

Those persons wishing to speak on any item, whether or not it is included on the agenda, are requested to fill out and submit to the Clerk of the Board a "Request to Speak" form. Thank you.

It is the intention of the Chino Valley Independent Fire District to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee or a participant at this meeting, you will need special assistance beyond what is normally provided, the Chino Valley Independent Fire District will attempt to accommodate you in every reasonable manner. Please contact the Administration Office (909) 902-5260 at least forty-eight (48) hours prior to the meeting to inform us of your particular needs and to determine if accommodation is feasible. Please advise us at that time if you will need accommodations to attend or participate in meetings on a regular basis.

Any public record, relating to an open session agenda item, that is distributed within 72 hours prior to the meeting is available for public inspection at the District's Administrative Headquarters, 14011 City Center Drive, Chino Hills, CA 91709.

CHINO VALLEY INDEPENDENT FIRE DISTRICT
Special Meeting - Standing Committee Meeting
Finance Committee

Administrative Headquarters
14011 City Center Drive
Chino Hills, CA 91709

Monday, August 29, 2022

8:00 a.m. - Open Session

AGENDA

**** TELECONFERENCE MEETING INFORMATION****

In accordance with AB 361 this meeting will be conducted remotely.

In order to participate in this meeting, please follow the following instructions.

Current Meeting GoToWebinarURL:

<https://attendee.gotowebinar.com/register/4014521887348341005>

Please be aware that when you join the meeting real-time, your screen name will appear on the GoToWebinar screen.

For ADA accommodations, please contact the Clerk of the Board at (909) 315-8805 or by email at clerk@chofire.org 48 hours prior to the meeting.

REAL-TIME AND RECORDED PUBLIC VIEWING OF COMMITTEE MEETINGS

The Committee will use the platform GoToWebinar to hold Committee Meetings. Register using the GoToWebinar URL listed on the Committee meeting agenda.

Upon entering the meeting, you will be in listen-only mode and muted until called on.

For telephone real-time listen-only mode, registration is not required. Please follow the instructions below:

1. Call: 1 (877) 309-2071

2. Enter attendee number: 626-021-383

3. Select the # key: 161-845-819

PUBLIC COMMENTS

The public will have the option to either submit a public comment by email to be read into the record by the Clerk of the Board at the requested time during the Committee Meeting, or participate real-time at the appropriate requested time during the meeting by registering for the meeting and selecting the “raise hand” feature and the appropriate time.

PUBLIC COMMENT – To be read by the Clerk of the Board during Committee Meeting:

- Email your comments to clerk@chofire.org
- Email subject line should read: “Public Comment – Read by Clerk of the Board.” List date of meeting. The body of the email should include the public comment exactly as it should be read by the Clerk of the Board during the meeting. Specify if the comment is on a topic not on the agenda. If the topic is not on the agenda, please provide a topic description. If the comment is on a specific item on the agenda, please clearly describe the location of the item on the agenda such as New Business and state the number of the agenda item.
- Comments read by the Clerk of the Board must be limited to 300 words.
- Submit emails 1 hour prior to the start time of the Committee Meeting.
- Please note that your name will be read into the record.

PUBLIC COMMENT – Real-time public participation during Committee Meeting:

If you wish to provide a real-time public comment, please register at GoToWebinar URL:
<https://attendee.gotowebinar.com/register/4014521887348341005>

When registering for a real-time public comment, specify if the comment is on a topic not on the agenda. If the topic is not on the agenda, provide a topic description. If the comment is on a specific item on the agenda, clearly describe the location of the item on the agenda such as New Business and state the number of the agenda item. You may also use the “raise hand” feature at the appropriate time and you will be called upon and unmuted.

- Log on to GoToWebinar with the URL link provided on the Committee agenda 15 minutes prior to the start of the meeting. Upon entering the meeting you will be muted.
- Registered attendees will be unmuted at the time of the public comment.
- Attendees may also need to “unmute” their own devices to be heard.
- When your name is called, begin the public comments by stating your name and address (optional) for the record.
- Comments must be limited to 5 minutes.

ROLL CALL

FLAG SALUTE

INVOCATION

Chaplain Henry Aguilar

PUBLIC COMMUNICATIONS

This is the time and place for the general public to address the Committee about subjects that

do not appear elsewhere on the agenda. The public may address items on the agenda at the time addressed by the Committee.

Due to Board policy and Brown Act requirements, action may not be taken on any issue on the agenda. When you address the Committee, please state your name and address (optional) prior to making your remarks. Please limit your comments to 5 minutes.

MINUTES

1. Minutes - June 27, 2022 Meeting

OLD BUSINESS - None

NEW BUSINESS

2. REVIEW OF INVESTMENT POLICY STATEMENT

Purpose is for the Finance Committee to conduct an annual review of the District's Investment Policy

3. CHINO VALLEY FIRE DISTRICT SECTION 115 TRUST ANNUAL REPORT

Purpose is to review and discuss the Draft 2021-22 Annual Report for the Section 115 Trust.

ADJOURNMENT

I, Sandra Escudero, Acting Clerk of the Board, on behalf of the Board of Directors, do hereby certify that a copy of this agenda has been posted by 6:00 p.m., on Friday, August 26, 2022.



Sandra Escudero, Acting Clerk of the Board

CHINO VALLEY INDEPENDENT FIRE DISTRICT

NO STAFF REPORT

Minutes - June 27, 2022 Meeting

ATTACHMENTS:

Minutes - June 27, 2022 Meeting

CHINO VALLEY INDEPENDENT FIRE DISTRICT

Special Meeting - Standing Committee Meeting

Finance Committee

Administrative Headquarters
14011 City Center Drive
Chino Hills, CA 91709

Monday, June 27, 2022
8:00 a.m. Committee Meeting

MINUTES

TELECONFERENCE MEETING ANNOUNCEMENT

President Kreeger opened the meeting at 8:00 a.m. and stated that in accordance with AB361, the Chino Valley Fire District will hold the Special Committee meetings of the Board of Directors remotely. He explained the process for members of the public to participate in the meeting and provide public comment. President Kreeger also announced that the meeting would be recorded.

