**NATIONALLY RECOGNIZED RATING ORGANIZATION (NRSRO):** is a credit rating agency that issues credit rating that U.S. Securities and Exchange Commission permits other financial firms to use for certain regulatory purposes.

**OPEN MARKET OPERATIONS:** Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit: Sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

**PAR VALUE:** The amount of principal which must be paid at maturity. Also referred to as the face amount of a bond. See FACE VALUE.

**PORTFOLIO:** The collection of securities held by an individual or institution.

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

**PRIMARY DEALER:** A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. These dealers are authorized to buy and sell government securities in direct dealing with the Federal Reserve Bank of New York in its execution of market operations to carry out U.S. monetary policy. Such dealers must be qualified in terms of reputation, capacity, and adequacy of staff and facilities.

**PRIME (SHORT TERM RATING):** High quality ratings for short term debt such as commercial paper. Prime ratings are as follows: P1 (Moody's), A1 (S&P), and F1 (Fitch).

**PRINCIPAL:** The face value or par value of a debt instrument, or the amount of capital invested in a given security.

**PRIVATE PLACEMENTS:** Securities that do not have to be registered with the Securities and Exchange Commission because they are offered to a limited number of sophisticated investors.

**PROSPECTUS:** A legal document that must be provided to any prospective purchaser of a new securities offering registered with the Securities and Exchange Commission that typically includes information on the issuer, the issuer's business, the proposed use of proceeds, the experience of the issuer's management, and certain certified financial statements (also known as an "official statement").

**PRUDENT INVESTOR STANDARD:** A standard of conduct for fiduciaries. Investments shall be made with judgment and care--under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

**PUBLIC DEPOSIT:** A bank that is qualified under California law to accept a deposit of public funds.

**PURCHASE DATE:** The date in which a security is purchased for settlement on that or a later date. Also known as the "trade date."

**RATE OF RETURN:** 1) The yield which can be attained on a security based on its purchase price or its current market price. 2) Income earned on an investment, expressed as a percentage of the cost of the investment.

**REALIZED GAIN (OR LOSS):** Gain or loss resulting from the sale or disposal of a security.

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

**REPURCHASE AGREEMENT (RP or REPO):** A transaction in which a counterparty or the holder of securities (e.g. investment dealer) sells these securities to an investor (e.g. the Agency) with a simultaneous agreement to repurchase them at a fixed date. The security "buyer" (e.g. the Agency) in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate the "buyer" for this. Dealers use

RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money that is, increasing bank reserves.

**REVERSE REPURCHASE AGREEMENT (REVERSE REPO):** The opposite of a repurchase agreement. A reverse repo is a transaction in which the Agency sells securities to a counterparty (e.g. investment dealer) and agrees to repurchase the securities from the counterparty at a fixed date. The counterparty in effect lends the seller (e.g. the Agency) money for the period of the agreement with terms of the agreement structured to compensate the buyer.

**RISK:** Degree of uncertainty of return on an asset.

**SAFEKEEPING:** A service which banks offer to clients for a fee, where physical securities are held in the bank's vault for protection and book-entry securities are on record with the Federal Reserve Bank or Depository Trust Company in the bank's name for the benefit of the client. As agent for the client, the safekeeping bank settles securities transactions, collects coupon payments, and redeems securities at maturity or on call date, if called.

**SECURITIES AND EXCHANGE COMMISSION (SEC):** Agency created by Congress to protect investors in securities transactions by administering securities legislation.

**SECONDARY MARKET:** A market for the repurchase and resale of outstanding issues following the initial distribution.

**SECURITIES:** Investment instruments such as notes, bonds, stocks, money market instruments and other instruments of indebtedness or equity.

**SETTLEMENT DATE:** The date on which a trade is cleared by delivery of securities against funds.

**SOFR:** Acronym for "Secured Overnight Financing Rate," which represents a broad measure of the cost of borrowing cash overnight collateralized by Treasury securities.

**SPREAD:** The difference between two figures or percentages. It may be the difference between the bid (price at which a prospective buyer offers to pay) and asked (price at which an owner offers to sell) prices of a quote, or between the amount paid when bought and the amount received when sold.

**STRUCTURED NOTE:** A complex, fixed income instrument, which pays interest, based on a formula tied to other interest rates, commodities, or indices. Examples include "inverse floating rate" notes which have coupons that increase when other interest rates are falling, and which fall when other interest rates are rising and "dual index floaters", which pay interest based on the relationship between two other interest rates, for example, the yield on the ten-year

Treasury note minus the ~~Liber~~-SOFR rate. Issuers of such notes lock in a reduced cost of borrowing by purchasing interest rate swap agreements.

**SUPRANATIONALS:** are international institutions that provide development financing, advisory services and/or financial services to their member countries to achieve the overall goal of improving living standards through sustainable economic growth. The Government Code allows local agencies to purchase the United States 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.

**TIME DEPOSIT:** A deposit with a California bank or savings and loan association for a specific amount and with a specific maturity date and interest rate. Deposits of up to \$250,000 are insured by FDIC. Deposits over \$250,000 are collateralized above the insurance with either government securities (at 110% of par value), first trust deeds (at 150% of par value), or letters of credit (at 105% of par value).

**TOTAL RATE OF RETURN:** A measure of a portfolio's performance over time. It is the internal rate of return which equates the beginning value of the portfolio with the ending value and includes interest earnings and realized and unrealized gains and losses on the portfolio. For bonds held to maturity, total return is the yield to maturity.

**TRUSTEE OR TRUST COMPANY OR TRUST DEPARTMENT OF A BANK:** A financial institution with trust powers which acts in a fiduciary capacity for the benefit of the bondholders in enforcing the terms of the bond contract.

**UNDERWRITER:** A dealer which purchases a new issue of municipal securities for resale.

**UNIFORM NET CAPITAL RULE:** Securities and Exchange Commission requirement that member firms as well as nonmember broker/dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

**U.S. GOVERNMENT AGENCY SECURITIES:** Securities issued by U.S. government agencies, most of which are secured only by the credit worthiness of the particular agency. See AGENCIES.

**U.S. TREASURY OBLIGATIONS:** Securities issued by the U.S. Treasury and backed by the full faith and credit of the United States. Treasuries are the benchmark for interest rates on all other securities in the U.S. The Treasury issues both discounted securities and fixed coupon

notes and bonds. The income from Treasury securities is exempt from state and local, but not federal, taxes.

**TREASURY BILLS:** Securities issued at a discount with initial maturities of one year or less. The Treasury currently issues three-month and six-month Treasury bills at regular weekly auctions. It also issues very short-term "cash management" bills as needed to smooth out cash flows.

**TREASURY NOTES:** Intermediate-term coupon-bearing securities with initial maturities of one year to ten years.

**TREASURY BOND:** Long-term coupon-bearing securities with initial maturities of ten years or longer.

**UNREALIZED GAIN (OR LOSS):** Gain or loss that has not become actual. It becomes a realized gain (or loss) when the security in which there is a gain or loss is actually sold. See REALIZED GAIN (OR LOSS).

**VOLATILITY:** Characteristic of a security, commodity, or market to rise or fall sharply in price within a short-term period.

**WEIGHTED AVERAGE MATURITY:** The average maturity of all the securities that comprise a portfolio that is typically expressed in days or years.

**YIELD:** The annual rate of return on an investment expressed as a percentage of the investment. See CURRENT YIELD; YIELD TO MATURITY.

**YIELD CURVE:** Graph showing the relationship at a given point in time between yields and maturity for bonds that are identical in every way except maturity.

**YIELD TO MATURITY:** Concept used to determine the rate of return if an investment is held to maturity. It considers purchase price, redemption value, time to maturity, coupon yield, and the time between interest payments. It is the rate of income return on an investment, minus any premium or plus any discount, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond, expressed as a percentage.



100 North Canyons Parkway  
Livermore, CA 94551  
(925) 454-5000

March 31, 2024

Board of Directors  
Zone 7 Water Agency  
100 North Canyons Parkway  
Livermore, CA 94551

Subject: **Investment Report as of March 31, 2024 (Unaudited)**

Dear Board Members:

Pursuant to Resolution No. 23-46, dated June 30, 2023, the Board adopted the Agency investment policy. In accordance with Strategic Plan Initiative No. 24 – Continue to effectively manage financial resources for the Agency in a prudent manner and in accordance with the Investment Policy, attached is the Agency quarterly informational investment report as of March 31, 2024. Enclosed with this report is a detailed composition of investments held in Zone 7's name by securities category as of March 31, 2024. This report reflects the market value and cost of purchase of the securities.

All Agency investments in this investment management portfolio conform to the investment policy and are in accordance with California Government Code Section 53600, et. seq. Below is the Agency's investment portfolio management summary:

Investment Type	Face Amount	Market Value	Book Value	% of Portfolio	Permitted by Agency Policy	In Compliance	Book Yield (YTM at Cost)
U.S. Treasury Bond/ Note	\$ 90,110,000	\$ 84,988,658	\$ 88,298,688	60.92%	No Limit	Yes	2.87%
Corporate Bonds (Medium Term Notes)	21,595,000	21,184,644	21,573,966	15.18%	30%	Yes	4.18%
Federal Agency Commercial Mortgage-Backed Security	21,944,065	21,949,048	21,929,529	15.73%	No Limit	Yes	4.86%
Negotiable Certificate of Deposit (CD)	1,350,000	1,341,695	1,364,097	0.96%	30%	Yes	5.08%
Asset-Backed Securities	4,855,000	4,874,072	4,869,709	3.49%	20%	Yes	5.08%
Money Market (1)	5,180,373	5,180,373	5,180,373	3.71%	20%	Yes	5.18%
<b>Total Investments</b>	<b>\$ 145,034,439</b>	<b>\$ 139,518,490</b>	<b>\$ 143,216,362</b>	100%			<b>3.50%</b>
US Bank	2,066,000	2,066,000	2,066,000				
<b>Total Cash &amp; Investments</b>	<b>\$ 147,100,439</b>	<b>\$ 141,584,490</b>	<b>\$ 145,282,362</b>				<b>3.50%</b>

(1) **Money Market:** The Money Market Book Yield (Yield to Maturity at Cost) is not part of the overall securities YTM at Cost from PFM Asset Management, it's from the U.S. Bank as custody bank.

In addition, the Agency has cash and investments pooled with the Alameda County Treasury. The County Treasurer acts as the disbursing agent for these funds for the Agency and the cash and investments are invested pursuant to investment policy guidelines established by the County Treasurer for the County.





As of March 31, 2024, the County Treasurer held approximately \$146,376,082 (unaudited) for the Agency. The amount held by the County Treasurer is sufficient to meet all operating cash needs for the Agency within the next six months. Here is a link to the County investment reports: <https://treasurer.acgov.org/treasury/reports.page?>

I hereby certify that, to the best of my actual knowledge, this report includes all investments in the Agency pool investment portfolio and is in conformity with the Agency's current investment policy dated July 1, 2023.

Market value amounts are from PFM Asset Management which provides investment management services for the Agency. U.S. Bank provides the Agency custody services. Book value amounts include premiums or discounts and are adjusted at year end on the general ledger.

Sincerely,

*Osborn Solitei*

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Osborn Solitei,  
Treasurer

Attachment:

- Zone 7 Investment Performance Review for the Quarter Ended March 31, 2024

cc. Valerie Pryor, General Manager



# ZONE 7 WATER AGENCY

## Investment Performance Review For the Quarter Ended March 31, 2024

### Client Management Team

Monique Spyke, Managing Director  
Joseph Creason, Portfolio Manager  
Jeremy King, Key Account Manager

### PFM Asset Management LLC

1 California Street Ste. 1000  
San Francisco, CA 94111-5411  
415-393-7270

213 Market Street  
Harrisburg, PA 17101-2141  
717-232-2723

**NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE**

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# Market Update

## Current Market Themes



- ▶ The U.S. economy is characterized by:
  - ▶ Robust growth that continues to show surprising strength
  - ▶ Sticky inflation that remains above the Federal Reserve (Fed)'s 2% target
  - ▶ Labor markets continuing to show impressive job gains and low unemployment
  - ▶ Resilient consumer spending supported by wage growth that is outpacing inflation



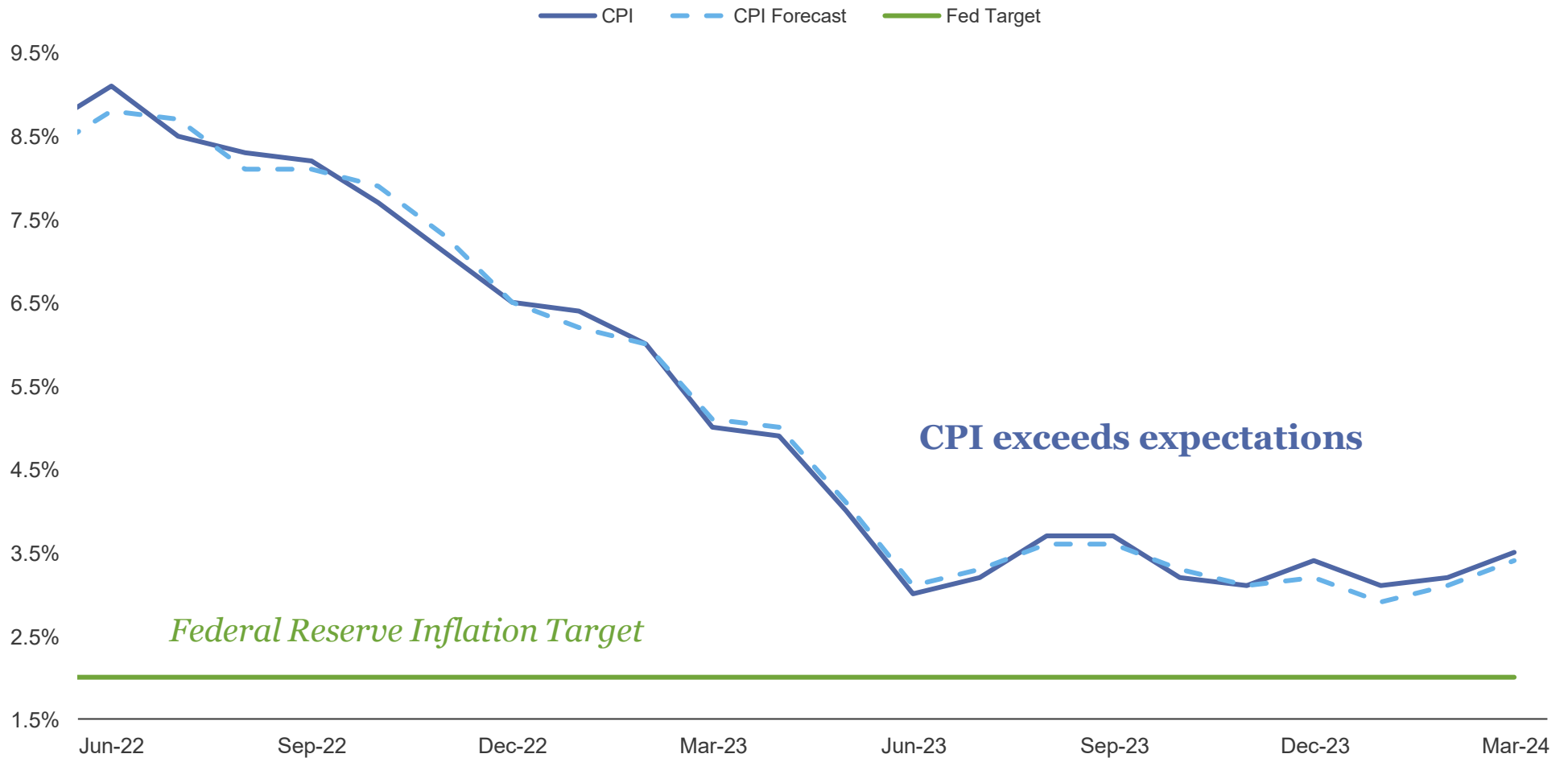
- ▶ Federal Reserve reaffirms rate cut expectations
  - ▶ Forecast of 75 basis points of cuts this year
  - ▶ After entering the year expecting 6 cuts in 2024, markets have adjusted their expectations to only 2 to 3 cuts in 2024
  - ▶ Fed officials reaffirm that restoring price stability is the priority, but further confidence in inflation moving toward the 2% target is needed, which may delay the timing of rate cuts



- ▶ Treasury yields increase following the change in market expectations
  - ▶ Yields on maturities between 2 and 10 years rose 30-40 basis points during the quarter
  - ▶ Yield curve inversion persists
  - ▶ Spreads in most sectors fell to multi-year lows given the strong economic environment

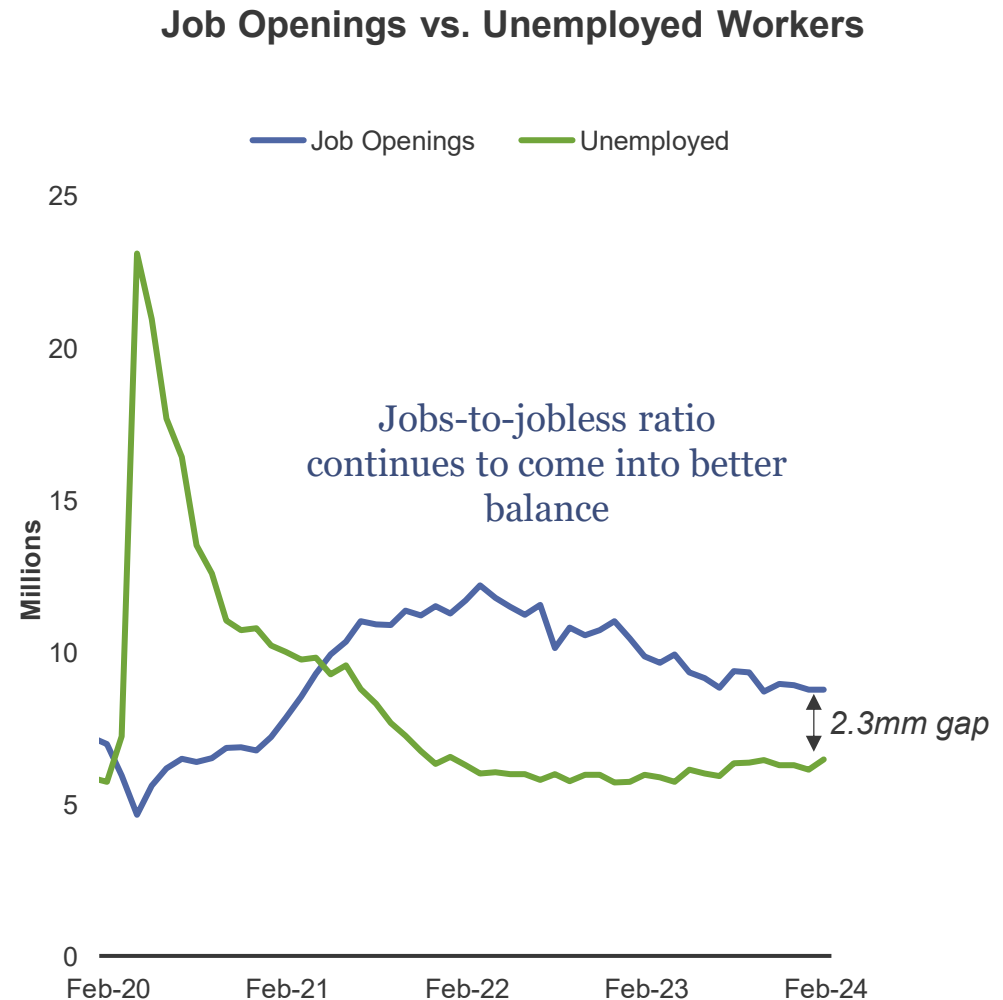
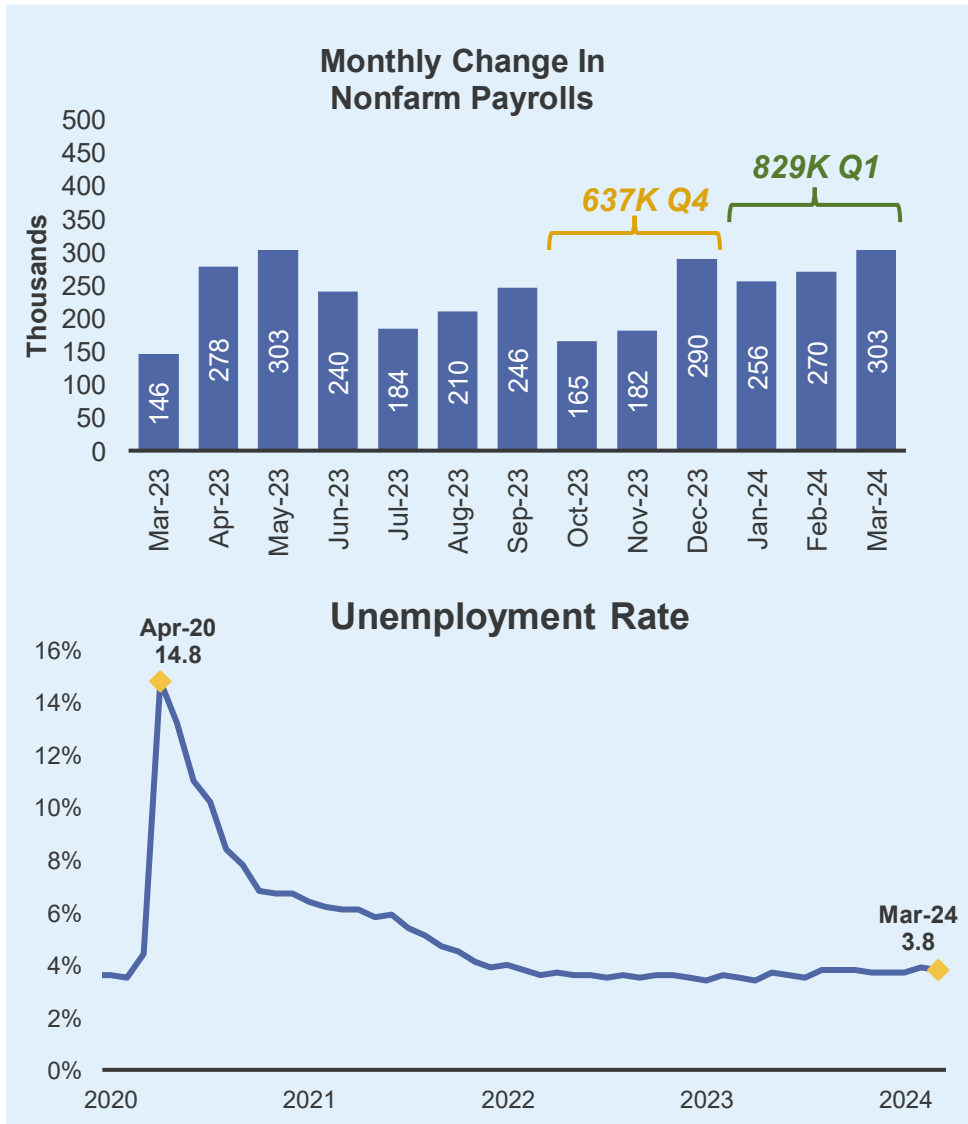
## Inflation Remains Range Bound After Significant Decline in CPI in 2022 and Early 2023

### Consumer Price Index Year-Over-Year Changes



Source: Bloomberg, as of 4/10/2024.

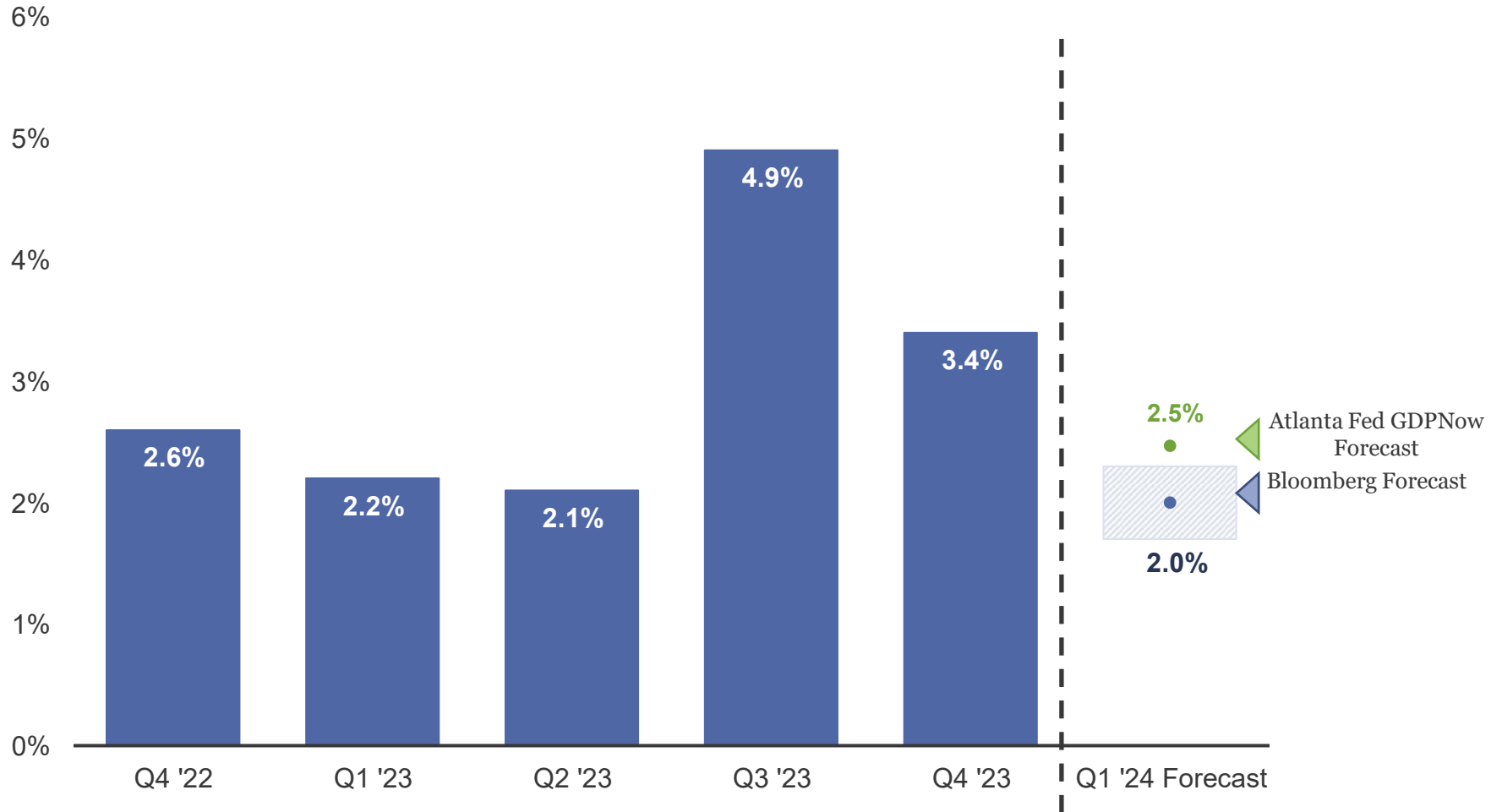
### Labor Market Remains Strong



Source: Bloomberg. Job openings as of February 2024. Monthly change in nonfarm payrolls and unemployment rate as of March 2024. Data is seasonally adjusted.