ROLL CALL

President Mike Kreeger
Vice President John DeMonaco
Fire Chief Dave Williams
Deputy Chief Nathan Cooke
Deputy Chief Carlos Skibar
Deputy Chief Jeremy Ault
Finance Director Steve Heide
Finance Director Mark Shaker
Clerk of the Board Sandra Heney
Administrative Secretary Cisneros

FLAG SALUTE

President Mike Kreeger

INVOCATION

Chaplain Henry Aguilar

CHANGES TO THE AGENDA

President Kreeger asked Clerk of the Board Sandra Heney if there were any changes to the agenda.

Clerk of the Board Heney stated that there were no changes.

PUBLIC COMMUNICATIONS

None.

MINUTES

1. Minutes – May 23, 2022 Meeting

The Committee agreed to file the minutes, as presented.

OLD BUSINESS

None.

NEW BUSINESS

2. RESOLUTION NO. 2022-13 OF THE BOARD OF DIRECTORS OF THE CHINO VALLEY INDEPENDENT FIRE DISTRICT APPROVING THE ADDITION OF FISCAL YEAR 2021-22 ITEMS NOT COMPLETED AS OF JUNE 30, 2022 TO THE FISCAL YEAR 2022-23 AMENDED BUDGET AS BUDGET AMENDMENT NO. 1

Purpose is to review Resolution No. 2022-13 adding Fiscal Year 2021-22 items not completed as of June 30, 2022 to the Fiscal Year 2022-23 Amended Budget as Budget Amendment No. 1.

Finance Director Mark Shaker stated that budget carry forwards are used to carry forward budgeted expenditures from the current fiscal year into the next fiscal year budget after it's determined that the expenditure will likely not be completed by the end of the current fiscal year.

Finance Director Mark Shaker stated that staff has conducted a review of ongoing expenditures in the current year and has identified one expenditure to be carried forward into the 22-23 year for the purchase of the fourth ambulance previously approved by the board of directors last September.

Finance Director Mark Shaker stated that Resolution 2022-13 and accompanying Budget Amendment No. 1 would carry forward \$370,276 from 21-22 year budget to the 22-23 year budget to allow the expenditure to be completed in the 22-23 year.

It is recommended that the Finance Committee review Resolution No. 2022-13, adding Fiscal Year 2021-22 carryover budget items totaling \$ 370,276.00 to the Fiscal Year 2022-23 Amended Budget as Budget Amendment No. 1.

President Kreeger asked Clerk of the Board Heney if there was Public comment.

There was no public comment.

President Kreeger asked for Committee comment.

Vice President Demonaco stated he had no questions.

Presidnet Kreeger asked if they are planning on not spending \$370,000 on the last remaining ambulance.

Fire Chief Williams stated that is correct, they are not.

President Kreeger asked if after the final figure will the left over money be put back into the emergency fund.

Finance Director reported that if they use less than the \$370,00 the remaining will roll back into the fund balance.

President Kreeger asked if there is a timeline for the fourth ambulance.

Deputy Chief Skibar stated that they have an order but due to supply chain issues the company has not been able to secure a chassis. He reported they are working on it.

Deputy Chief Skibar reported that they put an order in with a different ambulance company which is roughly costing \$220,000 for that ambulance.

The Finance Committee agreed to move this item to the Full Board for approval as a consent item.

3. PURCHASE OF TRACTOR DRAWN AERIAL (TDA) FOR FIRE STATION 68

Purpose is for the Finance Committee to review and discuss the proposed encumbrance of funds associated with the purchase of a new Pierce Tractor Drawn Aerial.

Battalion Chief Dean Smith stated that the projected opening of Fire Station 68 in Chino Hills is estimated to be during the winter of 2024. Staff and the Board have agreed that a Tractor Drawn Aerial (TDA) is the necessary apparatus that will be needed for Fire Station 68. The TDA will serve as a multi-disciplined firefighting apparatus, also known as all risk firefighting platform, and provide additional heavy operational equipment to the south side of the District.

Batallion Chief Dean Smith reported that the new TDA will be built with direct initial fire attack capabilities that will assist us in adding redundancy and resiliency having that second piece of apparatus. He stated that it is composed of a firefighting pump, hoses, a water tank, as well as a 107' Aerial Ladder. He stated that the ladder offers high points for water ways and also meets the industrial needs of the district.

Batallion Chief Dean Smith stated that the staff and apparatus committee have come together to choose the best quality tractor, as a result they chose the Arrow XT Tractor Drawn Aerial by Pierce Manufacturing.

Batallion Chief Dean Smith reported that the price of the Arrow XT totals to \$1,931,804.86 with the taxes included. He also stated that the build out time is 810-840 days which is due to the supply chain having issues.

Batallion Chief Dean Smith stated that they anticipate the build out and acceptance of that rig would be somewhere between 2024-2025 fiscal year and the district funds for the purchase would be legally encumbered upon signing of the contract and purchase order.

Batallion Chief Dean Smith stated that the staff has evaluated the purchasing options weighing the pros and cons of utilizing the pre-purchase option discount. He also reported that the cost savings of \$71,206 are a little bit under, 4%, would be better to allow those funds to be invested and achieve more return for our investment during the 800 day slot.

He also rerported that staff would work with legal to ensure that the purchase agreement preserves all of the appropriate rights and protections for the District. Therefore, staff further recommends that the Fire Chief be designated the authority by the Board to execute the purchase agreement and related legal and contractual documents.

It is recommended that the Finance Committee review and discuss the proposed encumbrance of funds associated with purchasing a new Pierce Tractor Drawn Aerial for Fire Station 68. The Fire Chief, with approval, will be designated authority to execute the purchase agreement and related contractual documents for the purchase and provide direction to staff.

President Kreeger asked Clerk of the Board Heney if there was Public comment.

There was no public comment.

President Kreeger asked for Committee comment.

Vice President DeMonaco wondered if there was any need to out bid on the contract or if there is a way to do this build with a sole source contractor or builder.

Batallion Chief Dean Smith stated that the sole source provision would protect and satisfy the needs of the district.

Batallion Chief Dean Smith reported that the terms of deciding whether this is a sole source is that with entering it into an agreement with Pierce, is because this is a consistent platform with many of the other engines that we have in district right now. He also stated that they are also tagging on with Fountain Valley under a purchase order that allows for the build out time to be decreased to the 800 day build time.

President Kreeger asked Batallion Chief Dean Smith if there were any sort of picture of the apparatus or what they think it might look like, just so we know what we're going to be giving a visual of what we're spending \$2 million on.

Batallion Chief Dean Smith stated that he will provide language in the staff report in terms of piggy backing on the Fountain Valley contract and a little bit further description as well as a photo.

The Finance Committee agreed to move this item to the Full Board for approval as a new business item.

ADJOURNMENT

The meeting was adjourned at 8:16 a.m.

**CHINO VALLEY INDEPENDENT FIRE DISTRICT
STAFF REPORT**

DATE: AUGUST 29, 2022

TO: FINANCE COMMITTEE

FROM: DAVE WILLIAMS, FIRE CHIEF

SUBJECT: REVIEW OF INVESTMENT POLICY STATEMENT

PURPOSE:

Purpose is for the Finance Committee to conduct an annual review of the District's Investment Policy

DISCUSSION:

The District's Investment Policy specifies that this policy shall be subject to review as needed but no less than annually. The policy was last reviewed in September of 2021. Minor policy changes are proposed at this time and are included in the attached redline policy draft as follows:

Section 4.2: Add language to include Federal Agricultural Mortgage Corporation (FAMCA).

The District's Section 115 Trust funds are governed by a separate investment policy which is also reviewed annually by the 115 Trust Investment Committee.

The proposed policy amendments are incorporated in the attached redline policy draft.

RECOMMENDATION:

It is recommended that the Finance Committee review the proposed changes to the District's Investment Policy and provide direction to staff.

ATTACHMENTS:

Draft Investment Policy



Chino Valley Independent Fire District

Investment Policy

Amended ~~Draft~~ October ~~August~~ 2913, 20212022

1. PURPOSE

To provide guidelines for the prudent investment of the Chino Valley Independent Fire District's temporarily idle cash in selected investments as authorized by the California Government Code sections 53600, et. seq., with the ultimate goal of protecting the District's pooled cash while producing a reasonable rate of return on investments and maintaining the public trust.

2. POLICY

It is the policy of the District to invest public funds in a manner which will provide a sound investment return with maximum security, while meeting the daily cash flow demands of the District's operations and conforming to all state and local statutes governing the investment of public funds. The District's investment policy has four objectives:

- 2.1.** Protect principal
- 2.2.** Provide for liquidity needs
- 2.3.** Obtain reasonable rates of return on investment within the first two objectives
- 2.4.** Maintain the public trust by avoiding any investment transactions that might impair public confidence.

3. STANDARDS OF CARE

3.1. Prudent Investor Standard

- 3.1.1.** The standard of prudence to be used when managing the District's investments is California Government Code section 53600.3, the prudent investment standard.
- 3.1.2.** Investment officers acting in accordance with this Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit or market risk, provided that deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

3.2. Ethics and Conflict of Interest

- 3.2.1.** All personnel responsible for authorizing the purchase of investments shall refrain from personal business activities which could conflict with the proper execution of the District's investment program and/or which could impair an investment officer's ability to make impartial investment decisions.
- 3.2.2.** All responsible investment personnel shall disclose to the Board of Directors any material financial interests in any financial institution which is associated with the District's investment program and shall further disclose any material personal investment or financial position which could compromise impartial investment decision making with respect to the District's investment portfolio.
- 3.2.3.** Investment personnel shall file State Fair Political Practices Commission's Statement of Economic Interests (Form 700) and make all disclosures required by the District's conflict of interest policies.

3.3. Delegation of Authority

- 3.3.1.** Management responsibility for the District's investment program is hereby delegated to the following District personnel:
 - 3.3.1.1.** Fire Chief
 - 3.3.1.2.** Finance Director
 - 3.3.1.3.** Administrative Manager/Clerk of the Board
 - 3.3.1.4.** Human Resources Director
 - 3.3.1.5.** Deputy Chief
- 3.3.2.** For purposes of this policy, personnel delegated authority for management responsibility of the District's investment program shall be referred to as investment officer or investment personnel.
- 3.3.3.** No person may execute investment transactions except as provided under the terms of this investment policy.
- 3.3.4.** Under the direction of the Fire Chief, primary day-to-day responsibility for managing the District's investment program shall rest with the Finance

Director, who shall establish procedures for the operation of the investment program, consistent with this Investment Policy.

3.3.5. Under the direction of the Fire Chief, the Finance Director is hereby delegated authority from the Board of Directors to:

3.3.5.1. Enter into agreements with a District depository in order to enable investment personnel to execute investment transactions that will involve charges and credits to District bank accounts.

3.3.5.2. Enter into banking arrangements with a third-party bank trust department to provide for the safekeeping and custody of District investment securities.

3.3.5.3. Establish operating procedures as deemed appropriate to operate an investment program consistent with this Investment Policy.

3.3.6. Upon approval of the Fire Chief, the District may engage the support services of outside investment advisors with respect to the District's investment program, provided that it can be demonstrated that such outside support services produce a net financial advantage or necessary financial protection of the District's financial resources.