## Consumer Spending Continues to Drive Strong Economic Growth

### U.S. GDP

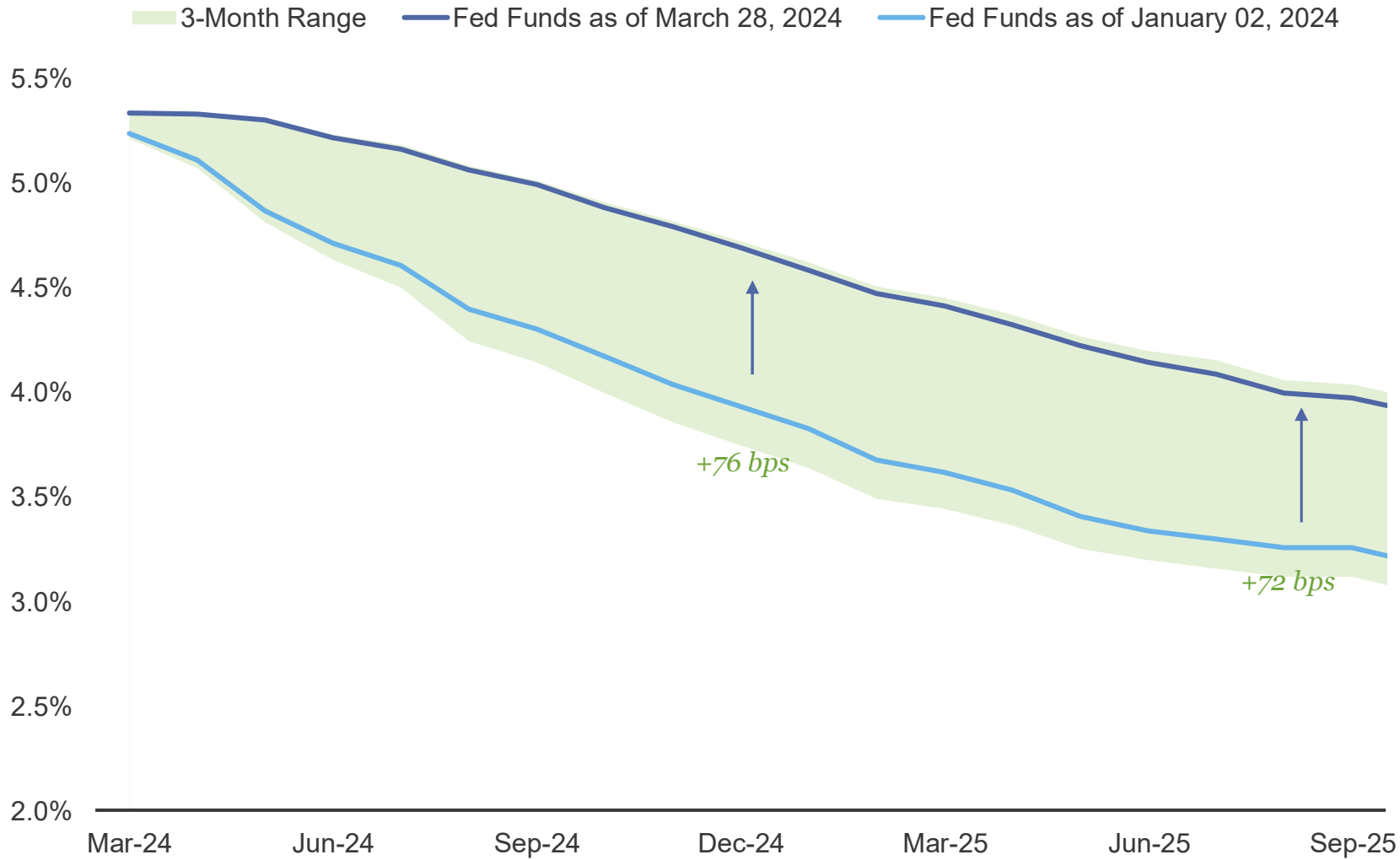


Source: Bureau of Economic Analysis, U.S. Department of Commerce; as of March 28, 2024.

GDPNow estimates provided by the Federal Reserve Bank of Atlanta; as of April 4, 2024. The Atlanta Fed GDPNow estimate is a model-based projection not subject to judgmental adjustments. It is not an official forecast of the Atlanta Fed, its president, the Federal Reserve System, or the Federal Open Market Committee. Bloomberg Forecasts as of March 2024.

## Market Reversed Course and Now Expects a Slower Pace of Rate Cuts

### Implied Fed Funds Rate



Market reprices expectations for number of cuts in 2024 in response to hotter than expected inflation and a resilient labor market

Source: Bloomberg, as of March 2024.

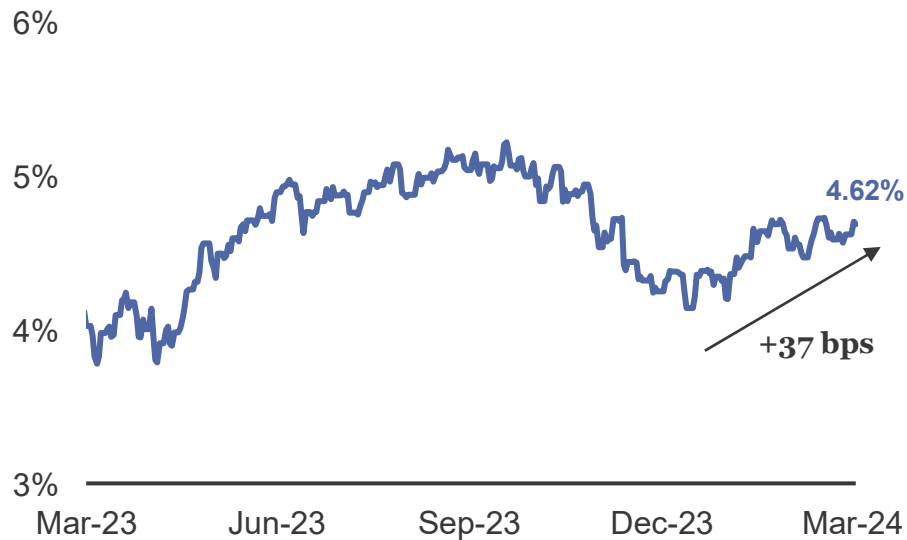


### Yields Reprice on Fed Patience

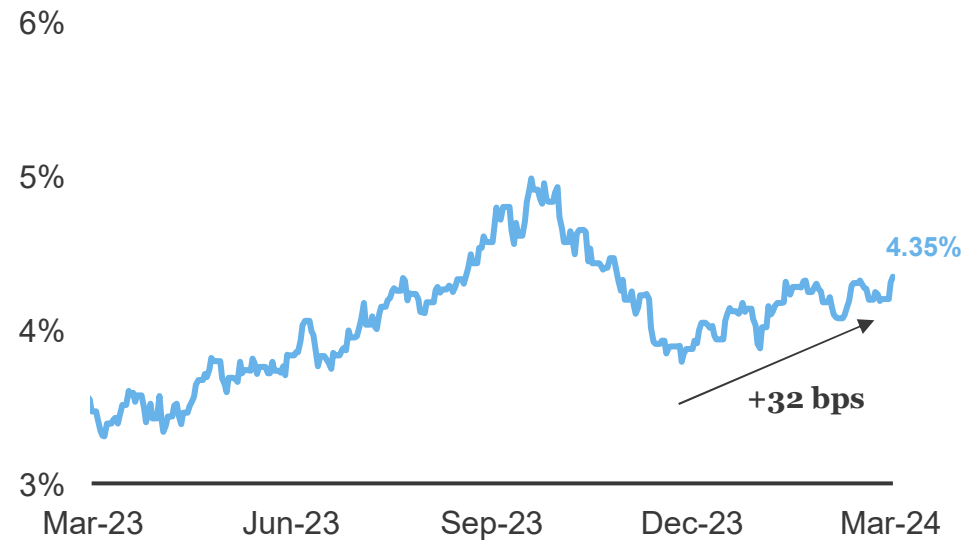
**From the  
March 24 FOMC  
Meeting  
Press Conference**

“...the Committee needs to see **more evidence** to build our **confidence** that inflation is moving down sustainably toward our 2 percent goal, and **we don’t expect that it will be appropriate to begin to reduce rates until we’re more confident** that that is the case”

#### 2-Year Treasury Yield



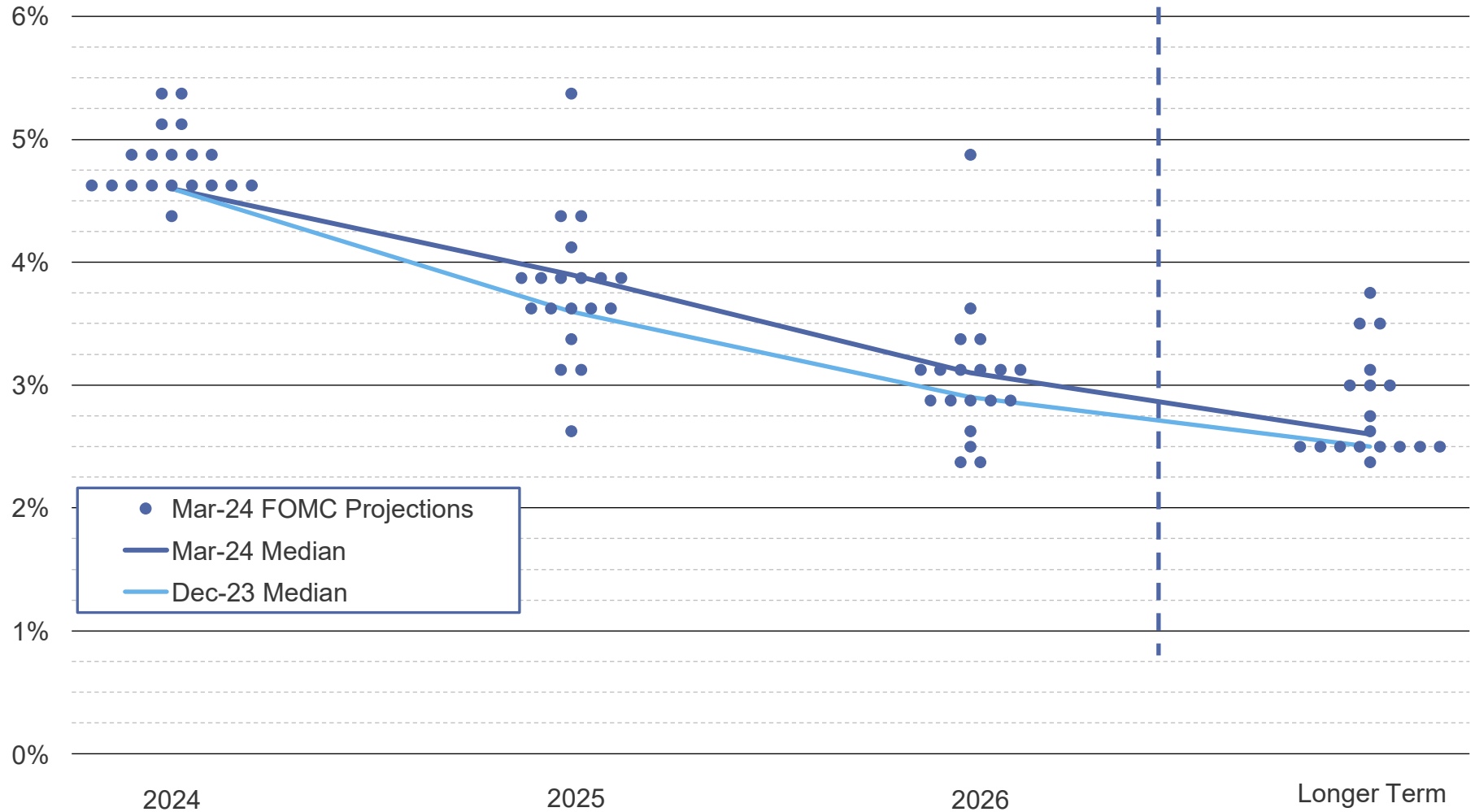
#### 10-Year Treasury Yield



Source: Federal Reserve, Bloomberg, as of 3/31/2024.

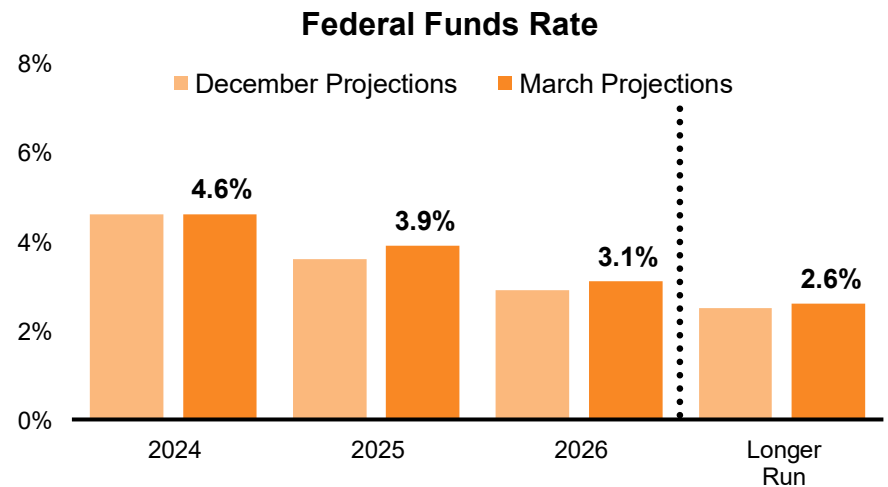
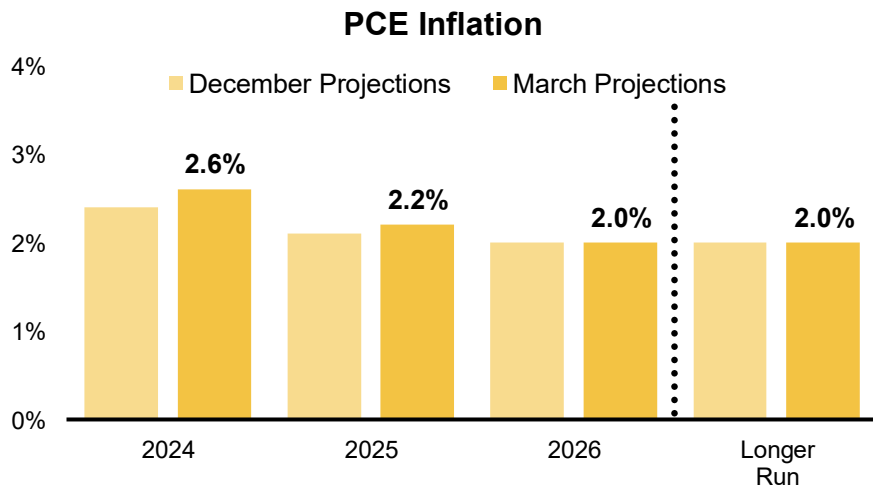
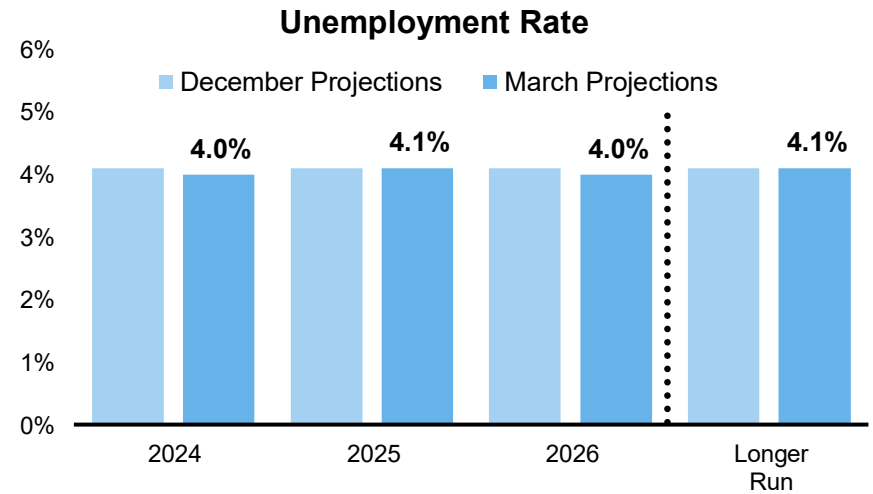
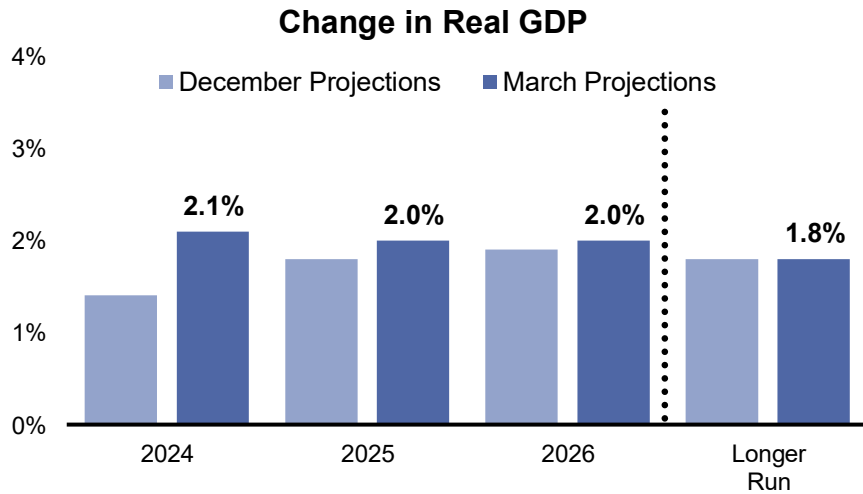
## Fed's Updated "Dot Plot" Shows Little Change in 2024 Expectation

### Fed Participants' Assessments of 'Appropriate' Monetary Policy



Source: Federal Reserve. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end.

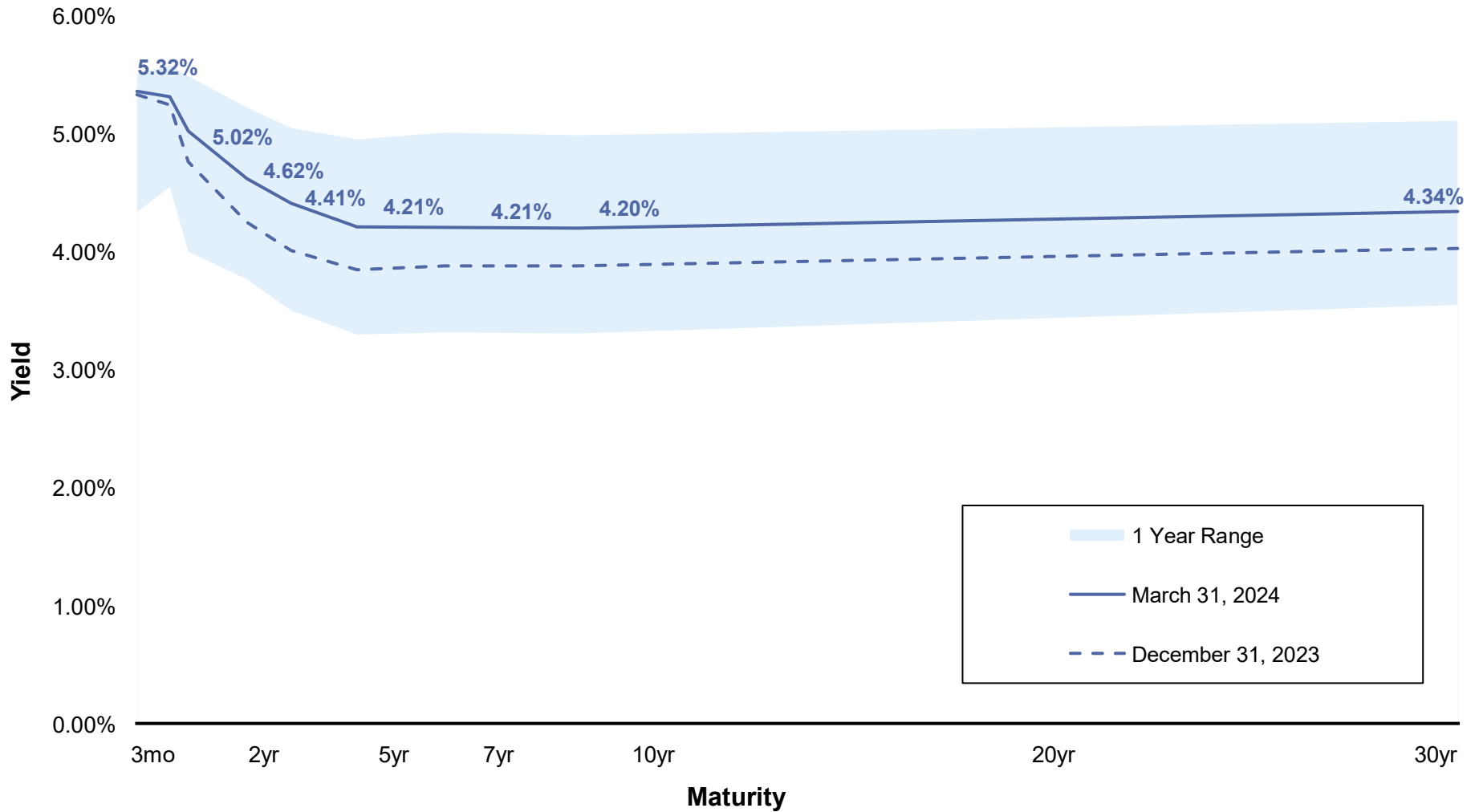
## Summary of Economic Projections Show Stronger Economic Story



Source: Federal Reserve, latest economic projections as of March 2024.

### Treasury Yields Move Higher as Market Evolves to Revised Fed Expectations

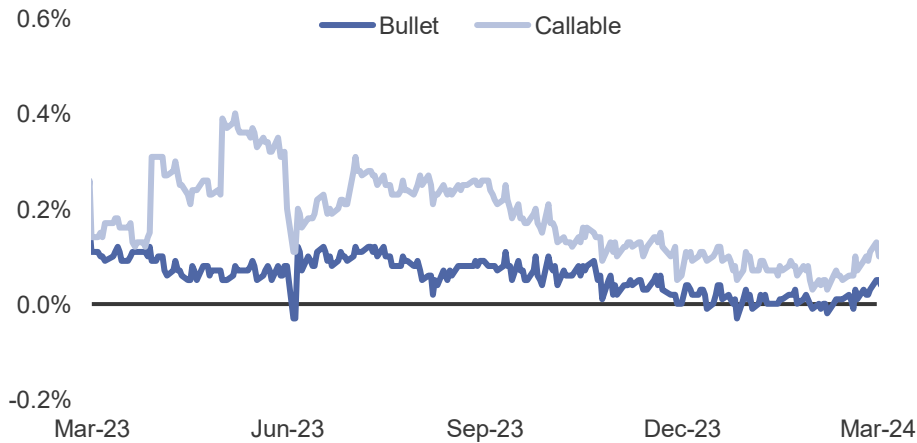
#### U.S. Treasury Yield Curve



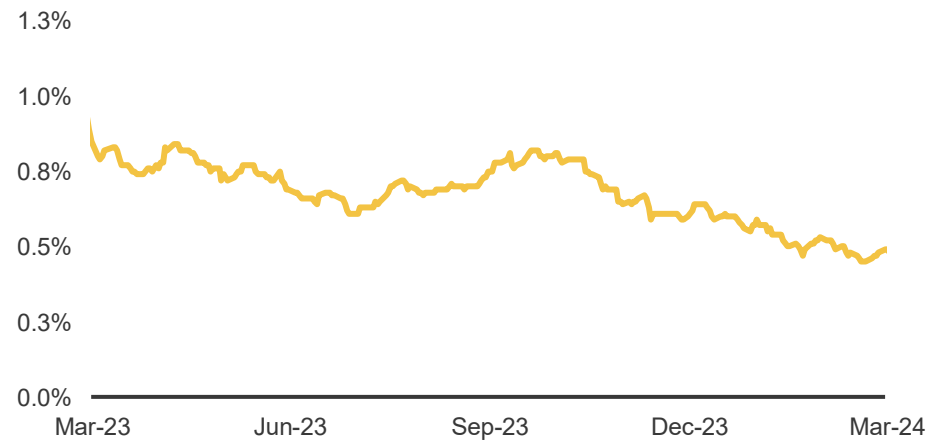
Source: Bloomberg, as of 3/31/2024.