3.3.7. Delegation of authority under this policy shall be reviewed annually by the Board of Directors.

4. AUTHORIZED INVESTMENTS

Code Section 53601 provides legal authorization for the investment of funds of government agencies. All investments of the District shall conform to the requirements of applicable law and District policy, whichever is more restrictive. Except for legally restricted funds governed by separate policy as specified in Section 15 below, the District is authorized by law to invest in the following types of securities:

4.1. United States Treasury Issues. U.S. Treasury Notes, Bonds, Bills or Certificates of Indebtedness, or those for which the faith and credit of the United States are pledged for payment of principal and interest. There is no percentage limitation of the portfolio which may be invested in this type of investment.

4.2. Federal Agency Obligations. Obligations issued by the Government National Mortgage Association (GNMA), the Federal Farm Credit System (FFCB), the Federal Home Loan Bank Board (FHLB), the Federal National Mortgage Association (FNMA), ~~and~~ the Federal Home Loan Mortgage

Association (FHLMC), and the Federal Agricultural Mortgage Corporation (FAMCA). There is no percentage limitation of the portfolio which may be invested in this type of investment.

4.3. State of California Local Agency Investment Fund. Local Agency Investment Fund (LAIF) pooled money investment account of the State of California. Investment up to amount permitted by LAIF. There is no percentage limitation for the portfolio which may be invested in this type of investment.

4.4. Municipal Debt. Registered state warrants or treasury notes or bonds of the State of California or any of the other 49 states of the United States, including bonds payable solely out of revenues from a revenue-producing property owned, controlled, or operated by the state or a department, board, agency, or authority of this state or any other state of the United States.

Bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State of California, including bonds payable solely out of 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.

Purchases are limited to securities that have a long-term debt rating of at least "A" or its equivalent, by a Nationally Recognized Statistical Rating Organization (NRSRO) and/or have a short-term rating of at least "A-1" or its equivalent, by a NRSRO.

Investments shall be limited to no more than 25% of investment portfolio.

4.5. Bankers' Acceptances. Bankers' acceptances, otherwise known as bills of exchange or time drafts that are drawn on and accepted by a commercial bank. Investment limited to 30% of investment portfolio. Banker's Acceptances purchased may not exceed 180 days to maturity.

4.6. Commercial Paper. Commercial paper of "prime" quality of the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity issuing commercial paper shall meet all criteria as specified in Section 53601 of the California Government Code. Purchases of eligible commercial paper shall have a maximum maturity of 270 days and may not represent more than 10% of the outstanding paper of the issuing corporation, and the aggregate investment in commercial paper shall not exceed 25% of the District's portfolio.

- 4.7. Negotiable Certificates of Deposit.** Negotiable certificates of deposit issued by a nationally or state-chartered bank or state or federal savings association, or a state or federal credit union. Investments shall be limited to no more than 30% of investment portfolio.
- 4.8. Repurchase Agreements.** Repurchase agreements with a maximum maturity of 90 days. Market value of securities used as collateral for the repurchase agreements shall be valued at 102% or greater of the value of the repurchase agreement. A Master Repurchase Agreement must be executed with the bank or dealer prior to investing in a repurchase agreement. Investments of this type shall be limited to no more than 25% of investment portfolio.
- 4.9. Time Deposits.** Time deposits, non-negotiable and collateralized in accordance with California Government Code, may be purchased through banks, savings and loan associations, or credit unions, or a private sector entity that assists in the placement of time deposits, provided that the purchases of time deposits do not represent more than 25% of investment portfolio.
- 4.10. Guaranteed Investment Contracts.** Guaranteed Investment Contracts (GIC), providing that such contract(s) meet the requirements defined under Government Code Section 53601. GIC investments shall be utilized only for short-term investment of bond indenture or debt proceeds.
- 4.11. Money Market Mutual Funds.** Shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.). Underlying investments in allowable money market funds shall be consistent with other allowable investments as set forth in this policy, to include: U.S. treasury instruments, federal government agency obligations, and/or repurchase agreements. To be eligible for investment pursuant to this policy these companies shall have either: (1) attained the highest ranking or the highest letter and numerical rating provided by not less than two NRSRO, or, (2) retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with not less than five years experience managing money market mutual funds with assets under management in excess of five hundred million dollars (\$500,000,000). Investments in money market mutual funds are further limited to 15% of investment portfolio.
- 4.12. Medium Term Corporate Notes.** Medium term corporate notes, with a maximum maturity of five years. Securities eligible for investment shall be

rated A or better by a nationally recognized rating agency. Purchase of medium term notes may not exceed 30% of investment portfolio.

4.13. Local Government Investment Pools. Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 of the California Government Code that invests in securities and obligations eligible for investment by local agencies directly. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

- 4.13.1.** The adviser is registered or exempt from registration with the Securities and Exchange Commission.
- 4.13.2.** The adviser has not less than five years of experience investing in securities and obligations eligible for local agency investment.
- 4.13.3.** The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

5. PROHIBITED INVESTMENTS

Except for legally restricted funds governed by separate policy as specified in Section 15 below, any security type or structure not specifically approved by this policy is hereby specifically prohibited. Security types which are prohibited include, but are not limited to:

- 5.1.** Inverse floaters
- 5.2.** Range notes
- 5.3.** Mortgage-derived interest only strips
- 5.4.** Any security which could result in zero interest accrual if held to maturity

6. GENERAL DIVERSIFICATION OF INVESTMENT

The District's investment portfolio shall be diversified to avoid incurring unreasonable and avoidable risks with regard to specific investment types. Within investment types, the District shall also maintain a mix of securities to avoid concentrations within individual financial institutions, geographic areas, industry types and maturity dates.

7. MAXIMUM MATURITY

- 7.1. State law requires that the maturity of any given investment instrument not exceed five years unless specifically approved by the Board of Directors.
- 7.2. Investment maturities shall be based on a projection of District cash flows. Subject to the policy provisions outlined in section 7.1, investment maturities shall be scheduled to permit the District to meet all projected obligations.

8. SALES PRIOR TO MATURITY

While sales of investments prior to maturity are permitted to achieve certain investment objectives, the District's general investment strategy shall be to hold investments to maturity.

9. COLLATERALIZATION

For Certificates of Deposit in excess of the amount federally insured, the general collateralization level shall be 110% of the amount invested. For repurchase agreements, the collateralization level shall be at least 102% of the market value of the agreement.

10. SAFEKEEPING AND CUSTODY

- 10.1. All investment transactions entered into by the District shall be conducted on a delivery vs. payment basis. The District shall pay for the securities when they are delivered either to the District or the District's third party custodian, if applicable.
- 10.2. Securities purchased, including collateral for repurchase agreements, shall be held by a third party custodian designated by the District whenever possible. These securities shall be held in the District's name and third party custody shall be evidenced by safekeeping receipts.

11. QUALIFIED BROKER/DEALERS AND INSTITUTIONS

- 11.1. A list of qualified broker/dealers and financial institutions shall be maintained by the District.
- 11.2. A copy of this Investment Policy shall be sent to all broker/dealers approved to do business with the District. Broker/dealer(s) shall provide certification of having read, understood and agreeing to comply with the District's Investment Policy, and are free of conflicts of interest.

- 11.3. An annual review of the financial condition and registrations of qualified broker/dealers shall be conducted by the Finance Director.
- 11.4. If the District chooses to engage an outside investment adviser to provide investment advisory services, the investment adviser may use its own list of approved issuers, broker/dealers and financial institutions to execute investment orders on behalf of the District.

12. **INTERNAL CONTROLS**

The Finance Director shall be responsible for establishing a set of internal controls related to the investment program. The internal controls will be subject to annual review by independent auditors in conjunction with the District's annual audit.

13. **REPORTING REQUIREMENTS**

The Finance Director shall be responsible for providing a monthly Treasurer's Report to the Board of Directors which shall include all required elements prescribed by Government Code section 53646.

- 13.1. Treasurer's Report to the Board of Directors shall include the face amount and cost of investment, type of investment, name of the issuer, coupon rate of interest, maturity date, current market value and accrued interest for all securities, as applicable.
- 13.2. Treasurer's Report shall also state compliance of portfolio with Investment Policy, or manner in which portfolio is not in compliance, if applicable.

14. **ANNUAL POLICY REVIEW**

This Investment Policy shall be subject to review by the District's Board of Directors, as needed, but no less than annually.

15. **SECTION 115 TRUST**

The District maintains an IRS Section 115 irrevocable trust and those funds are legally restricted to provide for funding of retirement obligations. Chino Valley Fire District Section 115 Trust funds are governed by a separate investment policy.

16. **GLOSSARY OF TERMS**

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.

Broker - A broker brings buyers and sellers together for a commission.

Certificate of Deposit (CD) - A time deposit with a specific maturity evidenced by a certificate. Large-denomination CDs are typically negotiable. CD's may be eligible for FDIC insurance.

Collateral - Securities, evidence of deposit or pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposit of public moneys.

Commercial Paper - Unsecured promissory note with a fixed maturity of 1 to 270 days. Commercial Paper is a money-market security issued by large banks and corporations to get money to meet short term debt obligations (for example, payroll), backed by an issuing bank or corporation's promise to pay the face amount on the maturity date specified on the note.

Corporate Note - A debt security issued by a corporation, also known as a corporate bond.

Custody - A banking service that provides safekeeping for the individual securities in a customer's investment portfolio under a written agreement which also calls for the bank to collect and pay out income, to buy, sell, receive and deliver securities when ordered to do so by the principal.

Delivery vs. Payment (DVP) - Delivery of securities with a simultaneous exchange of money for the securities.

Depository - Financial institution in United States, such as a savings bank, that is legally allowed to accept monetary deposits.

Diversification - Dividing investment funds among a variety of securities offering independent returns and risk profiles.

Federal Farm Credit System (FFCB) - The Federal Farm Credit System is a nationwide network of borrower-owned lending institutions and affiliated service entities that lends to agricultural and rural America. The System is the oldest Government-sponsored enterprise (GSE) created when Congress established authority for certain predecessor entities in 1916. For more than ninety years, the mission of the System has been to provide sound and dependable credit for agricultural producers, cooperatives, and certain farm related businesses.

Federal Home Loan Banks (FHLB) - Government sponsored wholesale banks which lend funds and provide correspondent banking services to member commercial banks, thrifty institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district Bank.

Federal Home Loan Mortgage Corporation (FHLMC) – The FHLMC was created under the Federal Home Loan Mortgage Act, Title III of the Emergency Home Finance Act of 1970 as a stockholder owned government-sponsored enterprise. Freddie Mac, as the corporation is called, is charged with providing stability and assistance to the secondary home mortgage market by buying first mortgages and participation interests and reselling these securities in the form of guaranteed mortgage securities. Although agency obligations are not explicitly guaranteed by the federal government, the rating agencies believe that in the unlikely event of financial difficulties, the federal government will support the agency to the extent necessary to provide for full and timely payment on their securities.

Federal National Mortgage Association (FNMA) - FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, 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. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

Government National Mortgage Association (GNMA) – Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations and other institutions. Security holder is protected by the full faith and credit of the U.S. Government. Ginnie Mae securities, are backed by the FHA, VA, or FmHA mortgages. The term "pass-throughs" is often used to describe Ginnie Maes.