## Sector Yield Spreads

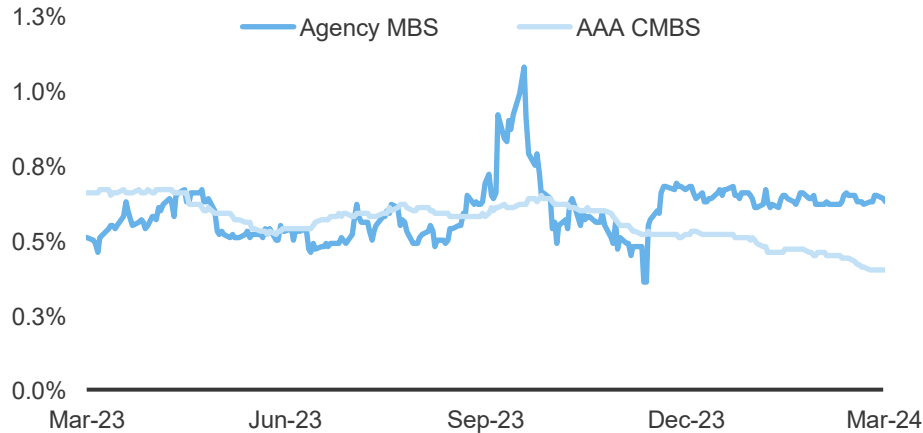
### Federal Agency Yield Spreads



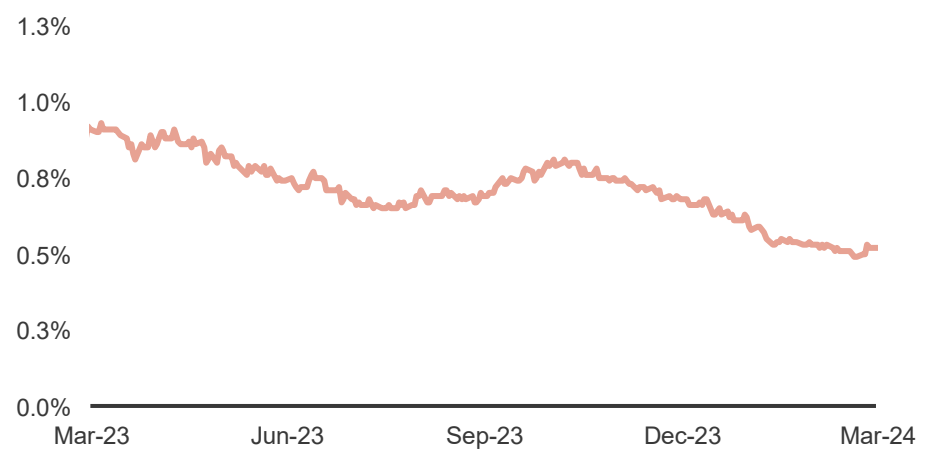
### Corporate Notes A-AAA Yield Spreads



### Mortgage-Backed Securities Yield Spreads



### Asset-Backed Securities AAA Yield Spreads

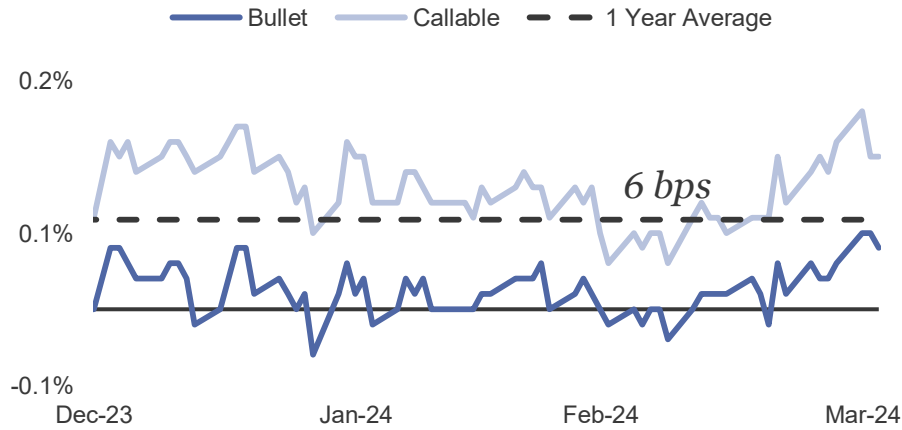


Source: ICE BofA 1-3 year Indices via Bloomberg, MarketAxess and PFMAM as of March 31, 2024. Spreads on ABS and MBS are option-adjusted spreads of 0-3 year indices based on weighted average life; spreads on agencies are relative to comparable maturity Treasuries.

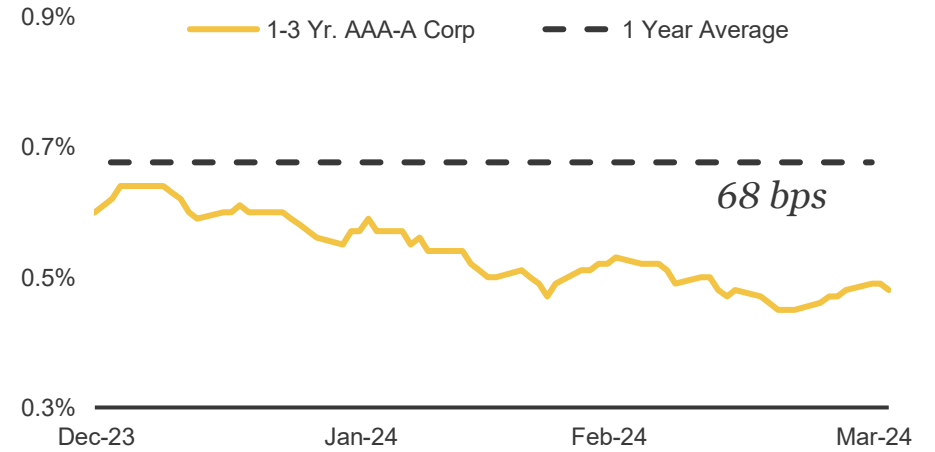
CMBS is Commercial Mortgage-Backed Securities and represented by the ICE BofA Agency CMBS Index.

## Sector Yield Spreads

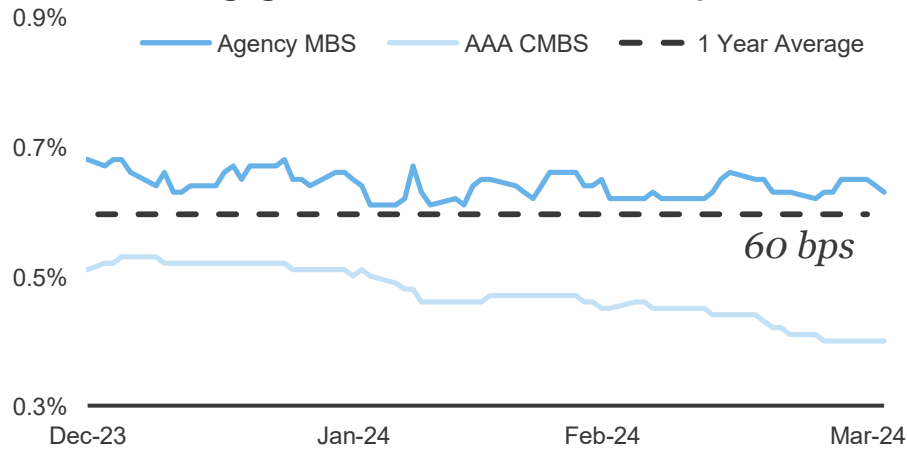
### Federal Agency Yield Spreads



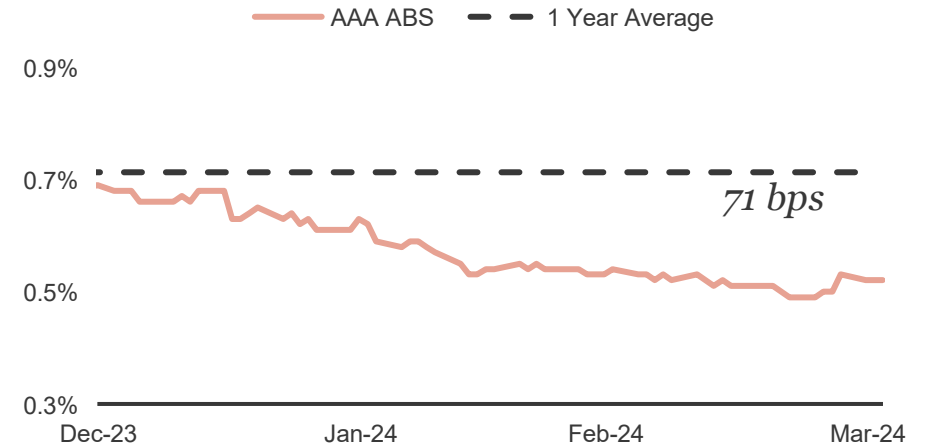
### Corporate Notes A-AAA Yield Spreads



### Mortgage-Backed Securities Yield Spreads



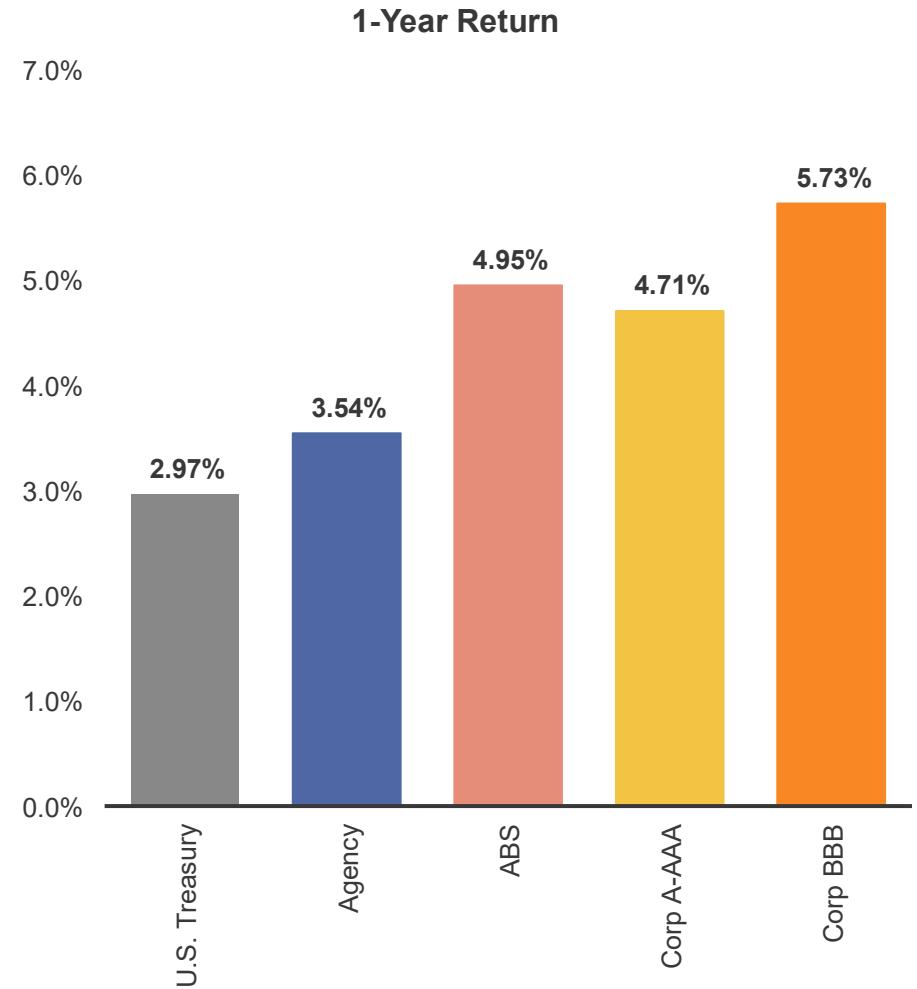
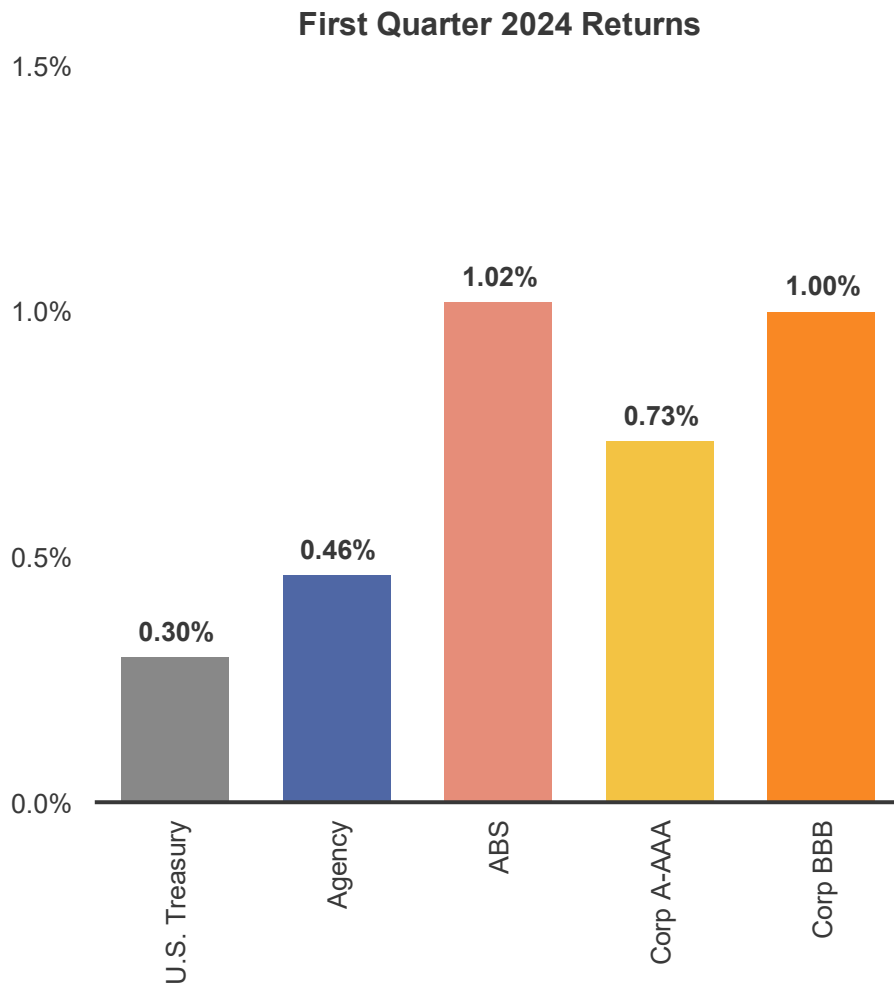
### Asset-Backed Securities AAA Yield Spreads



Source: ICE BofA 1-3 year Indices via Bloomberg, MarketAxess and PFMAM as of March 31, 2024. Spreads on ABS and MBS are option-adjusted spreads of 0-3 year indices based on weighted average life; spreads on agencies are relative to comparable maturity Treasuries. CMBS is Commercial Mortgage-Backed Securities and represented by the ICE BofA Agency CMBS Index.







## Fixed-Income Index Total Returns in 1Q 2024

### 1-3 Year Indices



Source: ICE BofA Indices. ABS indices are 0-3 year, based on weighted average life. As of March 31, 2024.

## Factors to Consider for 6-12 Months

<p><b>Monetary Policy:</b></p>  <ul style="list-style-type: none"> <li>• Fed guidance implies a soft landing and 3 rate cuts for 2024. Market expectations have been volatile but recently converged to Fed projections.</li> <li>• Globally, central banks are nearing the start of cutting cycles with the Swiss central bank being the first to cut.</li> </ul>	<p><b>Economic Growth:</b></p>  <ul style="list-style-type: none"> <li>• U.S. resiliency continues as expectations for a soft-landing command center stage. Strength is led by consumers supported by a robust labor market.</li> <li>• Eurozone growth set to improve in 2024 H2. Although Chinese growth targets seem aspirational, emerging economies are expected to grow.</li> </ul>	<p><b>Inflation:</b></p>  <ul style="list-style-type: none"> <li>• Inflation continued to moderate but has proven to be stickier than expected, predominantly in housing and other service sectors.</li> <li>• Further upside surprises in inflation indicators may complicate the Fed's path for monetary policy.</li> </ul>
<p><b>Financial Conditions:</b></p>  <ul style="list-style-type: none"> <li>• Financial conditions continue to soften as the "Fed pivot" remains in play amid sustained strength in various economic indicators.</li> <li>• With interest rates elevated, we continue to focus on identifying potential pockets of stress within financial markets.</li> </ul>	<p><b>Consumer Spending (U.S.):</b></p>  <ul style="list-style-type: none"> <li>• Consumer confidence reached a multi-year high following strong wage growth, a resilient labor market, and slowly moderating inflation.</li> <li>• Hiring and wage growth have played a role in boosting personal income, which combined with record U.S. household net worth, supported spending.</li> </ul>	<p><b>Labor Markets:</b></p>  <ul style="list-style-type: none"> <li>• The labor market remains strong, but a few indicators are moderating from the extreme tightness of 2022.</li> <li>• No sign of weakness in typical economically-sensitive industries, like retail, leisure and hospitality, and construction.</li> </ul>

● Current outlook    ○ Outlook one quarter ago



Statements and opinions expressed about the next 6-12 months were developed based on our independent research with information obtained from Bloomberg. The views expressed within this material constitute the perspective and judgment of PFM Asset Management LLC at the time of distribution (3/31/2024) and are subject to change. Information is obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management LLC cannot guarantee its accuracy, completeness, or suitability.



## Fixed-Income Sector Commentary – 1Q 2024

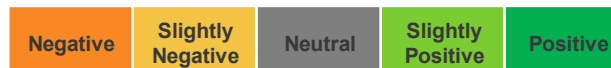
- ▶ **U.S. Treasuries** markets spent the quarter adjusting its expectations as strong economic data and Fed commentary pushed back on the notion that a rate cut was imminent. Yields reflected the repricing and are higher by over 30 basis points for maturities greater than a year.
- ▶ **Federal Agency, Municipal, and Supranational** yield spreads remained low and range bound. These sectors eked out positive excess returns, mostly from their modest incremental income. Callable agencies outperformed bullet agencies, as bond market volatility generally waned from recent multi-year highs.
- ▶ **Investment-Grade (IG) Corporates** produced strong excess returns on robust market demand and continued spread tightening in the sector. IG corporates finished the quarter at their tightest spread levels in over two years. Lower rated issues performed best. With spreads near historical tights, some caution in the sector is warranted.
- ▶ **Asset-Backed Securities** were the strongest-performing fixed income sector. The rally in the sector was led by ongoing optimism regarding the strength of the American consumer and, like IG corporates, robust appetite for investment opportunities in the sector. Incremental income from ABS remains attractive and our fundamental outlook for the economy is supportive for the sector.
- ▶ **Mortgage-Backed Securities** performance was mixed with spreads widening in longer maturity structures. Volatility was relatively muted compared to Q4 and helped bolster returns in the sector. Agency commercial mortgage-backed security spreads tightened more aggressively relative to pass-throughs, resulting in strong relative performance.
- ▶ **Short-term credit** (commercial paper and negotiable bank CDs) yield spreads continued to tighten over the quarter while the credit curve has steepened. Shorter-term maturities are less attractive and we prefer issues with maturities between 6 and 12 months.

### Fixed-Income Sector Outlook – 2Q 2024

Sector	Our Investment Preferences
COMMERCIAL PAPER / CD	
TREASURIES	
T-Bill	
T-Note	
FEDERAL AGENCIES	
Bullets	
Callables	
SUPRANATIONALS	
CORPORATES	
Financials	
Industrials	
SECURITIZED	
Asset-Backed	
Agency Mortgage-Backed	
Agency CMBS	
MUNICIPALS	

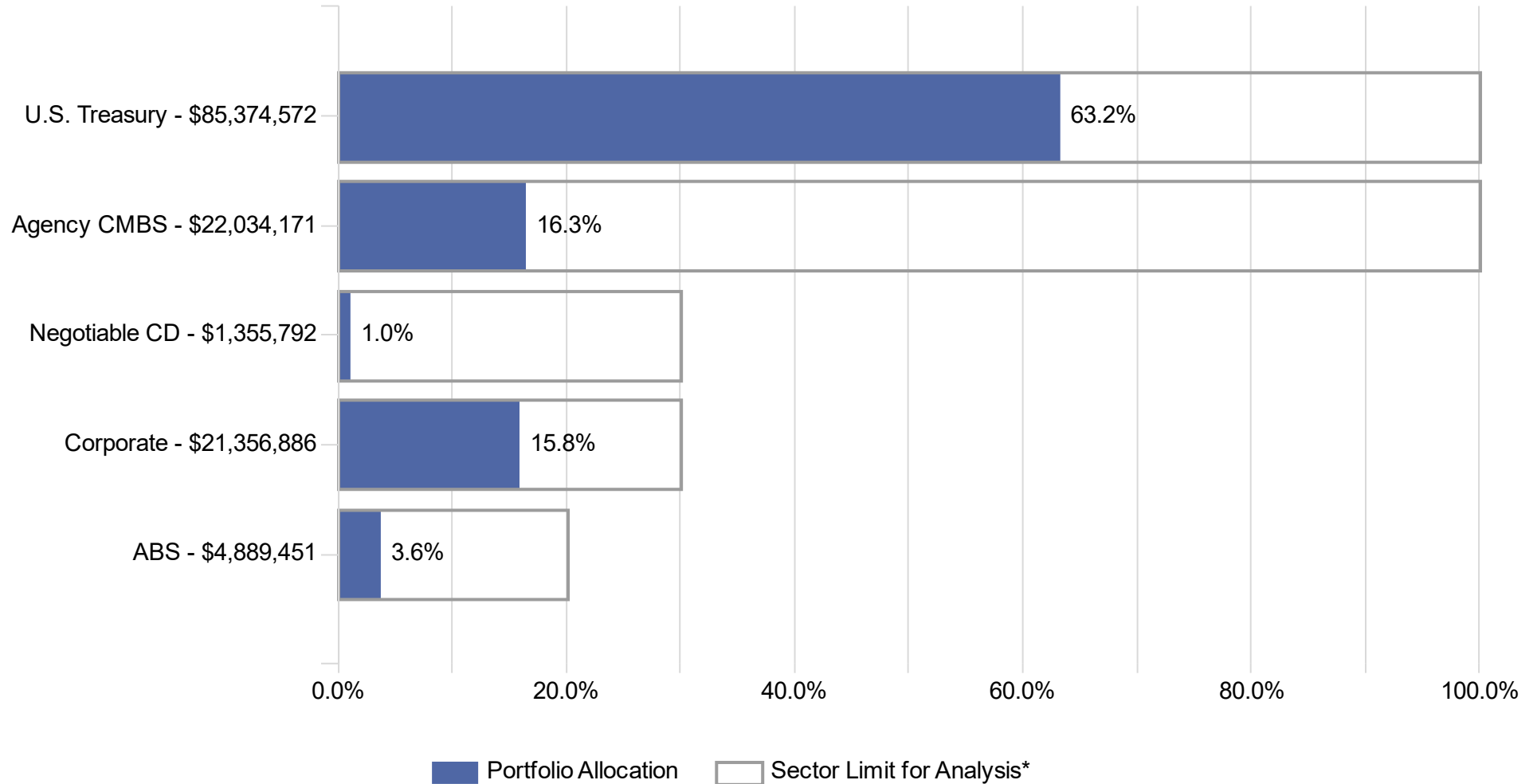
● Current outlook

○ Outlook one quarter ago



# Account Summary

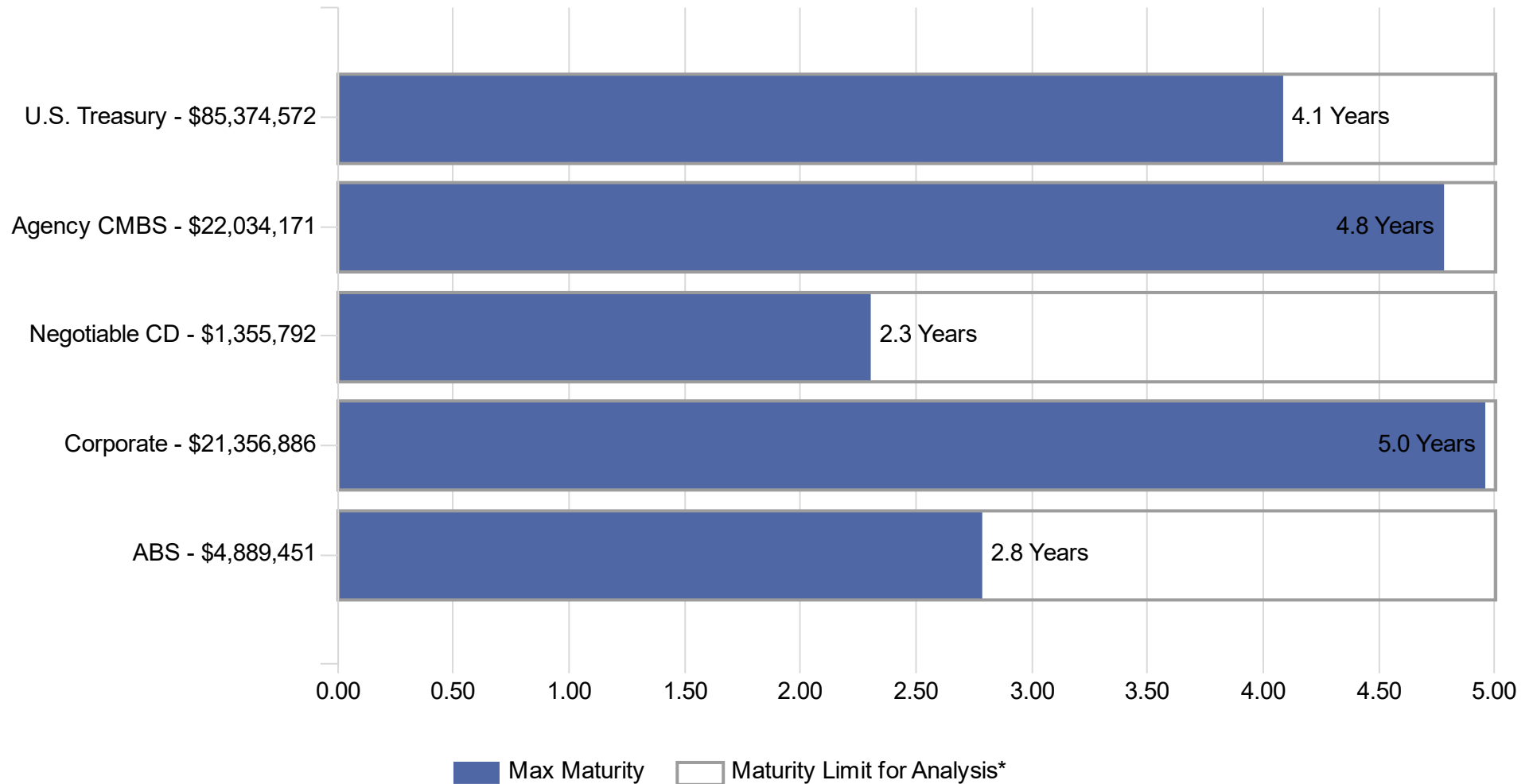
### Sector Allocation Analytics



For informational/analytical purposes only and is not provided for compliance assurance. Includes accrued interest.

\*Sector Limit for Analysis is as derived from our interpretation of your most recent Investment Policy as provided.

### Max Maturity Analytics



*For informational/analytical purposes only and is not provided for compliance assurance. Includes accrued interest and excludes balances invested in overnight funds.*

*\*Maturity Limit for Analysis is derived from our interpretation of your most recent Investment Policy as provided.*

*Mortgage-backed securities and asset-backed securities, if any, limit is based on weighted average life, if applicable. Callable securities, if any, limit is based on maturity date.*

## Certificate of Compliance

During the reporting period for the quarter ended March 31, 2024, the account(s) managed by PFM Asset Management ("PFMAM") were in compliance with the applicable investment policy and guidelines as furnished to PFMAM.