Government Sponsored Enterprises (GSE) - The government-sponsored enterprises (GSEs) are a group of financial services corporations created by the United States Congress. Their function is to enhance the flow of credit to targeted sectors of the economy and to make those segments of the capital market more efficient and transparent. The desired effect of the GSEs is to enhance the availability and reduce the cost of credit to the targeted borrowing sectors: agriculture, home finance and education. Congress created the first GSE in 1916 with the creation of the Farm Credit System; it initiated GSEs in the home finance segment of the economy with the creation of the Federal Home Loan Banks in 1932; and it targeted education when it chartered Sallie Mae in 1972 (although Congress allowed Sallie Mae to relinquish its government sponsorship and become a fully private institution via legislation in 1995). The residential mortgage borrowing segment is by far the largest of the borrowing segments in which the GSEs operate. GSEs hold or pool approximately \$5 trillion worth of mortgages.

Guaranteed Investment Contracts - Fixed rate deposits which are similar to CDs, except purchased from insurance companies.

Interest Rate - The annual yield earned on an investment, expressed as a percentage.

Inverse Floaters - Securities structured to provide a rate of return equal to a fixed rate, less a multiple of a floating rate index," such as the London Interbank Offered Rate (LIBOR). Such securities are backed by collateralized mortgage obligations (CMOs), which in turn are derived from pools of mortgages. The holders of CMO-backed securities receive payments generated by the mortgages in the underlying collateral pool.

Liquidity - Refers to the ability to rapidly convert an investment into cash with minimal risk of losing some portion of principal and/or interest.

Master Repurchase Agreement - A written contract covering all future transactions between the parties to repurchase and/or 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 upon which the principal or stated value of an investment becomes due and payable.

Money Market - The market in which short-term debt instruments (bills, commercial paper, banker's acceptances, etc.) are issued and traded.

Mortgage-Derived Interest Only Strips - A type of fixed-income security where the holder is only entitled to receive regular cash flows that are derived from splitting a mortgage-backed security into its interest and principal payments.

Mutual Fund - is an investment vehicle made up of a pool of money collected from many investors for the purpose of investing in securities such as stocks, bonds, money market instruments and other assets.

Nationally Recognized Statistical Rating Organization (NRSRO) - A credit rating agency that issues credit ratings that the U.S. Securities and Exchange Commission permits other financial firms to use for certain regulatory purposes.

Portfolio - Collection of securities held by an investor.

Prudent Investor Standard – Defined in California Government Code Section 53600.3, as follows: "When investing, reinvesting, acquiring, exchanging, selling, or managing public funds, a trustee shall act 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, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency.”

Range Notes - Typically pay interest at an above-market rate if LIBOR stays within a specific range, which may change according to a schedule. If LIBOR moves outside of that range, these notes may revert to a lower interest rate or no interest at all.

Rate of Return - The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

Registered State Warrants – Interest bearing “IOUs” issued by the State of California, to be paid by the state when they mature or are called. Registered warrants drawn against unexhausted appropriations and otherwise issued in accordance with California law are extensions of credit to the state that constitute state general obligations.

Repurchase Agreement (RP or REPO) - A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security “buyer” in effect lends the “seller” money for the period of the agreement, and the terms of the agreement are structured to compensate him 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.

Risk - Degree of uncertainty of return on an asset.

Time Deposit - Deposit at a banking institution that cannot be withdrawn for a certain “term” or period of time. When the term is over it can be withdrawn or it can be held for another term. Generally differentiated from a CD by virtue of the fact that the associated interest rate for a time deposit is non-negotiable.

Treasury Bills – A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

Treasury Bonds - Long-term coupon-bearing U. S. Treasury securities issued as direct obligations of the U. S. Government and having initial maturities of more than ten years.

Treasury Certificate of Indebtedness - A short-term fixed income security issued by the U. S. Treasury that has a coupon, and typically matures in one year or less.

Treasury Notes - Medium-term coupon-bearing U. S. Treasury securities issued as direct obligations of the U. S. Government and having initial maturities from two to ten years.

Yield - The rate of annual income return on an investment, expressed as a percentage. It is obtained by dividing the current dollar income by the current market price of the security.

Yield to Maturity - 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.

**CHINO VALLEY INDEPENDENT FIRE DISTRICT
STAFF REPORT**

DATE: AUGUST 29, 2022

TO: FINANCE COMMITTEE

FROM: DAVE WILLIAMS, FIRE CHIEF

**SUBJECT: CHINO VALLEY FIRE DISTRICT SECTION 115 TRUST ANNUAL
REPORT**

PURPOSE:

Purpose is to review and discuss the Draft 2021-22 Annual Report for the Section 115 Trust.

DISCUSSION:

The 115 Trust bylaws require that an annual report of the Trust be presented to the District's Board of Directors within 90 days of fiscal year-end. The Trust's fiscal year end coincides with that of the District at June 30. A total of \$5 million was invested in the 115 Trust at the end of April 2017. Additional deposits totaling \$1,417,137, including \$867,137 last fiscal year, have been contributed to the Trust since the initial deposit.

PFM is the Trust Administrator and also serves as the investment advisor. The five-member 115 Trust Investment Committee, comprised of District management and staff, meets quarterly to review Trust performance and discuss Trust management with PFM.

Based on a target mix of 60% equities and 40% bonds, and an assumed annual rate of return on investment of 5.5%, the Trust account balance at June 30, 2022 amounted to about \$7.8 million, compared to about \$8.1 million at June 30, 2021.

As indicated on page 8 of the attached Annual Report, the annual rate of return for FY22 was -13.7%, compared to a policy benchmark of -13.6%. Since inception through June 30 2022, as indicated on page 8, the annualized rate of return amounted to 5.1%, versus a benchmark of 4.6%.

The attached draft annual report will be presented in its final form to the Board of Directors in the September meeting. A representative from PFM will be in attendance to present the report and answer questions.

RECOMMENDATION:

It is recommended that the Finance Committee review and discuss the Draft Annual Report for the Chino Valley Fire District Section 115 Trust and provide direction to staff.

ATTACHMENTS:

Draft FY21-22 Annual Report



Chino Valley Fire District

**Board Presentation
Section 115 Trust Annual Report
Fiscal Year 2021-2022**

September 14, 2022

415.393.7225

pfmam.com

PFM Asset Management LLC

NOT FDIC INSURED : NO BANK GUARANTEE : MAY LOSE VALUE

Ellen Clark, Director

Purpose and Performance Objective of CVFD Section 115 Trust

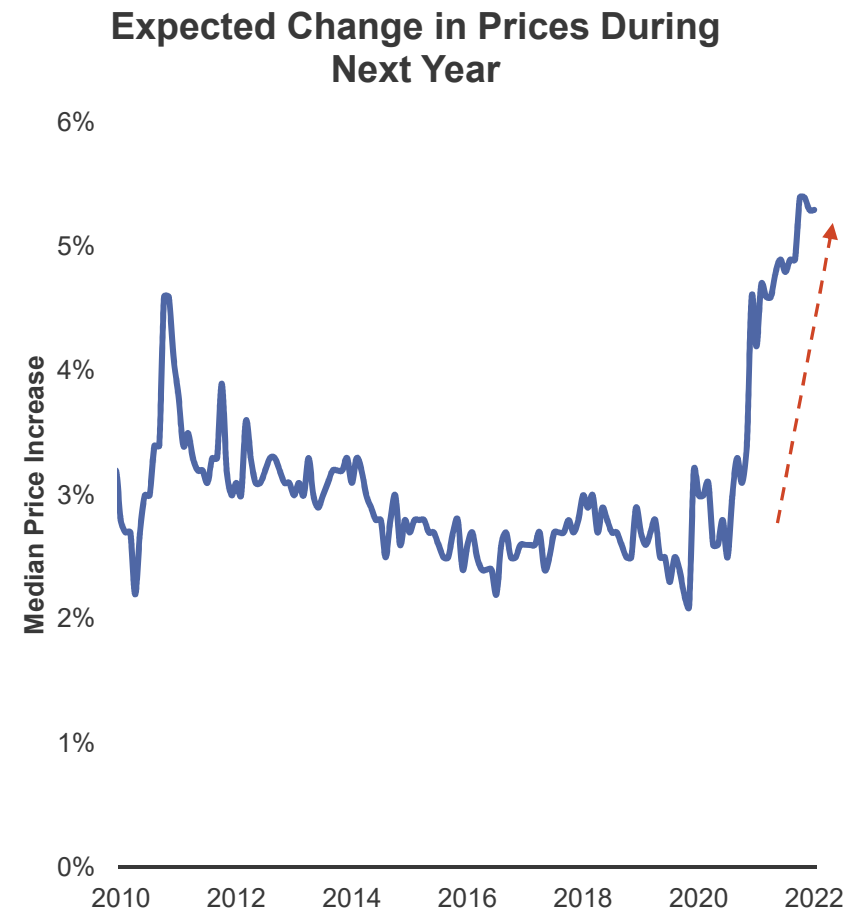
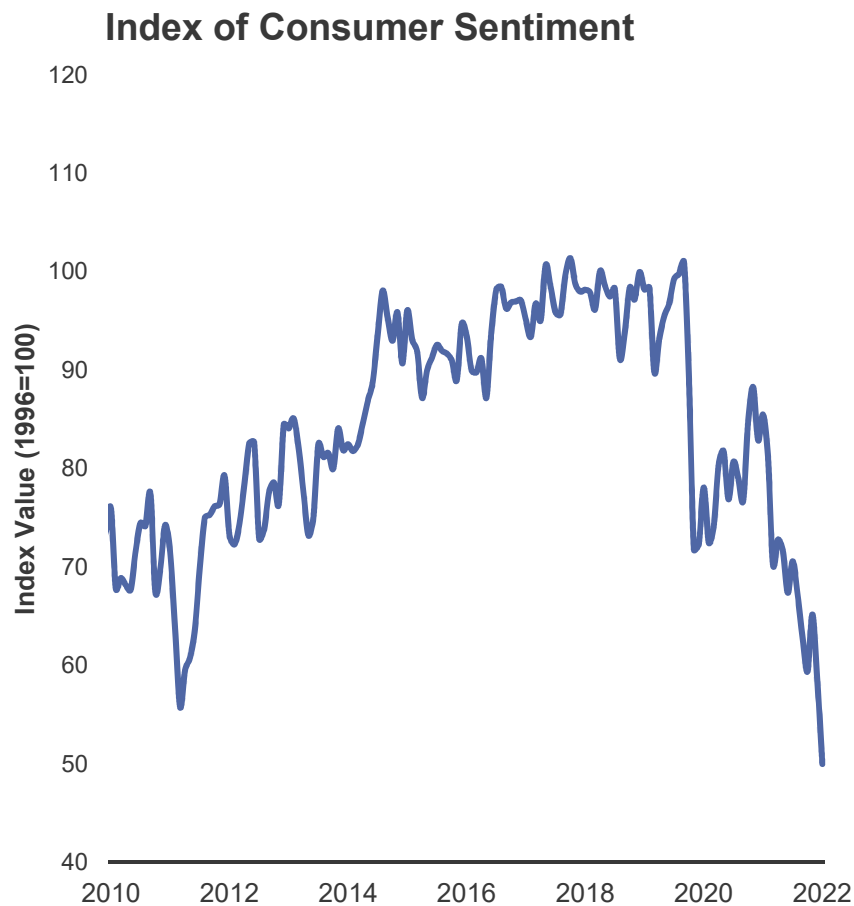
- ▶ **Purpose:** Provide funding of District retirement benefits provided by CalPERS for eligible employees.
- ▶ **Performance Objective:** Over five years or longer, achieve an average total annual rate of return that is equal to or greater than the Trust's stated total return objective of 5.5%.