Acknowledged : *PFM Asset Management LLC*

*Note: Pre- and post-trade compliance for the account(s) managed by PFM Asset Management is provided via Bloomberg Asset and Investment Management ("AIM").*

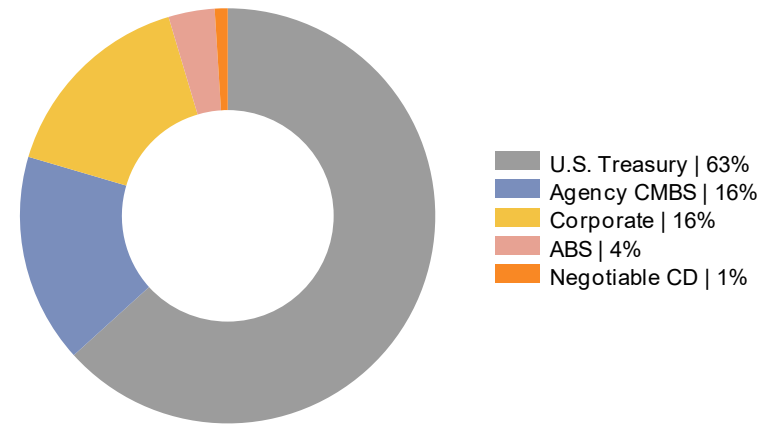
# Portfolio Review: ZONE 7 WATER AGENCY

## Portfolio Snapshot - ZONE 7 WATER AGENCY<sup>1</sup>

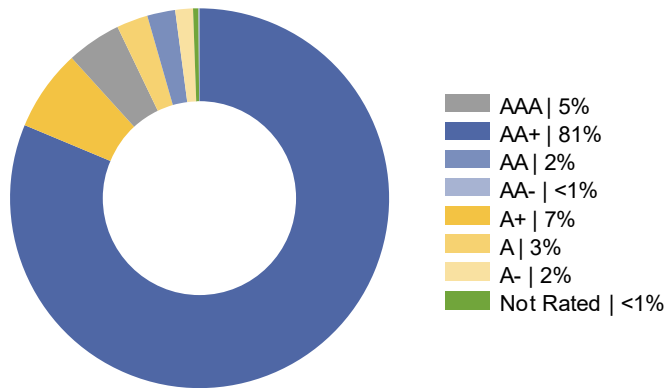
### Portfolio Statistics

<b>Total Market Value</b>	\$140,297,282.93
<i>Securities Sub-Total</i>	\$134,338,116.34
<i>Accrued Interest</i>	\$672,755.65
<i>Cash</i>	\$5,286,410.94
<b>Portfolio Effective Duration</b>	2.54 years
<b>Benchmark Effective Duration</b>	2.52 years
<b>Yield At Cost</b>	3.50%
<b>Yield At Market</b>	4.70%
<b>Portfolio Credit Quality</b>	AA

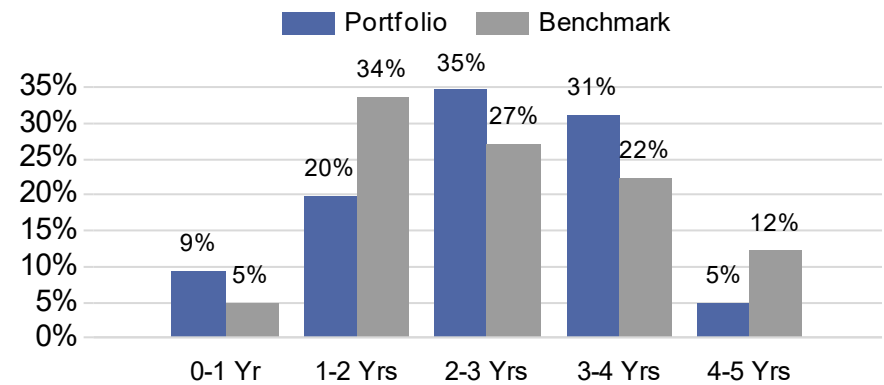
### Sector Allocation



### Credit Quality - S&P



### Duration Distribution

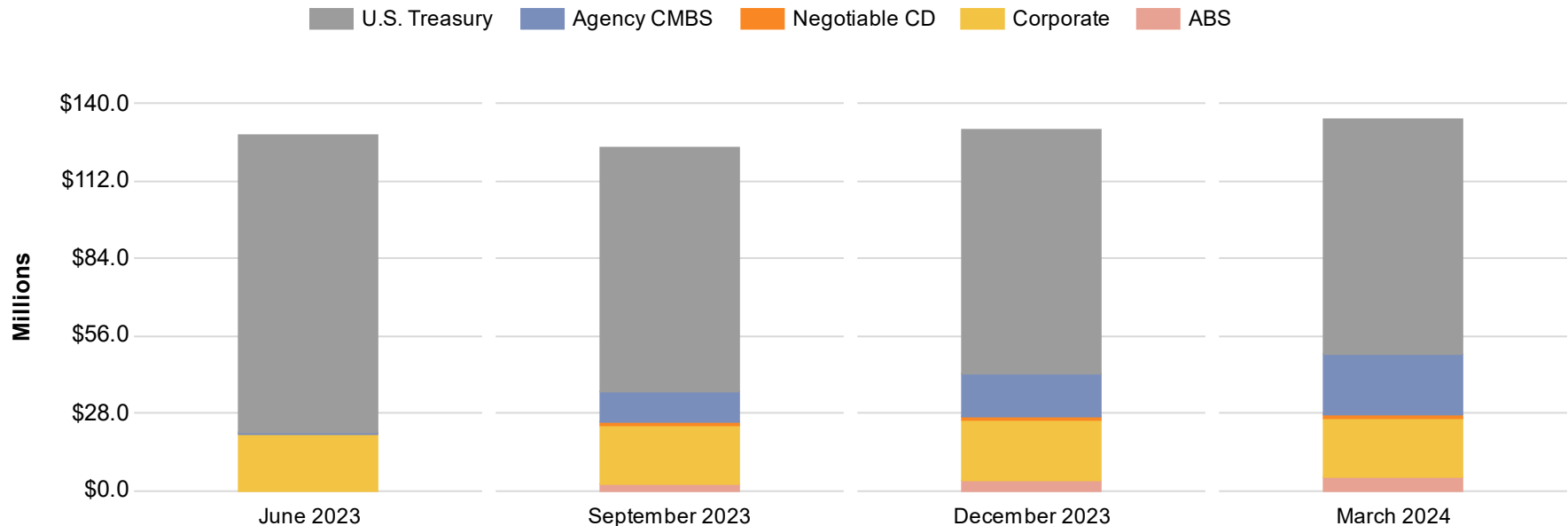


1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. The portfolio's benchmark is the ICE BofA 1-5 Year U.S. Treasury Index. Source: Bloomberg. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.



### Sector Allocation Review - ZONE 7 WATER AGENCY

Security Type	Jun-23	% of Total	Sep-23	% of Total	Dec-23	% of Total	Mar-24	% of Total
U.S. Treasury	\$107.7	83.7%	\$88.1	71.2%	\$88.2	67.5%	\$85.0	63.3%
Agency CMBS	\$0.9	0.7%	\$10.8	8.8%	\$15.6	11.9%	\$21.9	16.3%
Negotiable CD	\$0.0	0.0%	\$1.3	1.1%	\$1.3	1.0%	\$1.3	1.0%
Corporate	\$20.1	15.6%	\$21.3	17.2%	\$21.9	16.8%	\$21.2	15.8%
ABS	\$0.0	0.0%	\$2.1	1.7%	\$3.6	2.8%	\$4.9	3.6%
<b>Total</b>	<b>\$128.7</b>	<b>100.0%</b>	<b>\$123.7</b>	<b>100.0%</b>	<b>\$130.6</b>	<b>100.0%</b>	<b>\$134.3</b>	<b>100.0%</b>

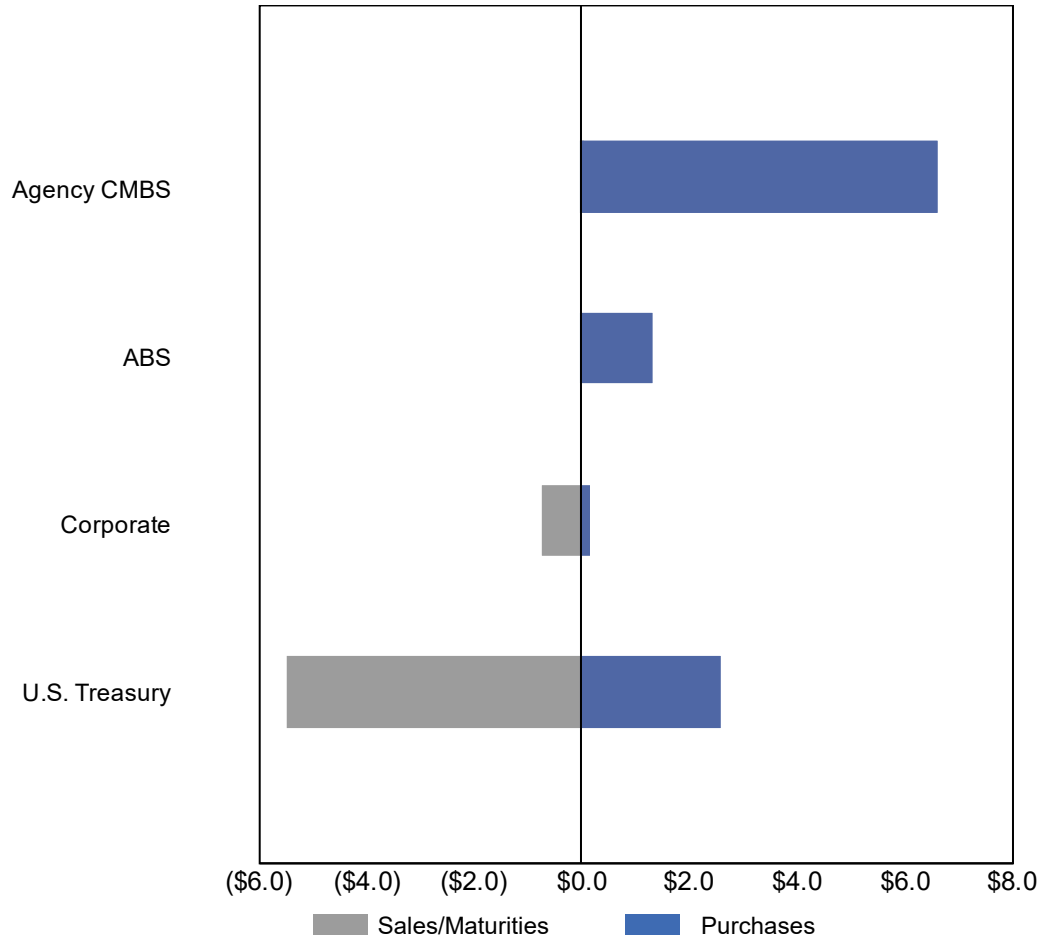


Market values, excluding accrued interest. Only includes fixed-income securities held within the separately managed account(s) and LGIPs managed by PFMAM. Detail may not add to total due to rounding.

ZONE 7 WATER AGENCY

**Portfolio Activity - ZONE 7 WATER AGENCY**

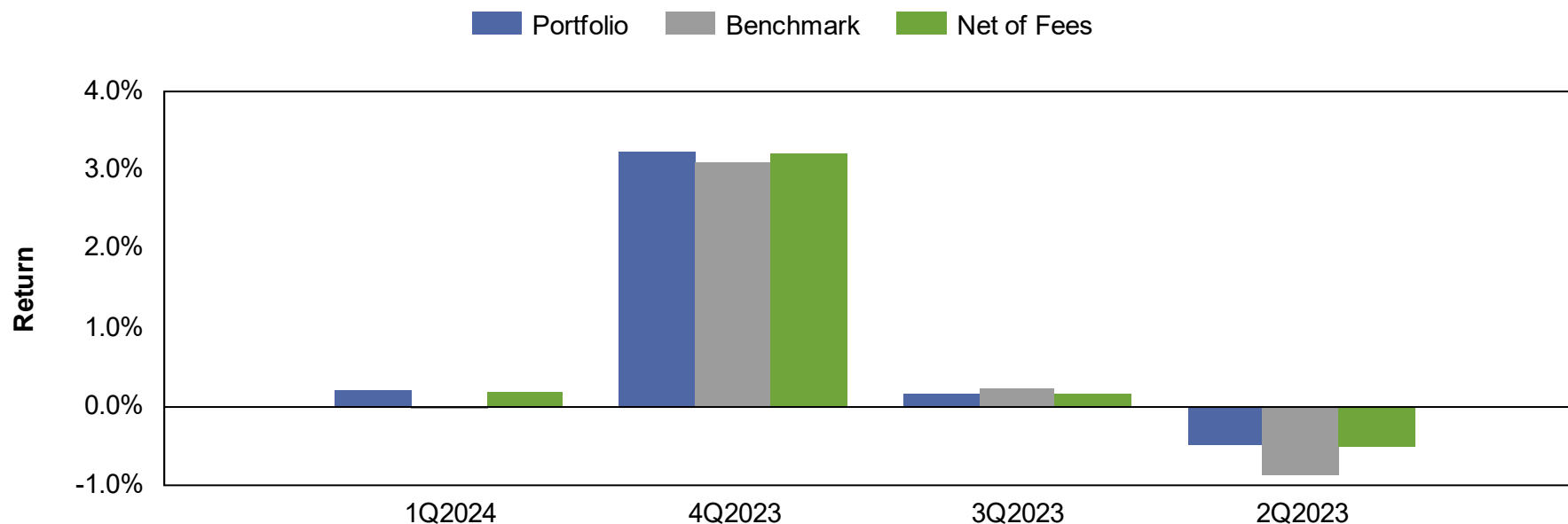
**Net Activity by Sector**  
(\$ millions)



Sector	Net Activity
Agency CMBS	\$6,589,197
ABS	\$1,304,795
Corporate	(\$608,805)
U.S. Treasury	(\$2,913,447)
<b>Total Net Activity</b>	<b>\$4,371,740</b>

Based on total proceeds (principal and accrued interest) of buys, sells, maturities, and principal paydowns. Detail may not add to total due to rounding.

## Portfolio Performance



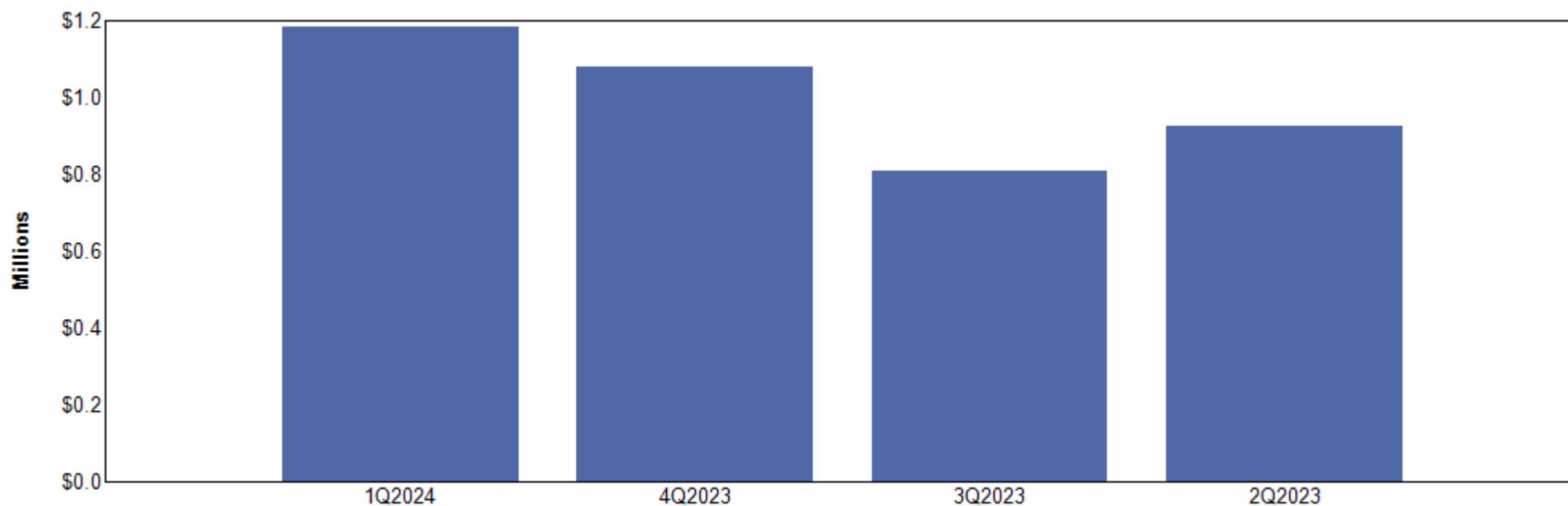
Market Value Basis Earnings	1Q2024	4Q2023	3Q2023	2Q2023
Interest Earned <sup>1</sup>	\$917,674	\$842,902	\$710,235	\$599,139
Change in Market Value	(\$659,386)	\$3,420,672	(\$487,156)	(\$1,256,358)
<b>Total Dollar Return</b>	<b>\$258,288</b>	<b>\$4,263,574</b>	<b>\$223,079</b>	<b>(\$657,219)</b>
<b>Total Return<sup>2</sup></b>				
Portfolio	0.19%	3.23%	0.16%	-0.49%
Benchmark <sup>3</sup>	-0.02%	3.10%	0.23%	-0.86%
<b>Basis Point Fee</b>	<b>0.02%</b>	<b>0.02%</b>	<b>0.02%</b>	<b>0.02%</b>
<b>Net of Fee Return</b>	<b>0.18%</b>	<b>3.21%</b>	<b>0.14%</b>	<b>-0.50%</b>

1. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

2. Returns are presented on a periodic basis.

3. The portfolio's benchmark is the ICE BofA 1-5 Year U.S. Treasury Index. Source: Bloomberg.

## Accrual Basis Earnings - ZONE 7 WATER AGENCY



Accrual Basis Earnings	1Q2024	4Q2023	3Q2023	2Q2023
Interest Earned <sup>1</sup>	\$917,674	\$842,902	\$710,235	\$599,139
Realized Gains / (Losses) <sup>2</sup>	(\$36,910)	(\$68,143)	(\$202,352)	\$344
Change in Amortized Cost	\$304,774	\$304,692	\$301,060	\$324,706
<b>Total Earnings</b>	<b>\$1,185,538</b>	<b>\$1,079,450</b>	<b>\$808,943</b>	<b>\$924,189</b>

1. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.

2. Realized gains / (losses) are shown on an amortized cost basis.

# Portfolio Holdings and Transactions

## Issuer Diversification

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
<b>U.S. Treasury</b>	<b>63.2%</b>	
UNITED STATES TREASURY	63.2%	AA / Aaa / AA
<b>Agency CMBS</b>	<b>16.3%</b>	
FANNIE MAE	1.0%	AA / Aaa / AA
FREDDIE MAC	15.3%	AA / Aaa / AA
<b>Negotiable CD</b>	<b>1.0%</b>	
RABOBANK NEDERLAND	1.0%	A / Aa / AA
<b>Corporate</b>	<b>15.8%</b>	
AMAZON.COM INC	1.5%	AA / A / AA
APPLE INC	1.7%	AA / Aaa / NR
BANK OF AMERICA CO	1.5%	A / A / AA
BLACKROCK INC	0.1%	AA / Aa / NR
CITIGROUP INC	1.5%	A / Aa / A
DEERE & COMPANY	0.7%	A / A / A
HOME DEPOT INC	1.0%	A / A / A
JP MORGAN CHASE & CO	1.5%	A / Aa / AA
MICROSOFT CORP	1.5%	AAA / Aaa / NR
PACCAR FINANCIAL CORP	0.7%	A / A / NR
TARGET CORP	0.9%	A / A / A
TOYOTA MOTOR CORP	0.7%	A / A / A
WAL-MART STORES INC	1.0%	AA / Aa / AA
WELLS FARGO & COMPANY	1.5%	A / Aa / AA
<b>ABS</b>	<b>3.6%</b>	
AMERICAN EXPRESS CO	0.8%	AAA / NR / AAA
BANK OF AMERICA CO	0.4%	NR / Aaa / AAA
CHASE ISSURANCE	1.6%	AAA / NR / AAA
CITIGROUP INC	0.2%	AAA / Aaa / AAA

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
<b>ABS</b>	<b>3.6%</b>	
GM FINANCIAL CONSUMER AUTOMOBILE TRUST	0.1%	NR / Aaa / AAA
HYUNDAI AUTO RECEIVABLES	0.3%	AAA / NR / AAA
TOYOTA MOTOR CORP	0.2%	AAA / NR / AAA
<b>Total</b>	<b>100.0%</b>	

Ratings shown are calculated by assigning a numeral value to each security rating, then calculating a weighted average rating for each security type / issuer category using all available security ratings, excluding Not-Rated (NR) ratings. For security type / issuer categories where a rating from the applicable NRSRO is not available, a rating of NR is assigned. Includes accrued interest and excludes balances invested in overnight funds.

### Issuer Distribution As of March 31, 2024

Issuer	Market Value (\$)	% of Portfolio
UNITED STATES TREASURY	84,988,658	63.27 %
FREDDIE MAC	20,601,304	15.35 %
BANK OF AMERICA CO	2,503,066	1.86 %
CITIGROUP INC	2,339,176	1.74 %
APPLE INC	2,263,377	1.68 %
CHASE ISSURANCE	2,221,265	1.65 %
MICROSOFT CORP	2,011,694	1.50 %
JP MORGAN CHASE & CO	2,001,820	1.49 %
WELLS FARGO & COMPANY	1,953,988	1.45 %
AMAZON.COM INC	1,946,017	1.45 %
FANNIE MAE	1,347,745	1.00 %
RABOBANK NEDERLAND	1,341,695	1.00 %
HOME DEPOT INC	1,306,273	0.97 %
WAL-MART STORES INC	1,277,489	0.95 %
TARGET CORP	1,276,015	0.95 %
TOYOTA MOTOR CORP	1,242,491	0.92 %
AMERICAN EXPRESS CO	1,079,111	0.80 %
DEERE & COMPANY	1,000,951	0.75 %
PACCAR FINANCIAL CORP	982,040	0.73 %
HYUNDAI AUTO RECEIVABLES	399,220	0.30 %
GM FINANCIAL CONSUMER AUTOMOBILE TRUST	129,652	0.10 %
BLACKROCK INC	125,070	0.09 %
<b>Grand Total</b>	<b>134,338,116</b>	<b>100.00 %</b>

## Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>U.S. Treasury</b>											
US TREASURY NOTES DTD 07/15/2021 0.375% 07/15/2024	91282CCL3	1,615,000.00	AA+	Aaa	2/7/2022	2/8/2022	1,574,498.83	1.43	1,281.13	1,610,211.01	1,592,289.06
US TREASURY NOTES DTD 01/15/2022 1.125% 01/15/2025	91282CDS7	3,030,000.00	AA+	Aaa	2/7/2022	2/8/2022	2,994,492.19	1.54	7,210.82	3,020,427.47	2,937,206.25
US TREASURY NOTES DTD 02/15/2022 1.500% 02/15/2025	91282CDZ1	5,100,000.00	AA+	Aaa	5/4/2022	5/5/2022	4,896,398.44	3.01	9,667.58	5,035,936.58	4,942,218.75
US TREASURY NOTES DTD 03/31/2020 0.500% 03/31/2025	912828ZF0	3,200,000.00	AA+	Aaa	4/1/2022	4/4/2022	3,005,750.00	2.62	43.72	3,135,250.00	3,060,499.84
US TREASURY NOTES DTD 04/30/2018 2.875% 04/30/2025	9128284M9	3,125,000.00	AA+	Aaa	5/3/2022	5/4/2022	3,120,361.33	2.93	37,763.99	3,123,326.34	3,055,664.06
US TREASURY NOTES DTD 07/31/2020 0.250% 07/31/2025	91282CAB7	3,145,000.00	AA+	Aaa	2/7/2022	2/8/2022	2,998,560.94	1.63	1,317.62	3,088,916.96	2,957,774.38
US TREASURY NOTES DTD 08/31/2020 0.250% 08/31/2025	91282CAJ0	1,075,000.00	AA+	Aaa	7/6/2022	7/7/2022	990,175.78	2.89	233.70	1,036,899.11	1,007,812.50
US TREASURY NOTES DTD 08/31/2020 0.250% 08/31/2025	91282CAJ0	1,685,000.00	AA+	Aaa	3/8/2022	3/9/2022	1,596,603.32	1.81	366.30	1,649,043.21	1,579,687.50
US TREASURY NOTES DTD 09/30/2020 0.250% 09/30/2025	91282CAM3	2,235,000.00	AA+	Aaa	5/3/2022	5/4/2022	2,039,612.11	2.97	15.27	2,149,154.88	2,088,328.13
US TREASURY NOTES DTD 11/30/2020 0.375% 11/30/2025	91282CAZ4	1,600,000.00	AA+	Aaa	4/13/2022	4/18/2022	1,477,187.50	2.61	2,016.39	1,543,517.40	1,488,249.92
US TREASURY NOTES DTD 01/31/2021 0.375% 01/31/2026	91282CBH3	3,160,000.00	AA+	Aaa	2/7/2022	2/8/2022	2,998,420.31	1.71	1,985.85	3,085,493.19	2,921,518.59
US TREASURY NOTES DTD 03/31/2021 0.750% 03/31/2026	91282CBT7	3,225,000.00	AA+	Aaa	4/1/2022	4/4/2022	2,995,848.63	2.64	66.09	3,110,345.68	2,988,164.06
US TREASURY NOTES DTD 03/31/2021 0.750% 03/31/2026	91282CBT7	3,405,000.00	AA+	Aaa	5/3/2022	5/4/2022	3,126,614.65	2.98	69.77	3,262,783.52	3,154,945.32
US TREASURY NOTES DTD 04/30/2021 0.750% 04/30/2026	91282CBW0	1,225,000.00	AA+	Aaa	2/17/2022	2/18/2022	1,170,162.11	1.86	3,861.78	1,197,831.62	1,131,593.75
US TREASURY NOTES DTD 05/31/2021 0.750% 05/31/2026	91282CCF6	1,665,000.00	AA+	Aaa	3/8/2022	3/9/2022	1,592,546.48	1.82	4,196.62	1,627,928.57	1,533,881.25



For the Quarter Ended March 31, 2024

## ZONE 7 WATER AGENCY

Portfolio Holdings

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>U.S. Treasury</b>											
US TREASURY NOTES DTD 05/31/2021 0.750% 05/31/2026	91282CCF6	6,760,000.00	AA+	Aaa	6/6/2022	6/8/2022	6,195,434.38	2.99	17,038.52	6,453,044.16	6,227,650.00
US TREASURY NOTES DTD 09/30/2021 0.875% 09/30/2026	91282CCZ2	3,420,000.00	AA+	Aaa	5/3/2022	5/4/2022	3,122,353.13	3.00	81.76	3,251,395.06	3,129,300.00
US TREASURY NOTES DTD 11/15/2016 2.000% 11/15/2026	912828U24	6,450,000.00	AA+	Aaa	6/6/2022	6/8/2022	6,181,669.92	3.01	48,906.59	6,291,418.74	6,054,937.50
US TREASURY NOTES DTD 02/15/2017 2.250% 02/15/2027	912828V98	5,300,000.00	AA+	Aaa	7/5/2022	7/7/2022	5,162,945.31	2.85	15,070.05	5,214,544.28	4,988,625.00
US TREASURY NOTES DTD 04/30/2020 0.500% 04/30/2027	912828ZN3	5,775,000.00	AA+	Aaa	8/3/2022	8/5/2022	5,161,406.25	2.92	12,137.02	5,376,110.83	5,128,921.88
US TREASURY NOTES DTD 05/15/2017 2.375% 05/15/2027	912828X88	6,220,000.00	AA+	Aaa	6/10/2022	6/13/2022	5,966,826.56	3.28	56,005.63	6,059,530.02	5,851,659.06
US TREASURY NOTES DTD 06/30/2020 0.500% 06/30/2027	912828ZV5	2,750,000.00	AA+	Aaa	8/9/2022	8/10/2022	2,440,410.16	2.99	3,475.27	2,544,473.97	2,429,023.30
US TREASURY NOTES DTD 08/15/2017 2.250% 08/15/2027	9128282R0	2,570,000.00	AA+	Aaa	9/1/2022	9/6/2022	2,436,580.86	3.40	7,307.55	2,478,958.45	2,399,336.07
US TREASURY NOTES DTD 09/30/2022 4.125% 09/30/2027	91282CFM8	1,940,000.00	AA+	Aaa	11/1/2022	11/3/2022	1,927,344.53	4.27	218.65	1,930,981.57	1,924,843.75
US TREASURY NOTES DTD 10/31/2022 4.125% 10/31/2027	91282CFU0	5,890,000.00	AA+	Aaa	12/13/2022	12/14/2022	6,019,303.91	3.63	102,124.35	5,984,909.94	5,843,063.77
US TREASURY NOTES DTD 11/15/1997 6.125% 11/15/2027	912810FB9	1,560,000.00	AA+	Aaa	1/26/2023	1/30/2023	1,730,685.94	3.62	36,225.00	1,689,038.57	1,648,481.33
US TREASURY NOTES DTD 02/28/2023 4.000% 02/29/2028	91282CGP0	1,270,000.00	AA+	Aaa	2/14/2024	2/15/2024	1,255,613.28	4.31	4,417.39	1,256,061.95	1,255,315.63
US TREASURY NOTES DTD 03/31/2023 3.625% 03/31/2028	91282CGT2	850,000.00	AA+	Aaa	5/31/2023	5/31/2023	842,263.67	3.83	84.19	843,604.17	828,617.23
US TREASURY NOTES DTD 04/30/2023 3.500% 04/30/2028	91282CHA2	865,000.00	AA+	Aaa	5/1/2023	5/1/2023	860,877.73	3.61	12,725.48	861,636.26	839,050.00
<b>Security Type Sub-Total</b>		<b>90,110,000.00</b>					<b>85,880,948.25</b>	<b>2.87</b>	<b>385,914.08</b>	<b>87,912,773.51</b>	<b>84,988,657.88</b>

For the Quarter Ended March 31, 2024

## ZONE 7 WATER AGENCY

Portfolio Holdings

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Negotiable CD</b>											
COOPERAT RABOBANK UA/NY CERT DEPOS DTD 07/20/2023 5.080% 07/17/2026	21684LGS5	1,350,000.00	A+	Aa2	7/17/2023	7/20/2023	1,350,000.00	5.08	14,097.00	1,350,000.00	1,341,694.80
<b>Security Type Sub-Total</b>		<b>1,350,000.00</b>					<b>1,350,000.00</b>	<b>5.08</b>	<b>14,097.00</b>	<b>1,350,000.00</b>	<b>1,341,694.80</b>
<b>Corporate</b>											
AMAZON.COM INC CORPORATE NOTES DTD 04/13/2022 3.000% 04/13/2025	023135CE4	1,990,000.00	AA	A1	4/11/2022	4/13/2022	1,986,835.90	3.06	27,860.00	1,988,911.62	1,946,017.02
WALMART INC CORP NOTES (CALLABLE) DTD 06/27/2018 3.550% 06/26/2025	931142ED1	1,300,000.00	AA	Aa2	2/7/2022	2/9/2022	1,372,527.00	1.84	12,178.47	1,324,134.41	1,277,489.20
WELLS FARGO BANK NA BANK NOTES (CALLABLE) DTD 08/09/2023 5.450% 08/07/2026	94988J6D4	1,945,000.00	A+	Aa2	8/18/2023	8/22/2023	1,942,335.35	5.50	15,900.38	1,942,885.04	1,953,987.85
JP MORGAN CORP NOTES (CALLABLE) DTD 12/08/2023 5.110% 12/08/2026	48125LRU8	2,000,000.00	A+	Aa2	12/5/2023	12/8/2023	2,000,000.00	5.11	32,079.44	2,000,000.00	2,001,820.00
TARGET CORP CORP NOTES (CALLABLE) DTD 01/24/2022 1.950% 01/15/2027	87612EBM7	1,375,000.00	A	A2	2/7/2022	2/9/2022	1,366,915.00	2.08	5,660.42	1,370,425.53	1,276,015.13
MICROSOFT CORP CORP NOTES (CALLABLE) DTD 02/06/2017 3.300% 02/06/2027	594918BY9	2,075,000.00	AAA	Aaa	12/14/2022	12/16/2022	2,015,634.25	4.06	10,461.46	2,034,154.17	2,011,693.83
BANK OF AMERICA CORP CORP NOTES (CALLABL DTD 03/11/2021 1.658% 03/11/2027	06051GJQ3	2,170,000.00	A-	A1	4/13/2022	4/18/2022	2,000,761.70	3.40	1,998.81	2,068,343.44	2,021,415.76
HOME DEPOT INC CORP NOTES (CALLABLE) DTD 09/14/2017 2.800% 09/14/2027	437076BT8	1,390,000.00	A	A2	1/26/2023	1/30/2023	1,311,326.00	4.16	1,837.89	1,331,227.54	1,306,273.35
TOYOTA MOTOR CREDIT CORP CORPORATE NOTES DTD 01/12/2023 4.625% 01/12/2028	89236TKQ7	980,000.00	A+	A1	8/14/2023	8/16/2023	967,946.00	4.94	9,946.32	969,660.51	974,755.04

For the Quarter Ended March 31, 2024

## ZONE 7 WATER AGENCY

Portfolio Holdings

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Corporate</b>											
APPLE INC CORP NOTES CALLABLE DTD 05/10/2023 4.000% 05/10/2028	037833ET3	2,300,000.00	AA+	Aaa	5/10/2023	5/11/2023	2,302,001.00	3.98	36,033.33	2,301,637.79	2,263,377.10
JOHN DEERE CAPITAL CORP CORPORATE NOTES DTD 07/14/2023 4.950% 07/14/2028	24422EXB0	195,000.00	A	A1	7/13/2023	7/14/2023	197,652.00	4.64	2,064.56	197,271.69	196,166.30
JOHN DEERE CAPITAL CORP CORPORATE NOTES DTD 07/14/2023 4.950% 07/14/2028	24422EXB0	455,000.00	A	A1	7/11/2023	7/14/2023	454,322.05	4.98	4,817.31	454,419.27	457,721.36
JOHN DEERE CAPITAL CORP CORPORATE NOTES DTD 07/14/2023 4.950% 07/14/2028	24422EXB0	345,000.00	A	A1	7/14/2023	7/18/2023	348,381.00	4.73	3,652.69	347,902.50	347,063.44
PACCAR FINANCIAL CORP CORPORATE NOTES DTD 08/10/2023 4.950% 08/10/2028	69371RS64	975,000.00	A+	A1	8/17/2023	8/21/2023	970,407.75	5.06	6,837.19	970,974.19	982,040.48
CITIBANK NA CORP NOTES (CALLABLE) DTD 09/29/2023 5.803% 09/29/2028	17325FBB3	1,975,000.00	A+	Aa3	9/26/2023	9/29/2023	1,975,000.00	5.80	636.72	1,975,000.00	2,043,737.90
BLACKROCK FUNDING INC CORPORATE NOTES (C DTD 03/14/2024 4.700% 03/14/2029	09290DAA9	125,000.00	AA-	Aa3	3/5/2024	3/14/2024	124,773.75	4.74	277.43	124,775.72	125,069.88
<b>Security Type Sub-Total</b>		<b>21,595,000.00</b>					<b>21,336,818.75</b>	<b>4.18</b>	<b>172,242.42</b>	<b>21,401,723.42</b>	<b>21,184,643.64</b>
<b>Agency CMBS</b>											
FHMS K061 A2 DTD 01/30/2017 3.347% 11/01/2026	3137BTUM1	957,886.32	AA+	Aaa	5/19/2023	5/24/2023	928,401.39	4.31	2,671.70	935,743.30	924,910.09
FHMS K064 A2 DTD 05/15/2017 3.224% 03/01/2027	3137BXQY1	1,320,000.00	AA+	Aaa	8/16/2023	8/18/2023	1,245,131.25	4.98	3,546.40	1,258,295.62	1,267,463.60
FHLMC MULTIFAMILY STRUCTURED P DTD 08/01/2017 3.117% 06/01/2027	3137F2LJ3	1,165,000.00	AA+	Aaa	8/17/2023	8/22/2023	1,089,457.03	5.01	3,026.09	1,101,673.19	1,112,240.40
FHMS K506 A1 DTD 09/01/2023 4.650% 05/01/2028	3137HAMG8	646,759.86	AA+	Aaa	9/7/2023	9/14/2023	637,087.58	5.01	2,506.19	638,117.36	644,030.92
FHMS K505 A2 DTD 07/01/2023 4.819% 06/01/2028	3137HACX2	1,350,000.00	AA+	Aaa	7/13/2023	7/20/2023	1,363,483.80	4.59	5,421.38	1,361,542.38	1,353,929.51

For the Quarter Ended March 31, 2024

## ZONE 7 WATER AGENCY

Portfolio Holdings

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>Agency CMBS</b>											
FHMS KJ46 A1 DTD 07/01/2023 4.777% 06/01/2028	3137HAD45	1,080,153.08	AA+	Aaa	7/19/2023	7/27/2023	1,080,126.07	4.78	4,299.91	1,080,129.87	1,074,161.02
FNA 2023-M6 A2 DTD 07/01/2023 4.190% 07/01/2028	3136BQDE6	1,375,000.00	AA+	Aaa	7/18/2023	7/31/2023	1,351,689.45	4.58	4,801.04	1,354,867.57	1,347,744.56
FHMS K506 A2 DTD 09/01/2023 4.650% 08/01/2028	3137HAMH6	1,300,000.00	AA+	Aaa	9/7/2023	9/14/2023	1,280,769.10	4.99	5,037.50	1,282,700.01	1,295,996.70
FHMS KJ47 A1 DTD 09/01/2023 5.272% 08/01/2028	3137HAMN3	729,265.90	AA+	Aaa	9/19/2023	9/28/2023	729,262.25	5.27	3,203.91	729,262.60	738,265.99
FHMS K508 A2 DTD 10/01/2023 4.740% 08/01/2028	3137HAQ74	1,325,000.00	AA+	Aaa	10/11/2023	10/19/2023	1,295,934.80	5.26	5,233.75	1,298,376.82	1,325,148.76
FHMS K509 A2 DTD 10/01/2023 4.850% 09/01/2028	3137HAST4	1,015,000.00	AA+	Aaa	10/25/2023	10/31/2023	982,638.76	5.60	4,102.29	985,111.53	1,019,913.00
FHMS K507 A2 DTD 09/01/2023 4.800% 09/01/2028	3137HAMS2	1,300,000.00	AA+	Aaa	9/20/2023	9/28/2023	1,284,461.10	5.07	5,200.00	1,285,891.58	1,303,899.53
FHMS K510 A2 DTD 11/01/2023 5.069% 10/01/2028	3137HB3D4	515,000.00	AA+	Aaa	11/14/2023	11/21/2023	513,511.14	5.14	2,175.45	513,609.44	522,056.01
FHMS K511 A2 DTD 12/01/2023 4.860% 10/01/2028	3137HB3G7	750,000.00	AA+	Aaa	11/28/2023	12/7/2023	747,845.25	4.93	3,037.50	747,971.98	754,248.42
FHMS K512 A2 DTD 12/01/2023 5.000% 11/01/2028	3137HBCF9	680,000.00	AA+	Aaa	12/11/2023	12/21/2023	686,349.84	4.78	2,833.33	686,023.36	687,758.30
FHMS K513 A2 DTD 01/01/2024 4.724% 12/01/2028	3137HBFY5	770,000.00	AA+	Aaa	1/10/2024	1/18/2024	777,691.53	4.50	3,031.23	777,401.57	770,743.51
FHMS K514 A2 DTD 02/01/2024 4.572% 12/01/2028	3137HBLV4	780,000.00	AA+	Aaa	2/1/2024	2/8/2024	787,799.22	4.34	2,971.80	787,584.98	775,742.59
FHMS K518 A2 DTD 03/01/2024 5.400% 01/01/2029	3137HC2L5	975,000.00	AA+	Aaa	3/19/2024	3/28/2024	998,541.38	4.83	4,387.50	998,494.06	1,006,537.49
FHMS K516 A2 DTD 03/01/2024 5.477% 01/01/2029	3137HBPM0	1,350,000.00	AA+	Aaa	2/29/2024	3/7/2024	1,390,495.95	4.78	6,161.63	1,389,992.60	1,393,016.93
FHMS K517 A2 DTD 03/01/2024 5.355% 01/01/2029	3137HC2C5	1,210,000.00	AA+	Aaa	3/5/2024	3/14/2024	1,246,283.06	4.66	5,399.63	1,245,956.09	1,243,225.52
FHMS K515 A2 DTD 02/01/2024 5.400% 01/01/2029	3137HBPD0	1,350,000.00	AA+	Aaa	2/14/2024	2/22/2024	1,386,369.00	4.78	6,075.00	1,385,659.59	1,388,015.35
<b>Security Type Sub-Total</b>		<b>21,944,065.16</b>					<b>21,803,328.95</b>	<b>4.86</b>	<b>85,123.23</b>	<b>21,844,405.50</b>	<b>21,949,048.20</b>

For the Quarter Ended March 31, 2024

## ZONE 7 WATER AGENCY

Portfolio Holdings

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
<b>ABS</b>											
CHAIT 2024-A1 A DTD 01/31/2024 4.600% 01/15/2027	161571HV9	1,175,000.00	AAA	NR	1/24/2024	1/31/2024	1,174,821.05	4.61	2,402.22	1,174,830.65	1,168,819.27
CCCIT 2023-A1 A1 DTD 12/01/2023 5.230% 12/01/2027	17305EGW9	295,000.00	AAA	Aaa	12/4/2023	12/11/2023	294,963.01	5.23	5,142.83	294,965.60	295,437.90
TAOT 2023-D A3 DTD 11/14/2023 5.540% 08/15/2028	89239FAD4	265,000.00	AAA	NR	11/7/2023	11/14/2023	264,971.43	5.54	652.49	264,973.46	267,736.26
AMXCA 2023-3 A DTD 09/19/2023 5.230% 09/15/2028	02582JKD1	1,070,000.00	AAA	NR	9/12/2023	9/19/2023	1,069,952.17	5.23	2,487.16	1,069,956.72	1,079,110.52
CHAIT 2023-A1 A DTD 09/15/2023 5.160% 09/15/2028	161571HT4	1,045,000.00	AAA	NR	9/7/2023	9/15/2023	1,044,710.33	5.17	2,396.53	1,044,738.44	1,052,445.31
HART 2023-C A3 DTD 11/13/2023 5.540% 10/16/2028	44918CAD4	395,000.00	AAA	NR	11/3/2023	11/13/2023	394,948.06	5.54	972.58	394,951.62	399,219.67
BACCT 2023-A2 A2 DTD 12/14/2023 4.980% 11/15/2028	05522RDH8	480,000.00	NR	Aaa	12/7/2023	12/14/2023	479,935.54	4.98	1,062.40	479,939.02	481,650.48
GMCAR 2024-1 A3 DTD 01/17/2024 4.850% 12/18/2028	36268GAD7	130,000.00	NR	Aaa	1/9/2024	1/17/2024	129,973.86	4.85	262.71	129,974.84	129,652.41
<b>Security Type Sub-Total</b>		<b>4,855,000.00</b>					<b>4,854,275.45</b>	<b>5.08</b>	<b>15,378.92</b>	<b>4,854,330.35</b>	<b>4,874,071.82</b>
<b>Managed Account Sub Total</b>		<b>139,854,065.16</b>					<b>135,225,371.40</b>	<b>3.50</b>	<b>672,755.65</b>	<b>137,363,232.78</b>	<b>134,338,116.34</b>
<b>Securities Sub Total</b>		<b>\$139,854,065.16</b>					<b>\$135,225,371.40</b>	<b>3.50%</b>	<b>\$672,755.65</b>	<b>\$137,363,232.78</b>	<b>\$134,338,116.34</b>
<b>Accrued Interest</b>											<b>\$672,755.65</b>
<b>Total Investments</b>											<b>\$135,010,871.99</b>

## Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
<b>BUY</b>									
1/9/2024	1/17/2024	130,000.00	36268GAD7	GMCAR 2024-1 A3	4.85%	12/18/2028	129,973.86	4.85%	
1/10/2024	1/18/2024	770,000.00	3137HBFY5	FHMS K513 A2	4.72%	12/1/2028	779,409.23	4.50%	
1/24/2024	1/31/2024	1,175,000.00	161571HV9	CHAIT 2024-A1 A	4.60%	1/15/2027	1,174,821.05	4.61%	
2/1/2024	2/8/2024	780,000.00	3137HBLV4	FHMS K514 A2	4.57%	12/1/2028	788,492.64	4.34%	
2/14/2024	2/15/2024	1,270,000.00	91282CGP0	US TREASURY NOTES	4.00%	2/29/2028	1,279,059.43	4.31%	
2/14/2024	2/15/2024	1,275,000.00	912797JH1	US TREASURY BILL	0.00%	3/12/2024	1,270,150.43	5.29%	
2/14/2024	2/22/2024	1,350,000.00	3137HBPD0	FHMS K515 A2	5.40%	1/1/2029	1,390,621.50	4.78%	
2/29/2024	3/7/2024	1,350,000.00	3137HBPM0	FHMS K516 A2	5.47%	1/1/2029	1,391,728.28	4.78%	
3/5/2024	3/14/2024	125,000.00	09290DAA9	BLACKROCK FUNDING INC CORPORATE NOTES (C	4.70%	3/14/2029	124,773.75	4.74%	
3/5/2024	3/14/2024	1,210,000.00	3137HC2C5	FHMS K517 A2	5.35%	1/1/2029	1,248,622.90	4.66%	
3/19/2024	3/28/2024	975,000.00	3137HC2L5	FHMS K518 A2	5.40%	1/1/2029	1,002,490.13	4.83%	
<b>Total BUY</b>		<b>10,410,000.00</b>					<b>10,580,143.20</b>		<b>0.00</b>
<b>INTEREST</b>									
1/1/2024	1/25/2024	750,000.00	3137HB3G7	FHMS K511 A2	4.86%	10/1/2028	3,037.50		
1/1/2024	1/25/2024	1,320,000.00	3137BXQY1	FHMS K064 A2	3.22%	3/1/2027	3,546.40		
1/1/2024	1/25/2024	680,000.00	3137HBCF9	FHMS K512 A2	5.00%	11/1/2028	2,833.33		
1/1/2024	1/25/2024	963,557.64	3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	2,687.52		

## ZONE 7 WATER AGENCY

Portfolio Activity

## Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
<b>INTEREST</b>									
1/1/2024	1/25/2024	1,325,000.00	3137HAQ74	FHMS K508 A2	4.74%	8/1/2028	5,233.75		
1/1/2024	1/25/2024	648,390.66	3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	2,512.51		
1/1/2024	1/25/2024	732,206.88	3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	3,216.83		
1/1/2024	1/25/2024	1,015,000.00	3137HAST4	FHMS K509 A2	4.85%	9/1/2028	4,102.29		
1/1/2024	1/25/2024	515,000.00	3137HB3D4	FHMS K510 A2	5.06%	10/1/2028	2,175.45		
1/1/2024	1/25/2024	1,082,077.87	3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	4,307.57		
1/1/2024	1/25/2024	1,300,000.00	3137HAMS2	FHMS K507 A2	4.80%	9/1/2028	5,200.00		
1/1/2024	1/25/2024	1,300,000.00	3137HAMH6	FHMS K506 A2	4.65%	8/1/2028	5,037.50		
1/1/2024	1/25/2024	1,350,000.00	3137HACX2	FHMS K505 A2	4.81%	6/1/2028	5,421.38		
1/1/2024	1/25/2024	1,375,000.00	3136BQDE6	FNA 2023-M6 A2	4.19%	7/1/2028	4,801.04		
1/1/2024	1/25/2024	1,165,000.00	3137F2LJ3	FHLMC MULTIFAMILY STRUCTURED P	3.11%	6/1/2027	3,026.09		
1/2/2024	1/2/2024		MONEY0002	MONEY MARKET FUND			22,918.92		
1/12/2024	1/12/2024	980,000.00	89236TKQ7	TOYOTA MOTOR CREDIT CORP CORPORATE NOTES	4.62%	1/12/2028	22,662.50		
1/14/2024	1/14/2024	995,000.00	24422EXB0	JOHN DEERE CAPITAL CORP CORPORATE NOTES	4.95%	7/14/2028	24,626.25		
1/15/2024	1/15/2024	395,000.00	44918CAD4	HART 2023-C A3	5.54%	10/16/2028	1,823.58		
1/15/2024	1/15/2024	480,000.00	05522RDH8	BACCT 2023-A2 A2	4.98%	11/15/2028	2,058.40		
1/15/2024	1/15/2024	3,030,000.00	91282CDS7	US TREASURY NOTES	1.12%	1/15/2025	17,043.75		

## ZONE 7 WATER AGENCY

Portfolio Activity

## Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
<b>INTEREST</b>									
1/15/2024	1/15/2024	1,045,000.00	161571HT4	CHAIT 2023-A1 A	5.16%	9/15/2028	4,493.50		
1/15/2024	1/15/2024	3,075,000.00	91282CCL3	US TREASURY NOTES	0.37%	7/15/2024	5,765.63		
1/15/2024	1/15/2024	1,070,000.00	02582JKD1	AMXCA 2023-3 A	5.23%	9/15/2028	4,663.42		
1/15/2024	1/15/2024	1,375,000.00	87612EBM7	TARGET CORP CORP NOTES (CALLABLE)	1.95%	1/15/2027	13,406.25		
1/15/2024	1/15/2024	265,000.00	89239FAD4	TAOT 2023-D A3	5.54%	8/15/2028	1,223.42		
1/17/2024	1/17/2024	1,350,000.00	21684LGS5	COOPERAT RABOBANK UA/NY CERT DEPOS	5.08%	7/17/2026	33,718.50		
1/31/2024	1/31/2024	3,145,000.00	91282CAB7	US TREASURY NOTES	0.25%	7/31/2025	3,931.25		
1/31/2024	1/31/2024	3,160,000.00	91282CBH3	US TREASURY NOTES	0.37%	1/31/2026	5,925.00		
2/1/2024	2/1/2024		MONEY0002	MONEY MARKET FUND			23,578.10		
2/1/2024	2/25/2024	1,375,000.00	3136BQDE6	FNA 2023-M6 A2	4.19%	7/1/2028	4,801.04		
2/1/2024	2/25/2024	731,409.11	3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	3,213.32		
2/1/2024	2/25/2024	1,320,000.00	3137BXQY1	FHMS K064 A2	3.22%	3/1/2027	3,546.40		
2/1/2024	2/25/2024	1,350,000.00	3137HACX2	FHMS K505 A2	4.81%	6/1/2028	5,421.38		
2/1/2024	2/25/2024	961,750.73	3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	2,682.48		
2/1/2024	2/25/2024	770,000.00	3137HBFY5	FHMS K513 A2	4.72%	12/1/2028	3,031.23		
2/1/2024	2/25/2024	515,000.00	3137HB3D4	FHMS K510 A2	5.06%	10/1/2028	2,175.45		
2/1/2024	2/25/2024	750,000.00	3137HB3G7	FHMS K511 A2	4.86%	10/1/2028	3,037.50		



## Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
<b>INTEREST</b>									
2/1/2024	2/25/2024	1,081,520.78	3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	4,305.35		
2/1/2024	2/25/2024	1,300,000.00	3137HAMS2	FHMS K507 A2	4.80%	9/1/2028	5,200.00		
2/1/2024	2/25/2024	1,325,000.00	3137HAQ74	FHMS K508 A2	4.74%	8/1/2028	5,233.75		
2/1/2024	2/25/2024	1,300,000.00	3137HAMH6	FHMS K506 A2	4.65%	8/1/2028	5,037.50		
2/1/2024	2/25/2024	647,899.90	3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	2,510.61		
2/1/2024	2/25/2024	1,015,000.00	3137HAST4	FHMS K509 A2	4.85%	9/1/2028	4,102.29		
2/1/2024	2/25/2024	1,165,000.00	3137F2LJ3	FHLMC MULTIFAMILY STRUCTURED P	3.11%	6/1/2027	3,026.09		
2/1/2024	2/25/2024	680,000.00	3137HBCF9	FHMS K512 A2	5.00%	11/1/2028	2,833.33		
2/6/2024	2/6/2024	2,075,000.00	594918BY9	MICROSOFT CORP CORP NOTES (CALLABLE)	3.30%	2/6/2027	34,237.50		
2/7/2024	2/7/2024	1,945,000.00	94988J6D4	WELLS FARGO BANK NA BANK NOTES (CALLABLE)	5.45%	8/7/2026	52,412.35		
2/10/2024	2/10/2024	975,000.00	69371RS64	PACCAR FINANCIAL CORP CORPORATE NOTES	4.95%	8/10/2028	24,131.25		
2/15/2024	2/15/2024	5,100,000.00	91282CDZ1	US TREASURY NOTES	1.50%	2/15/2025	38,250.00		
2/15/2024	2/15/2024	2,570,000.00	9128282R0	US TREASURY NOTES	2.25%	8/15/2027	28,912.50		
2/15/2024	2/15/2024	395,000.00	44918CAD4	HART 2023-C A3	5.54%	10/16/2028	1,823.58		
2/15/2024	2/15/2024	480,000.00	05522RDH8	BACCT 2023-A2 A2	4.98%	11/15/2028	1,992.00		
2/15/2024	2/15/2024	1,070,000.00	02582JKD1	AMXCA 2023-3 A	5.23%	9/15/2028	4,663.42		
2/15/2024	2/15/2024	1,175,000.00	161571HV9	CHAIT 2024-A1 A	4.60%	1/15/2027	2,252.08		

## Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
<b>INTEREST</b>									
2/15/2024	2/15/2024	265,000.00	89239FAD4	TAOT 2023-D A3	5.54%	8/15/2028	1,223.42		
2/15/2024	2/15/2024	1,045,000.00	161571HT4	CHAIT 2023-A1 A	5.16%	9/15/2028	4,493.50		
2/15/2024	2/15/2024	5,300,000.00	912828V98	US TREASURY NOTES	2.25%	2/15/2027	59,625.00		
2/16/2024	2/16/2024	130,000.00	36268GAD7	GMCAR 2024-1 A3	4.85%	12/18/2028	507.90		
2/29/2024	2/29/2024	2,760,000.00	91282CAJ0	US TREASURY NOTES	0.25%	8/31/2025	3,450.00		
2/29/2024	2/29/2024	1,270,000.00	91282CGP0	US TREASURY NOTES	4.00%	2/29/2028	25,400.00		
3/1/2024	3/1/2024		MONEY0002	MONEY MARKET FUND			29,426.87		
3/1/2024	3/25/2024	1,300,000.00	3137HAMS2	FHMS K507 A2	4.80%	9/1/2028	5,200.00		
3/1/2024	3/25/2024	1,080,960.69	3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	4,303.12		
3/1/2024	3/25/2024	1,300,000.00	3137HAMH6	FHMS K506 A2	4.65%	8/1/2028	5,037.50		
3/1/2024	3/25/2024	1,015,000.00	3137HAST4	FHMS K509 A2	4.85%	9/1/2028	4,102.29		
3/1/2024	3/25/2024	730,568.73	3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	3,209.63		
3/1/2024	3/25/2024	1,165,000.00	3137F2LJ3	FHLMC MULTIFAMILY STRUCTURED P	3.11%	6/1/2027	3,026.09		
3/1/2024	3/25/2024	1,375,000.00	3136BQDE6	FNA 2023-M6 A2	4.19%	7/1/2028	4,801.04		
3/1/2024	3/25/2024	780,000.00	3137HBLV4	FHMS K514 A2	4.57%	12/1/2028	2,971.80		
3/1/2024	3/25/2024	680,000.00	3137HBCF9	FHMS K512 A2	5.00%	11/1/2028	2,833.33		
3/1/2024	3/25/2024	770,000.00	3137HBFY5	FHMS K513 A2	4.72%	12/1/2028	3,031.23		

## ZONE 7 WATER AGENCY

Portfolio Activity

## Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
<b>INTEREST</b>									
3/1/2024	3/25/2024	1,350,000.00	3137HBPD0	FHMS K515 A2	5.40%	1/1/2029	6,075.00		
3/1/2024	3/25/2024	1,350,000.00	3137HACX2	FHMS K505 A2	4.81%	6/1/2028	5,421.38		
3/1/2024	3/25/2024	1,320,000.00	3137BXQY1	FHMS K064 A2	3.22%	3/1/2027	3,546.40		
3/1/2024	3/25/2024	1,325,000.00	3137HAQ74	FHMS K508 A2	4.74%	8/1/2028	5,233.75		
3/1/2024	3/25/2024	515,000.00	3137HB3D4	FHMS K510 A2	5.06%	10/1/2028	2,175.45		
3/1/2024	3/25/2024	750,000.00	3137HB3G7	FHMS K511 A2	4.86%	10/1/2028	3,037.50		
3/1/2024	3/25/2024	959,937.75	3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	2,677.43		
3/1/2024	3/25/2024	647,406.83	3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	2,508.70		
3/11/2024	3/11/2024	2,170,000.00	06051GJQ3	BANK OF AMERICA CORP CORP NOTES (CALLABL	1.65%	3/11/2027	17,989.30		
3/14/2024	3/14/2024	1,390,000.00	437076BT8	HOME DEPOT INC CORP NOTES (CALLABLE)	2.80%	9/14/2027	19,460.00		
3/15/2024	3/15/2024	1,070,000.00	02582JKD1	AMXCA 2023-3 A	5.23%	9/15/2028	4,663.42		
3/15/2024	3/15/2024	265,000.00	89239FAD4	TAOT 2023-D A3	5.54%	8/15/2028	1,223.42		
3/15/2024	3/15/2024	1,175,000.00	161571HV9	CHAIT 2024-A1 A	4.60%	1/15/2027	4,504.17		
3/15/2024	3/15/2024	395,000.00	44918CAD4	HART 2023-C A3	5.54%	10/16/2028	1,823.58		
3/15/2024	3/15/2024	480,000.00	05522RDH8	BACCT 2023-A2 A2	4.98%	11/15/2028	1,992.00		
3/15/2024	3/15/2024	1,045,000.00	161571HT4	CHAIT 2023-A1 A	5.16%	9/15/2028	4,493.50		
3/16/2024	3/16/2024	130,000.00	36268GAD7	GMCAR 2024-1 A3	4.85%	12/18/2028	525.42		

## Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
<b>INTEREST</b>									
3/29/2024	3/29/2024	1,975,000.00	17325FBB3	CITIBANK NA CORP NOTES (CALLABLE)	5.80%	9/29/2028	57,304.63		
3/31/2024	3/31/2024	3,420,000.00	91282CCZ2	US TREASURY NOTES	0.87%	9/30/2026	14,962.50		
3/31/2024	3/31/2024	6,630,000.00	91282CBT7	US TREASURY NOTES	0.75%	3/31/2026	24,862.50		
3/31/2024	3/31/2024	850,000.00	91282CGT2	US TREASURY NOTES	3.62%	3/31/2028	15,406.25		
3/31/2024	3/31/2024	1,940,000.00	91282CFM8	US TREASURY NOTES	4.12%	9/30/2027	40,012.50		
3/31/2024	3/31/2024	2,235,000.00	91282CAM3	US TREASURY NOTES	0.25%	9/30/2025	2,793.75		
3/31/2024	3/31/2024	3,200,000.00	912828ZF0	US TREASURY NOTES	0.50%	3/31/2025	8,000.00		
<b>Total INTEREST</b>		<b>125,512,687.57</b>					<b>907,145.30</b>		<b>0.00</b>
<b>PAYDOWNS</b>									
1/1/2024	1/25/2024	490.76	3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	490.76		
1/1/2024	1/25/2024	797.77	3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	797.77		
1/1/2024	1/25/2024	1,806.91	3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	1,806.91		
1/1/2024	1/25/2024	557.09	3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	557.09		
2/1/2024	2/25/2024	1,812.98	3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	1,812.98		
2/1/2024	2/25/2024	493.07	3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	493.07		
2/1/2024	2/25/2024	560.09	3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	560.09		
2/1/2024	2/25/2024	840.38	3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	840.38		

## Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
<b>PAYDOWNS</b>									
3/1/2024	3/25/2024	646.97	3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	646.97		
3/1/2024	3/25/2024	2,051.43	3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	2,051.43		
3/1/2024	3/25/2024	1,302.83	3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	1,302.83		
3/1/2024	3/25/2024	807.61	3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	807.61		
<b>Total PAYDOWNS</b>		<b>12,167.89</b>					<b>12,167.89</b>		<b>0.00</b>
<b>SELL</b>									
1/12/2024	1/18/2024	260,000.00	91282CDV0	US TREASURY NOTES	0.87%	1/31/2024	260,640.72		-377.46
1/12/2024	1/18/2024	520,000.00	91282CEG2	US TREASURY NOTES	2.25%	3/31/2024	520,449.20		-2,877.50
1/25/2024	1/29/2024	720,000.00	46625HJT8	JPMORGAN CHASE & CO CORP NOTES	3.87%	2/1/2024	733,579.00		-415.34
1/25/2024	1/31/2024	225,000.00	91282CEG2	US TREASURY NOTES	2.25%	3/31/2024	225,558.75		-1,075.12
2/5/2024	2/8/2024	815,000.00	91282CCG4	US TREASURY NOTES	0.25%	6/15/2024	801,202.86		-8,127.69
3/1/2024	3/7/2024	50,000.00	91282CEG2	US TREASURY NOTES	2.25%	3/31/2024	50,381.31		-101.42
3/1/2024	3/7/2024	1,275,000.00	912797JH1	US TREASURY BILL	0.00%	3/12/2024	1,274,065.97		-1.42
3/11/2024	3/14/2024	460,000.00	91282CCL3	US TREASURY NOTES	0.37%	7/15/2024	452,714.76		-5,966.96
3/11/2024	3/14/2024	735,000.00	91282CCG4	US TREASURY NOTES	0.25%	6/15/2024	726,005.94		-5,530.41
3/11/2024	3/14/2024	165,000.00	91282CEG2	US TREASURY NOTES	2.25%	3/31/2024	166,426.00		-243.79

## Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
<b>SELL</b>									
3/20/2024	3/21/2024	1,000,000.00	91282CCL3	US TREASURY NOTES	0.37%	7/15/2024	985,211.20		-12,192.78
<b>Total SELL</b>		<b>6,225,000.00</b>					<b>6,196,235.71</b>		<b>-36,909.89</b>

## Quarterly Portfolio Transactions

Tran. Type	Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
BUY	1/9/2024	1/17/2024	130,000.00	36268GAD7	GMCAR 2024-1 A3	4.85%	12/18/2028	129,973.86	4.85%	
BUY	1/10/2024	1/18/2024	770,000.00	3137HBFY5	FHMS K513 A2	4.72%	12/1/2028	779,409.23	4.50%	
BUY	1/24/2024	1/31/2024	1,175,000.00	161571HV9	CHAIT 2024-A1 A	4.60%	1/15/2027	1,174,821.05	4.61%	
BUY	2/1/2024	2/8/2024	780,000.00	3137HBLV4	FHMS K514 A2	4.57%	12/1/2028	788,492.64	4.34%	
BUY	2/14/2024	2/15/2024	1,270,000.00	91282CGP0	US TREASURY NOTES	4.00%	2/29/2028	1,279,059.43	4.31%	
BUY	2/14/2024	2/15/2024	1,275,000.00	912797JH1	US TREASURY BILL	0.00%	3/12/2024	1,270,150.43	5.29%	
BUY	2/14/2024	2/22/2024	1,350,000.00	3137HBPD0	FHMS K515 A2	5.40%	1/1/2029	1,390,621.50	4.78%	
BUY	2/29/2024	3/7/2024	1,350,000.00	3137HBPM0	FHMS K516 A2	5.47%	1/1/2029	1,391,728.28	4.78%	
BUY	3/5/2024	3/14/2024	125,000.00	09290DAA9	BLACKROCK FUNDING INC	4.70%	3/14/2029	124,773.75	4.74%	
BUY	3/5/2024	3/14/2024	1,210,000.00	3137HC2C5	FHMS K517 A2	5.35%	1/1/2029	1,248,622.90	4.66%	
BUY	3/19/2024	3/28/2024	975,000.00	3137HC2L5	FHMS K518 A2	5.40%	1/1/2029	1,002,490.13	4.83%	
INTEREST	1/1/2024	1/25/2024	750,000.00	3137HB3G7	FHMS K511 A2	4.86%	10/1/2028	3,037.50		
INTEREST	1/1/2024	1/25/2024	1,320,000.00	3137BXQY1	FHMS K064 A2	3.22%	3/1/2027	3,546.40		
INTEREST	1/1/2024	1/25/2024	680,000.00	3137HBCF9	FHMS K512 A2	5.00%	11/1/2028	2,833.33		
INTEREST	1/1/2024	1/25/2024	963,557.64	3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	2,687.52		
INTEREST	1/1/2024	1/25/2024	1,325,000.00	3137HAQ74	FHMS K508 A2	4.74%	8/1/2028	5,233.75		
INTEREST	1/1/2024	1/25/2024	648,390.66	3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	2,512.51		
INTEREST	1/1/2024	1/25/2024	732,206.88	3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	3,216.83		

## ZONE 7 WATER AGENCY

Portfolio Activity

## Quarterly Portfolio Transactions

Tran. Type	Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST	1/1/2024	1/25/2024	1,015,000.00	3137HAST4	FHMS K509 A2	4.85%	9/1/2028	4,102.29		
INTEREST	1/1/2024	1/25/2024	515,000.00	3137HB3D4	FHMS K510 A2	5.06%	10/1/2028	2,175.45		
INTEREST	1/1/2024	1/25/2024	1,082,077.87	3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	4,307.57		
INTEREST	1/1/2024	1/25/2024	1,300,000.00	3137HAMS2	FHMS K507 A2	4.80%	9/1/2028	5,200.00		
INTEREST	1/1/2024	1/25/2024	1,300,000.00	3137HAMH6	FHMS K506 A2	4.65%	8/1/2028	5,037.50		
INTEREST	1/1/2024	1/25/2024	1,350,000.00	3137HACX2	FHMS K505 A2	4.81%	6/1/2028	5,421.38		
INTEREST	1/1/2024	1/25/2024	1,375,000.00	3136BQDE6	FNA 2023-M6 A2	4.19%	7/1/2028	4,801.04		
INTEREST	1/1/2024	1/25/2024	1,165,000.00	3137F2LJ3	FHLMC MULTIFAMILY STRUCTURED P	3.11%	6/1/2027	3,026.09		
INTEREST	1/2/2024	1/2/2024		MONEY0002	MONEY MARKET FUND			22,918.92		
INTEREST	1/12/2024	1/12/2024	980,000.00	89236TKQ7	TOYOTA MOTOR CREDIT CORP	4.62%	1/12/2028	22,662.50		
INTEREST	1/14/2024	1/14/2024	995,000.00	24422EXB0	JOHN DEERE CAPITAL CORP	4.95%	7/14/2028	24,626.25		
INTEREST	1/15/2024	1/15/2024	395,000.00	44918CAD4	HART 2023-C A3	5.54%	10/16/2028	1,823.58		
INTEREST	1/15/2024	1/15/2024	480,000.00	05522RDH8	BACCT 2023-A2 A2	4.98%	11/15/2028	2,058.40		
INTEREST	1/15/2024	1/15/2024	3,030,000.00	91282CDS7	US TREASURY NOTES	1.12%	1/15/2025	17,043.75		
INTEREST	1/15/2024	1/15/2024	1,045,000.00	161571HT4	CHAIT 2023-A1 A	5.16%	9/15/2028	4,493.50		
INTEREST	1/15/2024	1/15/2024	3,075,000.00	91282CCL3	US TREASURY NOTES	0.37%	7/15/2024	5,765.63		
INTEREST	1/15/2024	1/15/2024	1,070,000.00	02582JKD1	AMXCA 2023-3 A	5.23%	9/15/2028	4,663.42		
INTEREST	1/15/2024	1/15/2024	1,375,000.00	87612EBM7	TARGET CORP CORP NOTES	1.95%	1/15/2027	13,406.25		



## Quarterly Portfolio Transactions

Tran. Type	Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST	1/15/2024	1/15/2024	265,000.00	89239FAD4	TAOT 2023-D A3	5.54%	8/15/2028	1,223.42		
INTEREST	1/17/2024	1/17/2024	1,350,000.00	21684LGS5	COOPERAT RABOBANK UA/NY CERT	5.08%	7/17/2026	33,718.50		
INTEREST	1/31/2024	1/31/2024	3,145,000.00	91282CAB7	US TREASURY NOTES	0.25%	7/31/2025	3,931.25		
INTEREST	1/31/2024	1/31/2024	3,160,000.00	91282CBH3	US TREASURY NOTES	0.37%	1/31/2026	5,925.00		
INTEREST	2/1/2024	2/1/2024		MONEY0002	MONEY MARKET FUND			23,578.10		
INTEREST	2/1/2024	2/25/2024	1,375,000.00	3136BQDE6	FNA 2023-M6 A2	4.19%	7/1/2028	4,801.04		
INTEREST	2/1/2024	2/25/2024	731,409.11	3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	3,213.32		
INTEREST	2/1/2024	2/25/2024	1,320,000.00	3137BXQY1	FHMS K064 A2	3.22%	3/1/2027	3,546.40		
INTEREST	2/1/2024	2/25/2024	1,350,000.00	3137HACX2	FHMS K505 A2	4.81%	6/1/2028	5,421.38		
INTEREST	2/1/2024	2/25/2024	961,750.73	3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	2,682.48		
INTEREST	2/1/2024	2/25/2024	770,000.00	3137HBFY5	FHMS K513 A2	4.72%	12/1/2028	3,031.23		
INTEREST	2/1/2024	2/25/2024	515,000.00	3137HB3D4	FHMS K510 A2	5.06%	10/1/2028	2,175.45		
INTEREST	2/1/2024	2/25/2024	750,000.00	3137HB3G7	FHMS K511 A2	4.86%	10/1/2028	3,037.50		
INTEREST	2/1/2024	2/25/2024	1,081,520.78	3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	4,305.35		
INTEREST	2/1/2024	2/25/2024	1,300,000.00	3137HAMS2	FHMS K507 A2	4.80%	9/1/2028	5,200.00		
INTEREST	2/1/2024	2/25/2024	1,325,000.00	3137HAQ74	FHMS K508 A2	4.74%	8/1/2028	5,233.75		
INTEREST	2/1/2024	2/25/2024	1,300,000.00	3137HAMH6	FHMS K506 A2	4.65%	8/1/2028	5,037.50		
INTEREST	2/1/2024	2/25/2024	647,899.90	3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	2,510.61		

## Quarterly Portfolio Transactions

Tran. Type	Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST	2/1/2024	2/25/2024	1,015,000.00	3137HAST4	FHMS K509 A2	4.85%	9/1/2028	4,102.29		
INTEREST	2/1/2024	2/25/2024	1,165,000.00	3137F2LJ3	FHLMC MULTIFAMILY STRUCTURED P	3.11%	6/1/2027	3,026.09		
INTEREST	2/1/2024	2/25/2024	680,000.00	3137HBCF9	FHMS K512 A2	5.00%	11/1/2028	2,833.33		
INTEREST	2/6/2024	2/6/2024	2,075,000.00	594918BY9	MICROSOFT CORP CORP NOTES	3.30%	2/6/2027	34,237.50		
INTEREST	2/7/2024	2/7/2024	1,945,000.00	94988J6D4	WELLS FARGO BANK NA BANK NOTES	5.45%	8/7/2026	52,412.35		
INTEREST	2/10/2024	2/10/2024	975,000.00	69371RS64	PACCAR FINANCIAL CORP CORPORATE	4.95%	8/10/2028	24,131.25		
INTEREST	2/15/2024	2/15/2024	5,100,000.00	91282CDZ1	US TREASURY NOTES	1.50%	2/15/2025	38,250.00		
INTEREST	2/15/2024	2/15/2024	2,570,000.00	9128282R0	US TREASURY NOTES	2.25%	8/15/2027	28,912.50		
INTEREST	2/15/2024	2/15/2024	395,000.00	44918CAD4	HART 2023-C A3	5.54%	10/16/2028	1,823.58		
INTEREST	2/15/2024	2/15/2024	480,000.00	05522RDH8	BACCT 2023-A2 A2	4.98%	11/15/2028	1,992.00		
INTEREST	2/15/2024	2/15/2024	1,070,000.00	02582JKD1	AMXCA 2023-3 A	5.23%	9/15/2028	4,663.42		
INTEREST	2/15/2024	2/15/2024	1,175,000.00	161571HV9	CHAIT 2024-A1 A	4.60%	1/15/2027	2,252.08		
INTEREST	2/15/2024	2/15/2024	265,000.00	89239FAD4	TAOT 2023-D A3	5.54%	8/15/2028	1,223.42		
INTEREST	2/15/2024	2/15/2024	1,045,000.00	161571HT4	CHAIT 2023-A1 A	5.16%	9/15/2028	4,493.50		
INTEREST	2/15/2024	2/15/2024	5,300,000.00	912828V98	US TREASURY NOTES	2.25%	2/15/2027	59,625.00		
INTEREST	2/16/2024	2/16/2024	130,000.00	36268GAD7	GMCAR 2024-1 A3	4.85%	12/18/2028	507.90		
INTEREST	2/29/2024	2/29/2024	2,760,000.00	91282CAJ0	US TREASURY NOTES	0.25%	8/31/2025	3,450.00		
INTEREST	2/29/2024	2/29/2024	1,270,000.00	91282CGP0	US TREASURY NOTES	4.00%	2/29/2028	25,400.00		

## Quarterly Portfolio Transactions

Tran. Type	Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST	3/1/2024	3/1/2024		MONEY0002	MONEY MARKET FUND			29,426.87		
INTEREST	3/1/2024	3/25/2024	1,300,000.00	3137HAMS2	FHMS K507 A2	4.80%	9/1/2028	5,200.00		
INTEREST	3/1/2024	3/25/2024	1,080,960.69	3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	4,303.12		
INTEREST	3/1/2024	3/25/2024	1,300,000.00	3137HAMH6	FHMS K506 A2	4.65%	8/1/2028	5,037.50		
INTEREST	3/1/2024	3/25/2024	1,015,000.00	3137HAST4	FHMS K509 A2	4.85%	9/1/2028	4,102.29		
INTEREST	3/1/2024	3/25/2024	730,568.73	3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	3,209.63		
INTEREST	3/1/2024	3/25/2024	1,165,000.00	3137F2LJ3	FHLMC MULTIFAMILY STRUCTURED P	3.11%	6/1/2027	3,026.09		
INTEREST	3/1/2024	3/25/2024	1,375,000.00	3136BQDE6	FNA 2023-M6 A2	4.19%	7/1/2028	4,801.04		
INTEREST	3/1/2024	3/25/2024	780,000.00	3137HBLV4	FHMS K514 A2	4.57%	12/1/2028	2,971.80		
INTEREST	3/1/2024	3/25/2024	680,000.00	3137HBCF9	FHMS K512 A2	5.00%	11/1/2028	2,833.33		
INTEREST	3/1/2024	3/25/2024	770,000.00	3137HBFY5	FHMS K513 A2	4.72%	12/1/2028	3,031.23		
INTEREST	3/1/2024	3/25/2024	1,350,000.00	3137HBPD0	FHMS K515 A2	5.40%	1/1/2029	6,075.00		
INTEREST	3/1/2024	3/25/2024	1,350,000.00	3137HACX2	FHMS K505 A2	4.81%	6/1/2028	5,421.38		
INTEREST	3/1/2024	3/25/2024	1,320,000.00	3137BXQY1	FHMS K064 A2	3.22%	3/1/2027	3,546.40		
INTEREST	3/1/2024	3/25/2024	1,325,000.00	3137HAQ74	FHMS K508 A2	4.74%	8/1/2028	5,233.75		
INTEREST	3/1/2024	3/25/2024	515,000.00	3137HB3D4	FHMS K510 A2	5.06%	10/1/2028	2,175.45		
INTEREST	3/1/2024	3/25/2024	750,000.00	3137HB3G7	FHMS K511 A2	4.86%	10/1/2028	3,037.50		
INTEREST	3/1/2024	3/25/2024	959,937.75	3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	2,677.43		

## Quarterly Portfolio Transactions

Tran. Type	Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST	3/1/2024	3/25/2024	647,406.83	3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	2,508.70		
INTEREST	3/11/2024	3/11/2024	2,170,000.00	06051GJQ3	BANK OF AMERICA CORP CORP NOTES	1.65%	3/11/2027	17,989.30		
INTEREST	3/14/2024	3/14/2024	1,390,000.00	437076BT8	HOME DEPOT INC CORP NOTES	2.80%	9/14/2027	19,460.00		
INTEREST	3/15/2024	3/15/2024	1,070,000.00	02582JKD1	AMXCA 2023-3 A	5.23%	9/15/2028	4,663.42		
INTEREST	3/15/2024	3/15/2024	265,000.00	89239FAD4	TAOT 2023-D A3	5.54%	8/15/2028	1,223.42		
INTEREST	3/15/2024	3/15/2024	1,175,000.00	161571HV9	CHAIT 2024-A1 A	4.60%	1/15/2027	4,504.17		
INTEREST	3/15/2024	3/15/2024	395,000.00	44918CAD4	HART 2023-C A3	5.54%	10/16/2028	1,823.58		
INTEREST	3/15/2024	3/15/2024	480,000.00	05522RDH8	BACCT 2023-A2 A2	4.98%	11/15/2028	1,992.00		
INTEREST	3/15/2024	3/15/2024	1,045,000.00	161571HT4	CHAIT 2023-A1 A	5.16%	9/15/2028	4,493.50		
INTEREST	3/16/2024	3/16/2024	130,000.00	36268GAD7	GMCAR 2024-1 A3	4.85%	12/18/2028	525.42		
INTEREST	3/29/2024	3/29/2024	1,975,000.00	17325FBB3	CITIBANK NA CORP NOTES (CALLABLE)	5.80%	9/29/2028	57,304.63		
INTEREST	3/31/2024	3/31/2024	3,420,000.00	91282CCZ2	US TREASURY NOTES	0.87%	9/30/2026	14,962.50		
INTEREST	3/31/2024	3/31/2024	6,630,000.00	91282CBT7	US TREASURY NOTES	0.75%	3/31/2026	24,862.50		
INTEREST	3/31/2024	3/31/2024	850,000.00	91282CGT2	US TREASURY NOTES	3.62%	3/31/2028	15,406.25		
INTEREST	3/31/2024	3/31/2024	1,940,000.00	91282CFM8	US TREASURY NOTES	4.12%	9/30/2027	40,012.50		
INTEREST	3/31/2024	3/31/2024	2,235,000.00	91282CAM3	US TREASURY NOTES	0.25%	9/30/2025	2,793.75		
INTEREST	3/31/2024	3/31/2024	3,200,000.00	912828ZF0	US TREASURY NOTES	0.50%	3/31/2025	8,000.00		
PAYDOWN	1/1/2024	1/25/2024	490.76	3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	490.76		

## Quarterly Portfolio Transactions

Tran. Type	Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
PAYDOWN	1/1/2024	1/25/2024	797.77	3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	797.77		
PAYDOWN	1/1/2024	1/25/2024	1,806.91	3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	1,806.91		
PAYDOWN	1/1/2024	1/25/2024	557.09	3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	557.09		
PAYDOWN	2/1/2024	2/25/2024	1,812.98	3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	1,812.98		
PAYDOWN	2/1/2024	2/25/2024	493.07	3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	493.07		
PAYDOWN	2/1/2024	2/25/2024	560.09	3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	560.09		
PAYDOWN	2/1/2024	2/25/2024	840.38	3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	840.38		
PAYDOWN	3/1/2024	3/25/2024	646.97	3137HAMG8	FHMS K506 A1	4.65%	5/1/2028	646.97		
PAYDOWN	3/1/2024	3/25/2024	2,051.43	3137BTUM1	FHMS K061 A2	3.34%	11/1/2026	2,051.43		
PAYDOWN	3/1/2024	3/25/2024	1,302.83	3137HAMN3	FHMS KJ47 A1	5.27%	8/1/2028	1,302.83		
PAYDOWN	3/1/2024	3/25/2024	807.61	3137HAD45	FHMS KJ46 A1	4.77%	6/1/2028	807.61		
SELL	1/12/2024	1/18/2024	260,000.00	91282CDV0	US TREASURY NOTES	0.87%	1/31/2024	260,640.72		-377.46
SELL	1/12/2024	1/18/2024	520,000.00	91282CEG2	US TREASURY NOTES	2.25%	3/31/2024	520,449.20		-2,877.50
SELL	1/25/2024	1/29/2024	720,000.00	46625HJT8	JPMORGAN CHASE & CO CORP NOTES	3.87%	2/1/2024	733,579.00		-415.34
SELL	1/25/2024	1/31/2024	225,000.00	91282CEG2	US TREASURY NOTES	2.25%	3/31/2024	225,558.75		-1,075.12
SELL	2/5/2024	2/8/2024	815,000.00	91282CCG4	US TREASURY NOTES	0.25%	6/15/2024	801,202.86		-8,127.69
SELL	3/1/2024	3/7/2024	50,000.00	91282CEG2	US TREASURY NOTES	2.25%	3/31/2024	50,381.31		-101.42
SELL	3/1/2024	3/7/2024	1,275,000.00	912797JH1	US TREASURY BILL	0.00%	3/12/2024	1,274,065.97		-1.42

## Quarterly Portfolio Transactions

Tran. Type	Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
SELL	3/11/2024	3/14/2024	460,000.00	91282CCL3	US TREASURY NOTES	0.37%	7/15/2024	452,714.76		-5,966.96
SELL	3/11/2024	3/14/2024	735,000.00	91282CCG4	US TREASURY NOTES	0.25%	6/15/2024	726,005.94		-5,530.41
SELL	3/11/2024	3/14/2024	165,000.00	91282CEG2	US TREASURY NOTES	2.25%	3/31/2024	166,426.00		-243.79
SELL	3/20/2024	3/21/2024	1,000,000.00	91282CCL3	US TREASURY NOTES	0.37%	7/15/2024	985,211.20		-12,192.78
<b>TOTALS</b>			<b>142,159,855.46</b>					<b>17,695,692.10</b>		<b>-36,909.89</b>

## Important Disclosures

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- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
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- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.



## Glossary

- **Accrued Interest:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **Agencies:** Federal agency securities and/or Government-sponsored enterprises.
- **Amortized Cost:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **Asset-Backed Security:** A financial instrument collateralized by an underlying pool of assets – usually ones that generate a cash flow from debt, such as loans, leases, credit card balances, and receivables.
- **Bankers' Acceptance:** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **Commercial Paper:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **Contribution to Total Return:** The weight of each individual security multiplied by its return, then summed for each sector to determine how much each sector added or subtracted from the overall portfolio performance.
- **Effective Duration:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **Effective Yield:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **Interest Rate:** Interest per year divided by principal amount and expressed as a percentage.
- **Market Value:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **Maturity:** The date upon which the principal or stated value of an investment becomes due and payable.
- **Negotiable Certificates of Deposit:** A CD with a very large denomination, usually \$1 million or more, that can be traded in secondary markets.
- **Par Value:** The nominal dollar face amount of a security.
- **Pass-through Security:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.

## Glossary

- **Repurchase Agreements:** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- **Settle Date:** The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- **Supranational:** A multinational union or association in which member countries cede authority and sovereignty on at least some internal matters to the group, whose decisions are binding on its members.
- **Trade Date:** The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- **Unsettled Trade:** A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- **U.S. Treasury:** The department of the U.S. government that issues Treasury securities.
- **Yield:** The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- **YTM at Cost:** The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- **YTM at Market:** The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.



100 North Canyons Parkway  
Livermore, CA 94551  
(925) 454-5000

**DATE:** May 29, 2024

**TO:** Finance Committee

**FROM:** Osborn Solitei, Treasurer/Assistant General Manager - Finance

**SUBJECT:** FY 2023-24 Unaudited Third Quarter Revenue and Expenditure (R&E) Report

**SUMMARY:**

The proposed action is in support of Strategic Plan Goal G – Fiscal Responsibility: Operate the Agency in a fiscally responsible manner, and Strategic Plan Initiative No. 24 – Continue to effectively manage financial resources for the Agency. In carrying out these fiscal responsibilities, staff provides quarterly financial reports to the Finance Committee and the Board. This quarterly report provides a summary of unaudited revenue and expenditures, fiscal year-end projections, and explanations of any major variances through the third quarter of fiscal year (FY) 2023-24 (July 1, 2023 – March 31, 2024) for the following funds:

- › Fund 100 – Water Enterprise Operations
- › Fund 110 – State Water Facilities
- › Fund 120 – Water Enterprise Renewal/Replacement & System-Wide Improvements
- › Fund 130 – Water Enterprise Capital Expansion
- › Fund 200 – Flood Protection Operations
- › Fund 210 – Flood Protection Development Impact Fee Fund (DIF)
- › Fund 300 – Water Facilities Fund

Highlights of this report include:

- › **State Water Project Allocation** – On April 23, 2024, DWR announced a 40% State Water Project (SWP) allocation for calendar year (CY) 2024.
- › **Grant Award for Stoneridge PFAS Project** – The Agency was formally awarded \$16 million for the Stoneridge PFAS Treatment Facility project in September 2023. DWR and the Agency signed the Grant Agreement on April 4, 2024.
- › **Water Connection Fees** – The Agency is projecting to collect approximately \$10.5M in water connection fees in FY 2023-24, a 70% decline in revenue since FY 2018-19, signaling a continued slowdown in development. Water connection fee revenue currently funds:
  - › Agency’s water expansion projects
  - › SBA Expansion project annual debt service
  - › Agency’s share of the Sites Reservoir Project
  - › Portion of the Agency’s share of the Los Vaqueros Reservoir Expansion Project

## ANALYSIS:

The Agency maintains several funds; these fund balances are grouped into two categories – Unrestricted Fund Balances and Restricted Fund Balances.

## UNRESTRICTED FUNDS

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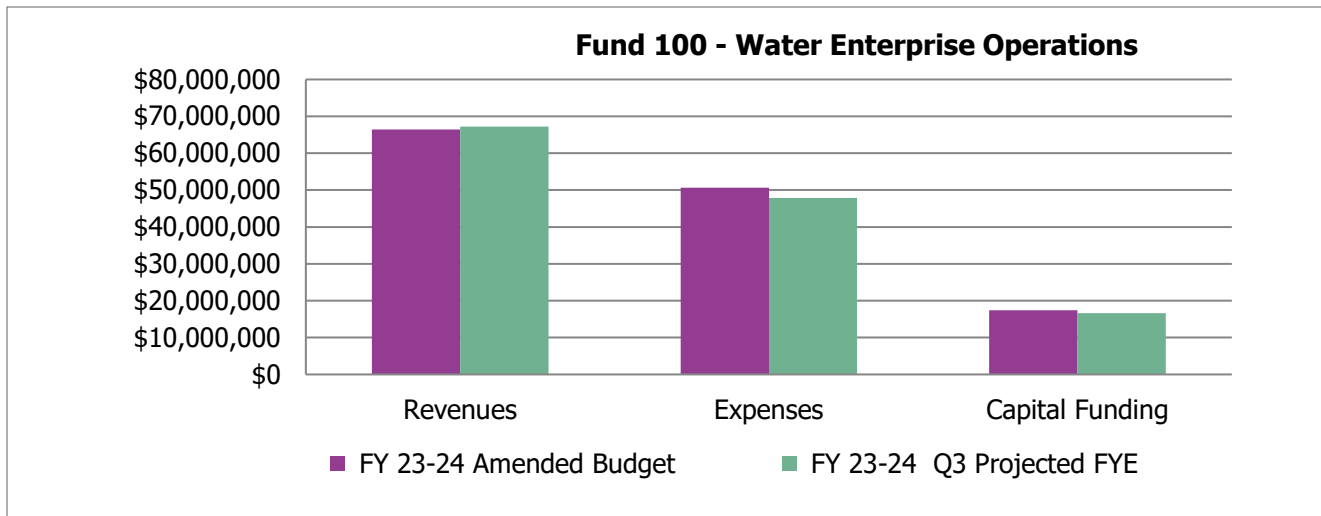
**Unrestricted Fund Balance:** This describes the portion of fund balance that is not restricted to use. To facilitate the discussion of reserve funds, this report will categorize the various funds as “Unrestricted Reserves” and “Restricted Reserves.” In general, Board policy can most affect Unrestricted Reserves.

### Fund 100 – Water Enterprise Operations Fund

*Primary Funding Source: Water Rates*

The purpose of this fund is to ensure the delivery of high-quality drinking and irrigation water to the Livermore-Amador Valley. This operations and maintenance fund includes water treatment and distribution of potable (drinking) water, distribution of untreated agricultural/irrigation water, and management of surface water and groundwater. Water distributed is a combination of locally stored and imported water from the SWP. Activities include water treatment, water quality analysis, water resource management, groundwater recharge and protection, general administration, maintenance, out-of-area water banking infrastructure, and water supply planning and engineering.

The following graph shows the FY 2023-24 Amended Budget and third quarter (Q3) projected FYE revenues, expenditures, and capital funding.



## Details of Revenue and Expenses for Fund 100

Fund 100 – Water Enterprise Operations	FY 23-24 Amended Budget	FY 23-24 Q3 YTD Actual	FY 23-24 Q3 Projected FYE	Year-End Over / (Under) Budget
<b>Audited Beg. Fund Balance</b>	<b>\$29,266,000</b>	<b>\$29,369,000</b>	<b>\$29,369,000</b>	<b>\$103,000</b>
<b>Revenue</b>				
Water Sales <sup>1</sup>	65,763,000	45,372,849	66,148,000	385,000
Investment Earnings <sup>2</sup>	300,000	454,212	750,000	450,000
Other Revenue	332,000	244,686	332,000	-
<b>Total Revenue</b>	<b>66,395,000</b>	<b>46,071,747</b>	<b>67,230,000</b>	<b>835,000</b>
<b>Expenses</b>				
Labor <sup>3</sup>	17,005,000	14,593,644	18,508,000	1,503,000
Professional Services <sup>4</sup>	4,098,000	1,825,687	2,950,000	(1,148,000)
Legal Services	340,000	276,475	340,000	-
County Services	1,909,000	999,959	1,909,000	-
Insurance Services	735,000	740,913	760,000	25,000
Water <sup>5</sup>	10,555,000	6,470,989	8,663,000	(1,892,000)
Chemicals <sup>5</sup>	4,140,000	2,631,252	3,820,000	(320,000)
Utilities <sup>5</sup>	2,509,000	1,745,918	2,400,000	(109,000)
Repairs and Maintenance	2,162,000	1,731,444	2,162,000	-
Rental Services <sup>6</sup>	104,000	334,984	350,000	246,000
General/Other Supplies	930,000	649,113	930,000	-
Other Services (Rebates, Outreach) <sup>7</sup>	1,015,000	565,007	772,000	(243,000)
LVR Expansion Participation <sup>8</sup>	992,000	992,000	992,000	-
Debt Service <sup>9</sup>	4,127,000	3,342,050	3,342,000	(785,000)
<b>Total Expenses</b>	<b>50,621,000</b>	<b>36,899,436</b>	<b>47,898,000</b>	<b>(2,723,000)</b>
Capital Funding <sup>10</sup>	17,424,000	12,475,286	16,651,000	(773,000)
Estimated Revenue over Expenses	(1,650,000)	(3,302,975)	2,681,000	4,331,000
<b>Ending Fund Balance</b>	<b>\$27,616,000</b>	<b>\$26,066,025</b>	<b>\$32,050,000</b>	<b>\$4,434,000</b>

Note: Values are rounded to the thousands and may not add due to rounding.

### Revenue

- 1. Water Sales:** Year-to-date (YTD) water sales revenue reflects water sales through March 31, 2024, and the following water rate increases that went into effect January 1, 2024.
  - › Approved 5.5% increase in treated water rates for CY 2024 (Resolution No. 22-93, dated November 16, 2022)
  - › Approved increase in untreated water rate to \$263/AF (Resolution No. 23-77, dated October 18, 2023)

Projected year-end water sales are based on trends.

- 2. Investment Earnings:** Projected year-end interest earnings exceed budget and reflect current favorable market conditions.

## Expenditures

- 3. Labor:** YTD labor includes payroll through March 31, 2024. A 5% cost of living adjustment took effect June 25, 2023. As of March 31, 2024, the Agency had a 13.4% vacancy rate. The projected year-end labor costs are based on trends and exceed budget as the budget planned for a vacancy rate of 15%.
- 4. Professional Services:** Includes professional services related to water enterprise operations. The year-end projection is less than budget because of multi-year and as-needed services including:
  - › water supply model (~\$220K)
  - › groundwater model update (~\$150K)
  - › groundwater studies (~\$150K)
  - › energy master plan (~\$50K)
  - › as-needed services (~\$300K)
  - › contingency (~\$250K)
- 5. Water production costs:** Includes Water, Chemicals, and Utilities.

*Water:* The Agency's SWP allocation in CY 2023 was 100% and is currently 40% for CY 2024. YTD expenses are primarily made up of the SWP conveyance costs including costs to send and store approximately 4,300 AF of water to Semitropic through the banking program, and the Agency's Delta Conveyance Project participation costs. The budget planned for conveying and storing water with the Semitropic and Cawelo banking programs, however, based on the current water operations plan, no additional water is anticipated to be stored this FY.

*Chemicals and Utilities:* The year-end projection is less than budget because of the high-quality of surface water reducing both the amount of chemicals needed to treat the water and the energy cost to produce the water.

- 6. Rental Services:** Includes rents and leases on equipment and buildings, and beginning in FY 2023-24, includes leases on software and licenses. The YTD actuals are more than budget because of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* rule which provides guidance on the accounting and financial reporting for subscription-based information technology arrangements. This is the first-year software and licenses have been included in this account classification.
- 7. Other Services:** This category includes organizational memberships, rebates, communication services, and public outreach. The year-end projection is less than budget primarily because of lower demand for conservation rebates.
- 8. Los Vaqueros Reservoir Expansion (LVE) Project Participation:** This category includes the Agency's participation costs in the development phase of the LVE project. Per Resolution No. 23-55, dated July 19, 2023, the Board approved Multiparty Agreement No. 5, committing \$1.239 million in funding to the project through June 30, 2024. The funding

is split 80/20 between Funds 100 and 130.

- 9. Debt Service:** Includes annual debt service payments for the following Agency issued Livermore Valley Water Financing Water Revenue Bonds:
- › 2018 Series A, \$64,010,000 for Ozone projects and Cawelo prepayment.
  - › 2023 Series A, \$28,795,000 for Chain of Lakes PFAS treatment facility project.
- The overall year-end projection is less than budget because the actual January 1, 2024, interest payment on the 2023 Series A Bonds is less than budget.

**10. Capital Funding:** The projected capital funding is less than budget as the budget assumes a 6% annual adjustment, and the actual Engineering News Record Construction Cost Index (ENRCCI) adjustment from June 2022 to June 2023 was 0.1%.

**Water Supply Conditions**

The SWP’s current allocation for CY 2024 is 40% (see the Monthly Water Inventory and Water Budget Update in the May 15, 2024, Board Agenda packet). The [United States Drought Monitor](#) indicates no drought in most of California.

**Reserves**

Per Strategic Plan Initiative No. 24, the Agency shall maintain target levels of reserves. As of March 31, 2024, Fund 100 reserves are fully funded at the target level. The projected unallocated fund balance is about \$4.4M. At the February 15, 2024, Finance Committee Meeting, staff were given direction on the Committee’s preferred use of unallocated fund balance. These options include:

- Offsetting future rate increases,
- Funding the annual contribution to the IRS Section 115 Pension Trust per the adopted Board policy,
- Funding for water supply reliability projects.

The table below compares Minimum, Target, and Maximum reserves to projected fiscal year-end reserves.

<b>Fund 100 Reserves</b>	<b>Minimum</b>	<b>Target</b>	<b>Maximum</b>	<b>FY 23-24 Q3 Projected FYE</b>	<b>Actual Above / (Below) Target</b>
Operating Reserves <sup>1</sup>	\$8,214,000	\$12,321,000	\$16,428,000	\$12,321,000	-
Emergency Reserves <sup>2</sup>	6,617,000	8,271,000	9,925,000	8,271,000	-
Reserve for Economic Uncertainties <sup>3</sup>	3,621,000	5,432,000	7,243,000	5,432,000	-
<b>Subtotal</b>	<b>\$18,452,000</b>	<b>\$26,024,000</b>	<b>\$33,596,000</b>	<b>\$26,024,000</b>	-
Pension Trust Fund				1,599,000	-
Unallocated Fund Balance				4,427,000	4,427,000
<b>Total Reserves</b>	<b>\$18,452,000</b>	<b>\$26,024,000</b>	<b>\$33,596,000</b>	<b>\$32,050,000</b>	<b>\$4,427,000</b>

Note: Values are rounded to the thousands and may not add due to rounding.

<sup>1</sup>The FY 23-24 Q3 projected FYE Operating Reserve is funded at the target level of 90 days of operating expenses.

<sup>2</sup>The FY 23-24 Q3 projected FYE Emergency Reserve is funded at the target level of 2.5% of Water Enterprise assets.

<sup>3</sup>The FY 23-24 Q3 projected FYE Reserve for Economic Uncertainties is funded at 15% of FY 23-24 budgeted volume-based water sales revenue.

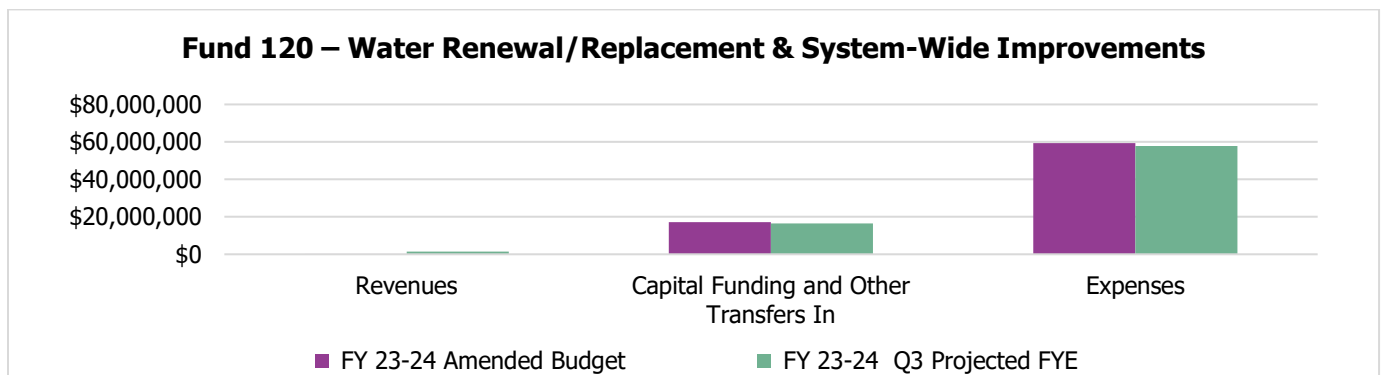
## Fund 120 – Water Renewal/Replacement & System-Wide Improvements

*This is a sub-fund of the Fund 100 – Water Enterprise Operations Fund*

*Primary Funding Source: Water Rates via a transfer from Fund 100*

The purpose of this fund is to ensure funding is available for capital renewal, replacement, and system-wide improvement investments needed to keep the current water treatment and delivery systems functioning effectively. Fund 120 pays for capital projects as outlined in the Agency’s asset management program and the capital improvement program.

The following graph shows the FY 2023-24 Amended Budget and Q3 projected fiscal year-end revenue, capital funding, and expenditures.



Note: When expenses exceed revenue, capital reserves (working capital) are being expended.

### Details of Revenue and Expenses for Fund 120

Fund 120 - Water Enterprise Renewal/Replacement & Systemwide Improvements	FY 23-24 Amended Budget	FY 23-24 Q3 YTD Actual	FY 23-24 Q3 Projected FYE	Year-End Over/(Under) Budget
<b>Audited Beginning Fund Balance</b>	<b>\$44,990,000</b>	<b>\$45,119,000</b>	<b>\$45,119,000</b>	<b>\$129,000</b>
2023 Water Revenue Bond Proceeds	29,665,000	29,665,000	29,665,000	-
<b>Adjusted Beginning Fund Balance</b>	<b>74,655,000</b>	<b>74,784,000</b>	<b>74,784,000</b>	<b>129,000</b>
<b>Revenue</b>				
Investment Earnings <sup>1</sup>	100,000	1,291,017	1,432,000	1,332,000
Other Revenue	2,000	48,040	48,000	46,000
<b>Total Revenue</b>	<b>102,000</b>	<b>1,339,056</b>	<b>1,480,000</b>	<b>1,378,000</b>
<b>Other Financing Sources</b>				
Capital Funding <sup>2</sup>	17,214,000	12,330,453	16,441,000	(773,000)
<b>Total Other Financing Sources</b>	<b>17,214,000</b>	<b>12,330,453</b>	<b>16,441,000</b>	<b>(773,000)</b>
<b>Expenses</b>				
Labor <sup>3</sup>	1,706,000	1,045,406	1,752,000	46,000
Capital Projects <sup>4</sup>	57,579,000	14,356,351	56,039,000	(1,540,000)
<b>Total Expenses</b>	<b>59,285,000</b>	<b>15,401,757</b>	<b>57,791,000</b>	<b>(1,494,000)</b>
Estimated Revenue/Other Financing Sources over Expenses	(41,969,000)	(1,732,248)	(39,870,000)	2,099,000
<b>Ending Fund Balance</b>	<b>\$32,686,000</b>	<b>\$73,051,752</b>	<b>\$34,914,000</b>	<b>\$2,228,000</b>

Note: Values are rounded to the thousands and may not add due to rounding.



## Revenue

- 1. Investment Earnings:** Projected year-end interest earnings reflect favorable market conditions.
- 2. Capital Funding:** The projected capital funding is less than budget as the budget assumes a 6% annual adjustment, and the actual Engineering News Record Construction Cost Index (ENRCCI) adjustment from June 2022 to June 2023 was 0.1%.

## Expenses

- 3. Labor costs:** YTD labor includes payroll through March 31, 2024. The year-end projection is reflective of upcoming project work through the end of the fiscal year.
- 4. Capital Projects:** The year-end projection reflects multi-year projects currently in the construction phase or nearing completion including:
  - › Stoneridge PFAS Treatment Facility,
  - › Chain of Lakes PFAS Treatment Facility,
  - › Wells & MGD Electrical Upgrades/Replacement Project, and
  - › MGD Concentrate Conditioning.

## Reserves

The table below compares the FY 2023-24 Amended Budget ending reserve balances to the Q3 projected ending reserve balances.

Fund 120 Reserves	FY 23-24 Amended Budget FYE	FY 23-24 Q3 Projected FYE
Debt Service Rate Stabilization Reserve	\$6,300,000	\$6,300,000
Pension Trust	46,000	41,000
Designated for Capital Projects Reserve <sup>1</sup>	26,340,000	28,573,000
<b>Total Reserve</b>	<b>\$32,686,000</b>	<b>\$34,914,000</b>

<sup>1</sup>This reserve is designated for capital projects to fund the Fund 120 CIP projects the Agency has committed to over the next five years. The Zone 7 Board adopted the Five-Year Water System CIP on June 21, 2023 (Resolution No. 23-50).

Below is a summary of the major projects in progress. For more information on capital projects, see the Capital Projects Status Report in the May 15, 2024, Board meeting agenda packet.

Project	Total Estimated Cost	Fund 120 Share	Fund 120 Cash Financed	Fund 120 Bond Financing	Status	In-Service
Asset Management Program and Ten-Year CIP Update	\$1.15M	\$902K	\$902K	\$-	Planning	Feb. 2025
DVWTP Roadway/Parking Lot Repairs and Post Ozone Project	\$2.75M	\$2.75M	\$2.75M	\$-	Construction	June 2024
DVWTP Polymer Mixing System Replacement Project	\$785K	\$785K	\$785K	\$-	Substantially Complete	June 2024
Pipeline Inspection Study	\$250K	\$250K	\$250K	\$-	Study In-process	Summer 2024
MGDP Concentrate Conditioning	\$7.8M	\$7.8M	\$7.8M	\$-	Construction	Summer 2024
Chain of Lakes PFAS Treatment Facility Project <sup>1</sup>	\$24.4M	\$24.4M	\$2.4M	\$22M <sup>1</sup>	Design complete	Winter 2024
Stoneridge Well PFAS Project	\$16.3M	\$16.3M	\$16.3M	\$-	Functional completion September 2023	Closeout June 2024
Wells & MGDP Electrical Upgrades/ Replacement Project	\$7.3M	\$7.3M	\$7.3M	\$-	Construction	Spring 2025
Electric Vehicle Chargers	\$651K	\$651K	\$651K	\$-	Planning	Winter 2024
PLC Modernization at DVWTP, MGDP, and PPWTP	\$700K	\$700K	\$700K	\$-	In-process	Summer 2024
SCADA Core Switch Replacement	\$400K	\$400K	\$400K	\$-	In-process	Summer 2024
DVWTP Booster Pump Station VFD and Underdrain Pump Station Replacement	\$1.25M	1.25M	\$1.25M	\$-	Planning / Design	Feb. 2026
MGDP and Mocho Wellfield PFAS Compliance Conceptual Design	\$500K	\$500K	\$500K	\$-	In-process	Dec. 2024
<b>Total</b>	<b>\$64.2M</b>	<b>\$64.0M</b>	<b>\$42.0M</b>	<b>\$22M</b>		

<sup>1</sup> The remaining ~\$8M in bond proceeds are eligible to be used for other water system improvements.

## Other Unrestricted Funds

Fund 300 - Water Facilities Fund was originally used for Chain of Lakes mitigation and planning reserve, quarry discharge exports, miscellaneous fees and deposits, and permit inspection deposits.

Fund	FY 2023-24 Beginning Audited Fund Balance	FY 2023-24 Q3 Unaudited Actual Interest Income & Misc. Deposits	FY 2023-24 Q3 Unaudited Actual Transfers Out	FY 2023-24 Q3 Projected Ending Fund Balance
Fund 300 - Water Facilities Fund	1,117,000	-	(1,117,000)	-

Fund 300 has been subsequently authorized by the Board for the Sites Reservoir Project and is expected to have a balance of \$0 by June 30, 2024:

- Per Resolution No. 22-05 dated January 19, 2022, the Board authorized the Third Amendment to the 2019 Sites Reservoir Project Agreement at 10,000 acre-feet of participation in an amount not-to-exceed \$4M through 2024.

## RESTRICTED FUNDS ANALYSIS

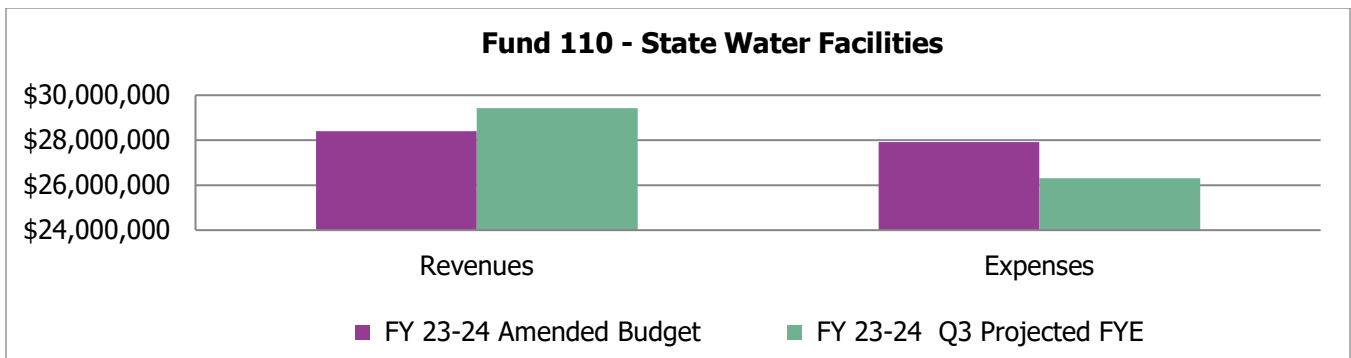
**Restricted Fund Balance:** Includes the portion of the fund balance that can only be spent for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers. It also includes a legally enforceable requirement that the resources can only be used for specific purposes enumerated in the law. The restricted funds are not available to serve as operating or emergency reserves and include property taxes, connection and developer fees received for capital projects, debt service requirements, and fees charged for the provision of future water resources.

### Fund 110 – State Water Facilities Fund

*Primary Funding Source: Property Taxes*

Fund 110 funds the fixed cost payment to DWR to import water to the Agency including repayment of voter-approved, state-incurred, long-term debt.

The following graph shows the FY 2023-24 Amended Budget and Q3 projected fiscal year-end revenue and expenditures.



When expenses exceed revenue, operating reserves (working capital) are being expended.

### Details of Revenue and Expenses for Fund 110

Fund 110 - State Water Facilities	FY 23-24 Amended Budget	FY 23-24 Q3 YTD Actual	FY 23-24 Q3 Projected FYE	Year-End Over / (Under) Budget
<b>Audited Beg. Fund Balance</b>	<b>\$47,489,000</b>	<b>\$48,613,000</b>	<b>\$48,613,000</b>	<b>\$1,124,000</b>
<b>Revenue</b>				
Dougherty Valley Surcharge	2,350,000	2,567,692	2,568,000	218,000
Property Taxes <sup>1</sup>	22,201,000	14,219,321	22,201,000	-
DWR Refunds	3,675,000	1,224,995	3,382,000	(293,000)
Investment Earnings <sup>2</sup>	180,000	864,073	1,275,000	1,095,000
<b>Total Revenue</b>	<b>28,406,000</b>	<b>18,876,080</b>	<b>29,426,000</b>	<b>1,020,000</b>
<b>Expenses<sup>3</sup></b>	<b>27,923,000</b>	<b>25,418,797</b>	<b>26,308,000</b>	<b>(1,615,000)</b>
Estimated Revenue over Expenses	483,000	(6,542,717)	3,118,000	2,635,000
<b>Ending Fund Balance</b>	<b>\$47,972,000</b>	<b>\$42,070,283</b>	<b>\$51,731,000</b>	<b>3,759,000</b>

Note: Values are rounded to the thousands.

#### Revenue

This is a pass-through fund for fixed charges associated with the SWP, assessed as a property tax override.

- 1. Property Taxes:** YTD revenue includes the first installment of property tax. The second installment is due in April. The property tax revenue projection is based on budget as there is neither additional information nor significant trends available to change the fiscal year-end revenue projection.
- 2. Investment Earnings:** Projected year-end interest earnings reflect favorable market conditions.

#### Expenses

- 3. Expenditures:** Include DWR fixed charges that occur both monthly and semi-annually. Transportation capital charges and the improvement portion of the SBA Improvement and Enlargement Project debt service payments are paid in January/July and March/September,

respectively. The year-end projection reflects anticipated payments through June 2024 based on the 2024 Statement of Charges.

### Reserves

The following table compares the FY 2023-24 Amended Budget ending reserve balance to the Q3 projected ending reserve balance and maximum reserve. Although the year-end projected reserve balance exceeds the reserve maximum, SWP costs are highly volatile and unpredictable. Based on the SWP Budget Report for CYs 2024 and 2025, the total capital need for the next 12 years is estimated to be \$6.0 billion, of which the Agency is responsible for its proportional share.

Fund 110 Reserves	FY 23-24 Amended Budget FYE	FY 23-24 Q3 Projected FYE	Reserve Maximum
Total Reserve Balance	\$47,972,000	\$51,731,000	\$28,712,000

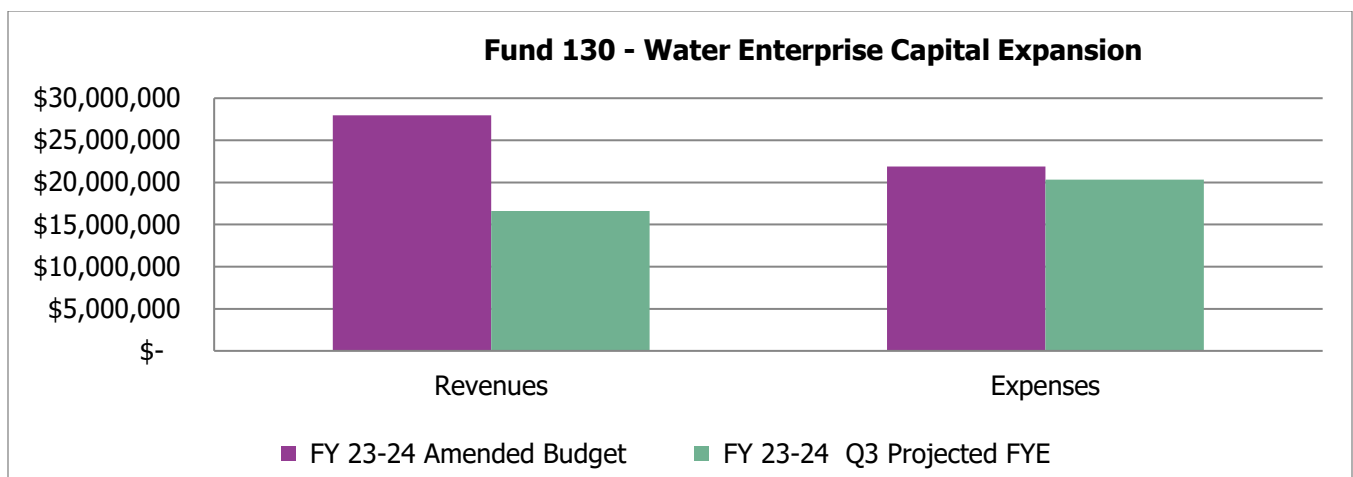
Note: Values are rounded to the thousands.

### Fund 130 – Water Enterprise Capital Expansion

*Primary Funding Source: Water Connection Fees.*

The purpose of this fund is to ensure the Agency can meet the future needs of new customers with development paying its own way. The program is primarily intended to provide funding for new or expanded facilities and additional water supplies to serve the additional capacity requirements of development. Most expenses in this fund are fixed (i.e., bond payment obligations for debt incurred by others to increase capacity, such as the enlargement portion of the South Bay Aqueduct Improvement and Enlargement Project). Developer fees can only be used for projects related to water system expansion.

The following graph shows the FY 2023-24 Amended Budget and Q3 projected FYE revenue and expenditures.



## Details of Revenue and Expenses for Fund 130

Fund 130 - Water Enterprise Capital Expansion	FY 23-24 Adopted Budget	FY 23-24 Q3 YTD Actual	FY 23-24 Q3 Projected FYE	Year-End Over/(Under) Budget
<b>Audited Beg. Fund Balance</b>	<b>\$70,933,000</b>	<b>\$70,387,000</b>	<b>\$70,387,000</b>	<b>(\$546,000)</b>
<b>Revenue</b>				
Connection Fees <sup>1</sup>	24,812,000	8,527,043	10,500,000	(14,312,000)
Investment Earnings <sup>2</sup>	140,000	1,412,995	1,900,000	1,760,000
DWR Refunds	3,000,000	1,514,942	3,150,000	150,000
Other Revenue <sup>3</sup>	-	1,050,000	1,050,000	1,050,000
<b>Total Revenue</b>	<b>27,952,000</b>	<b>12,504,980</b>	<b>16,600,000</b>	<b>(11,352,000)</b>
<b>Expenses</b>				
Labor <sup>4</sup>	349,000	157,520	200,000	(149,000)
Professional Services	152,000	324,286	350,000	198,000
Water <sup>5</sup>	16,850,000	15,854,253	16,604,000	(246,000)
Capital Projects <sup>6</sup>	3,435,000	1,981,334	2,093,000	(1,342,000)
Debt Service	1,089,000	760,942	1,089,000	-
<b>Total Expenses</b>	<b>21,875,000</b>	<b>19,078,335</b>	<b>20,336,000</b>	<b>(1,539,000)</b>
Estimated Revenue over Expenses	6,077,000	(6,573,355)	(3,736,000)	(9,813,000)
<b>Ending Fund Balance</b>	<b>\$77,010,000</b>	<b>\$63,813,645</b>	<b>\$66,651,000</b>	<b>(\$10,359,000)</b>

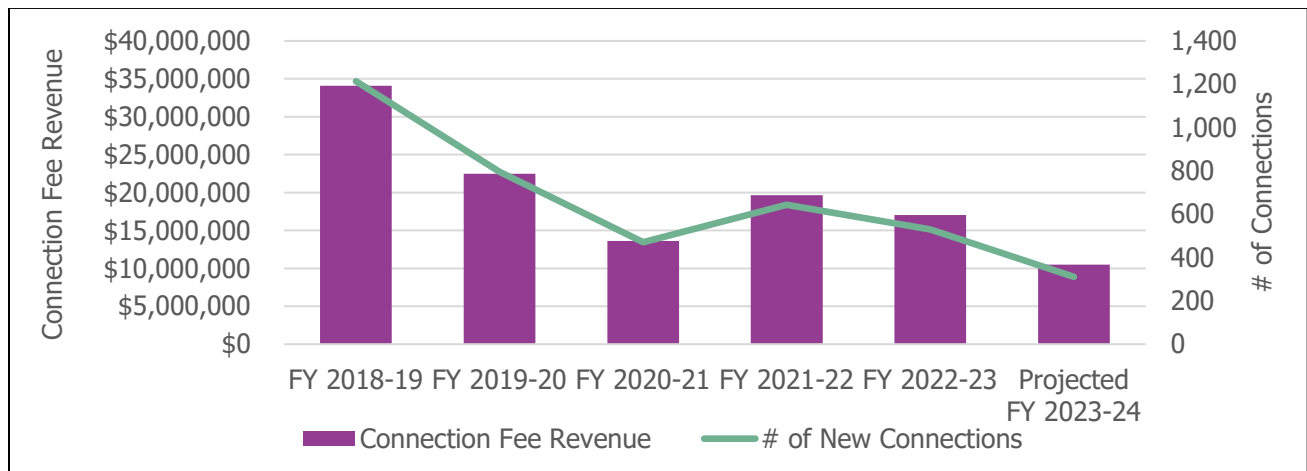
Note: Values are rounded to the thousands and may not add due to rounding.

### Revenue

The primary source of revenue is connection fees.

- 1. Connection Fees:** YTD revenue is through March 2024 and comprised of approximately 264 new connections, primarily from the Dublin San Ramon Services District service area. The year-end revenue projection is approximately \$14M less than budget based on trends and discussions with retailers.

Connection fee revenue has continued to decline since 2019. Staff continue to monitor the revenue source closely as most expenses in this fund are fixed. The following graph and table illustrate the declining trend in connection fee revenue and new connections since FY 2018-19.



	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	Projected FY 2023-24
Connection Fee Revenue	\$34,068,092	\$22,461,926	\$13,609,527	\$19,669,510	\$17,023,627	\$10,500,000
# of New Connections	1,214	796	470	643	530	311

A connection fee study is currently underway. The study will evaluate the number of future connections in the service area and the allocation of capital projections to the Water Expansion Fund.

- 2. Investment Earnings:** Year-end projection reflects a higher-than-expected rate of return based on current favorable market conditions.
- 3. Other Revenue:** Includes Board approved transfer from Fund 300 – Water Facilities Fund for continued participation in the Sites Reservoir Project.

### Expenses

- 4. Labor:** YTD labor includes payroll through March 31, 2024, for water expansion projects. The year-end projection is based on YTD trends.
- 5. Water:** Projected expenses are comprised of both installments of the SBA debt service payments (paid in September and March).
- 6. Capital Projects:** The year-end projection is less than budget due to the multi-year projects including:
  - › Well Master Plan (~\$800K),
  - › COL Conveyance system (~\$135K), and
  - › COL Facilities and Improvements (~\$700K).

### Reserves

The table below compares the FY 2023-24 Amended Budget ending reserve balances to the Q3 projected ending reserve balances.

Fund 130 Reserves	FY 23-24 Amended Budget FYE	FY 23-24 Q3 Projected FYE
Sinking Funds <sup>1</sup>	\$26,933,000	\$26,933,000
Debt Service Rate Stabilization Reserve	2,300,000	2,300,000
Designated for Capital Projects Reserve <sup>2</sup>	47,761,000	37,404,000
Pension Trust Fund	16,000	14,000
<b>Total Reserves</b>	<b>\$77,010,000</b>	<b>\$66,651,000</b>

<sup>1</sup>This reserve was established by the Board to fund debt service payments that continue after build-out.

<sup>2</sup> This reserve is designated for capital projects to fund the Fund 120 CIP projects the Agency has committed to over the next five years. The Zone 7 Board adopted the Five-Year Water System CIP on June 21, 2023 (Resolution No. 23-50).

Below is a summary of the Agency's major projects in progress.

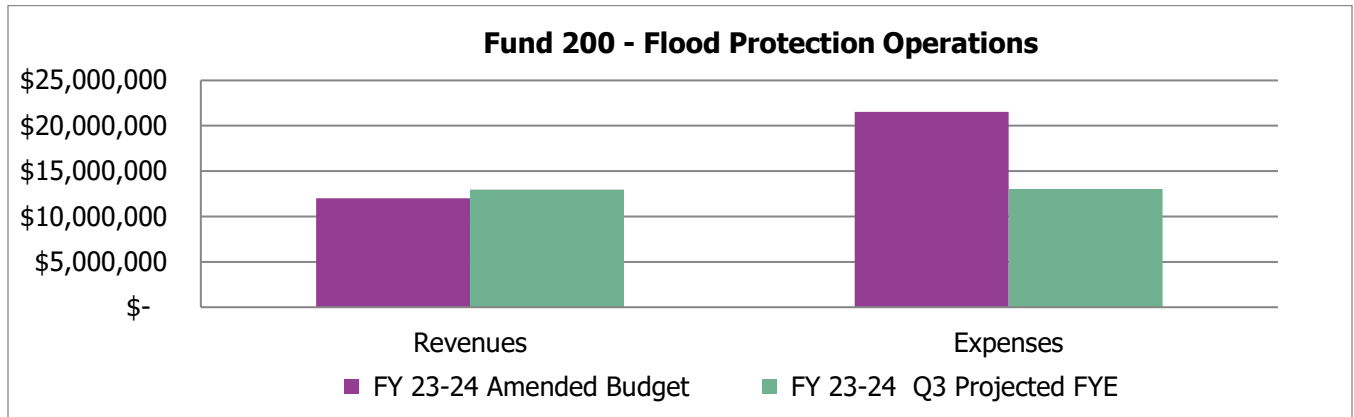
Project	Total Cost	Fund 130 Share	Status	In-service
Ten-Year CIP Update	\$1.15M	\$250K	Planning	Feb. 2024
Non-discretionary obligations	~\$18M annually	~\$18M	n/a	Payments through 2035

**Fund 200 – Flood Protection Operations**

*Primary Funding Source: Property Taxes.*

This fund uses property taxes to provide general administration, maintenance, and operation of regional flood protection facilities. The Agency manages a watershed of 425 square miles in eastern Alameda County, receiving drainage from parts of Contra Costa, Santa Clara, and San Joaquin Counties. Approximately 37 miles of flood control channels and regional drainage facilities are owned and maintained by the Agency. This fund finances a comprehensive year-round maintenance program that includes repairing slides and erosion, refurbishing access roads and associated drainage ditches, installing and repairing gates and fences, and maintaining landscaped areas. This fund also pays for renewal/replacement and improvement projects for the existing flood protection system.

The following graph shows FY 2023-24 Amended Budget and Q3 projected FYE revenue and expenditures.





## Details of Revenue and Expenses for Fund 200

Fund 200 - Flood Protection Operations	FY 23-24 Amended Budget	FY 23-24 Q3 YTD Actual	FY 23-24 Q3 Projected FYE	Year-End Over/(Under) Budget
<b>Audited Beg. Fund Balance</b>	<b>\$23,923,000</b>	<b>\$23,917,000</b>	<b>\$23,917,000</b>	<b>(\$6,000)</b>
<b>Revenue</b>				
Property Taxes <sup>1</sup>	11,344,000	7,907,978	11,630,000	286,000
Investment Earnings <sup>2</sup>	215,000	427,114	550,000	335,000
Other Revenue <sup>3</sup>	436,000	766,186	767,000	331,000
<b>Total Revenue</b>	<b>11,995,000</b>	<b>9,101,277</b>	<b>12,947,000</b>	<b>952,000</b>
<b>Expenses</b>				
Labor <sup>4</sup>	3,075,000	1,815,299	2,719,000	(356,000)
Professional Services <sup>5</sup>	5,450,000	1,681,594	3,750,000	(1,700,000)
Repairs and Maintenance <sup>6</sup>	11,876,000	2,261,513	5,805,000	(6,071,000)
Rental Services	50,000	3,610	10,000	(40,000)
Other Services/ Supplies	1,095,000	555,609	750,000	(345,000)
<b>Total Expenses</b>	<b>21,546,000</b>	<b>\$6,317,624</b>	<b>13,034,000</b>	<b>(8,512,000)</b>
Estimated Revenue over Expenses	(9,551,000)	2,783,653	(87,000)	9,464,000
<b>Ending Fund Balance</b>	<b>\$14,372,000</b>	<b>\$26,700,653</b>	<b>\$23,830,000</b>	<b>\$9,458,000</b>

Note: Values are rounded to the thousands and may not add due to rounding.

### Revenue

The primary source of revenue for this fund is property taxes.

- 1. Property Tax:** YTD revenue includes the first installment of property tax. The second installment is due in April. The revenue projection has been revised based on the property tax estimate provided by the County.
- 2. Investment Earnings:** Year-end projection reflects a higher-than-expected rate of return based on current favorable market conditions.
- 3. Other Revenue:** YTD revenue is primarily made up of funds received from DWR for the Stanley Reach improvements to satisfy DWR's project mitigation. The year-end projection is equal to the YTD actual.

### Expenses

Per Resolution No. 23-06, dated February 1, 2023, the Board declared a local state of flood emergency within its service area. Subsequent Resolutions (No. 23-07, No. 23-08, 23-80) were passed to fund emergency repair work and a need assessment in the amount of \$3.7M. These additional appropriations are reflected in the professional services and repairs and maintenance year-end projections.

- 4. Labor:** YTD labor includes payroll through March 31, 2024. Year-end projection is based on trends.

**5. Professional Services:** Year-end projection is less than budget due to multi-year services such as the Alamo Creek Project planning, design services to repair damages to flood protection facilities, as-needed services, and contingency.

**6. Repairs and Maintenance:** Includes flood engineering repair services and additional flood emergency projects. The year-end projection is less than budget due to multi-year projects such as the Alamo Creek Project and upcoming emergency flood repairs.

**Reserves**

The table below compares the FY 2023-24 Amended Budget ending reserve balance to the Q3 projected ending reserve balance.

Fund 200 Reserves	FY 23-24 Amended Budget	FY 23-24 Q3 Projected FYE
Operating Reserves	\$1,800,000	\$1,800,000
Designated for Capital Projects Reserve	12,390,000	21,848,000
Section 115 Pension Trust	182,000	182,000
<b>Total Reserves</b>	<b>\$14,372,000</b>	<b>\$23,830,000</b>

The Agency is in the process of developing and implementing a Flood Management Plan to direct the Agency’s future flood maintenance activities and capital projects. Per Resolution No. 22-73, dated August 17, 2022, the Board adopted the Flood Management Plan Phase 1. Flood Management Plan Phase 2A professional and project management services were approved at the February 15, 2023, Board meeting.

The following table lists major projects that are in progress.

Project	Total Cost	Fund 200 Share	Status	In-service
Alamo Creek Bank Stabilization Pilot Project <sup>1</sup>	\$6.1M	\$1.5M	Design	Winter 2025
2022-23 Storm Damage High Priority Repairs	\$2.75M	\$2.75M	Design	Winter 2024
2023 Storm Damage Repairs – Phase 1	TBD	TBD	Design / Permitting	Winter 2025

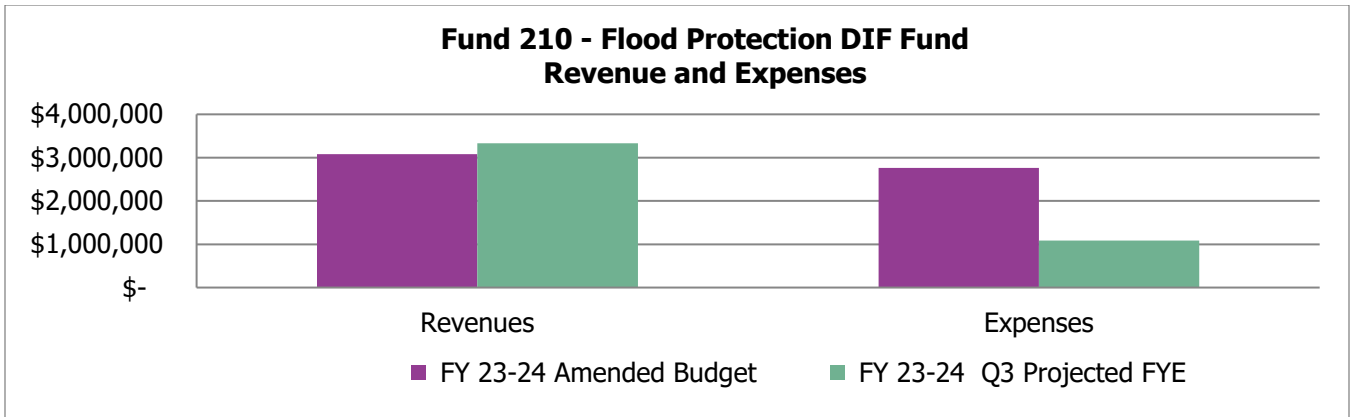
<sup>1</sup>DWR has awarded up to \$4.6M in grants through the Floodplain Management, Protection, and Risk Awareness (FMPRA) Grant program.

**Fund 210 – Flood Protection Development Impact Fee Fund**

*Primary Funding Source: Development Impact Fees.*

The purpose of this fund is to ensure the Agency can meet future needs for expansion-related flood control facilities. The program is primarily intended to provide funding for any flood control facilities required for new development. Funds are expended on the planning, design, lands and right of way acquisition, environmental review, permitting, and construction for drainage projects.

The following graph shows the FY 2023-24 Amended Budget and Q3 projected FYE revenue and expenditures.



### Details of Revenue and Expenses for Fund 210

Fund 210 - Flood Protection DIF Fund	FY 23-24 Amended Budget	FY 23-24 Q3 YTD Actual	FY 23-24 Q3 Projected FYE	Year-End Over/(Under) Budget
<b>Audited Beg. Fund Balance</b>	<b>\$75,211,000</b>	<b>\$75,845,000</b>	<b>\$75,845,000</b>	<b>\$634,000</b>
<b>Revenue</b>				
Development Fees <sup>1</sup>	2,500,000	1,289,905	1,313,000	(1,187,000)
Investment Earnings <sup>2</sup>	553,000	1,220,285	1,900,000	1,347,000
Other Revenue	25,000	117,532	118,000	93,000
<b>Total Revenue</b>	<b>3,078,000</b>	<b>2,627,721</b>	<b>3,331,000</b>	<b>253,000</b>
<b>Expenses</b>				
Labor <sup>3</sup>	275,000	8,890	17,000	(258,000)
Capital Projects <sup>4</sup>	2,488,000	248,039	1,067,000	(1,421,000)
<b>Total Expenses</b>	<b>2,763,000</b>	<b>256,929</b>	<b>1,084,000</b>	<b>(1,679,000)</b>
Revenue over Expenses	315,000	2,370,792	2,247,000	1,932,000
<b>Estimated Ending Fund Balance</b>	<b>\$75,526,000</b>	<b>78,215,792</b>	<b>78,092,000</b>	<b>2,566,000</b>

Note: Values are rounded to the thousands and may not add due to rounding.

### Revenue

- 1. Development Impact Fees:** Revenue is primarily generated from development impact fees and interest earnings. The year-end projection is based on trends.
- 2. Investment Earnings:** Year-end projection reflects a higher-than-expected rate of return based on current favorable market conditions.

### Expenses

- 3. Labor:** Includes staff labor through March 31, 2024. Projection is based on YTD trends.

**4. Capital Projects:** Includes professional services, projects planned in the FY 2023-24 budget, and multi-year projects including the Flood Management Plan Phase 2.

**Reserves**

The following table and chart compare the FY 2023-24 Amended Budget ending reserve balance to the Q3 projected ending reserve balance.

<b>Fund 210 Reserves</b>	<b>FY 23-24 Amended Budget FYE</b>	<b>FY 23-24 Q3 Projected FYE</b>
Capital Projects Reserve	\$75,526,000	\$78,092,000

The Agency is in the process of developing and implementing a Flood Management Plan to direct the Agency’s future flood maintenance activities and capital projects. Per Resolution No. 22-73, dated August 17, 2022, the Board adopted the Flood Management Plan Phase 1. Flood Management Plan Phase 2A professional and project management services were approved at the Board meeting on February 15, 2023.