Target Asset Allocation

PFM 60/40 Model	
Equity	60.0%
Domestic Equity	39.0%
International Developed Equity	15.0%
Emerging Markets Equity	6.0%
Fixed Income	40.0%
Core Fixed Income	20.0%
Investment Grade Corporate	10.0%
Emerging Markets Debt	5.0%
High Yield	5.0%

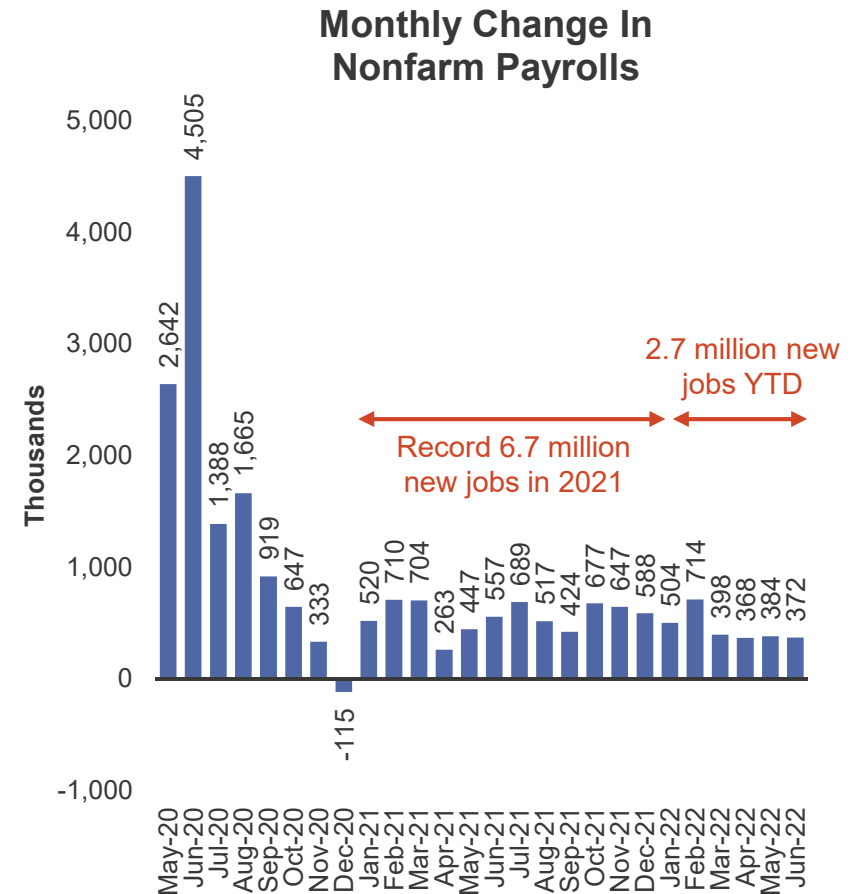
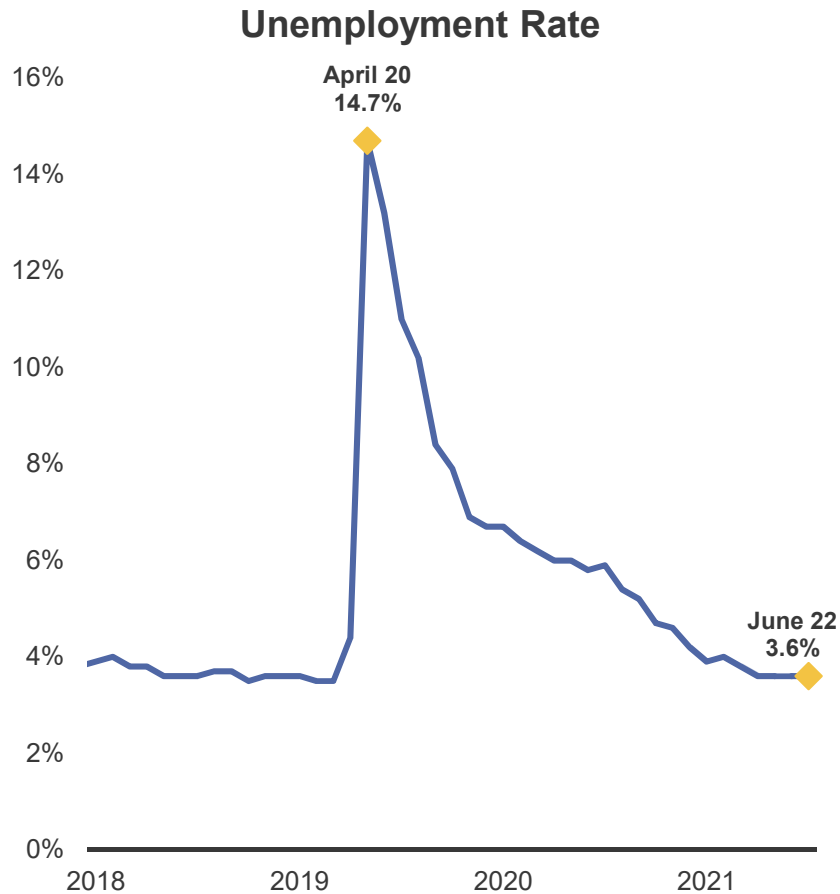
Intermediate-Term Assump. (5 Years)	
Expected Return	4.7%
Standard Deviation	10.6%
Return / Standard Deviation	0.45
Probability of 5.5% Return	46.7%
Long-Term Assump. (30 Years)	
Expected Return	6.4%
Standard Deviation	10.6%
Return / Standard Deviation	0.61
Probability of 5.5% Return	73.4%

Inflation Pressures Shake Consumer Confidence



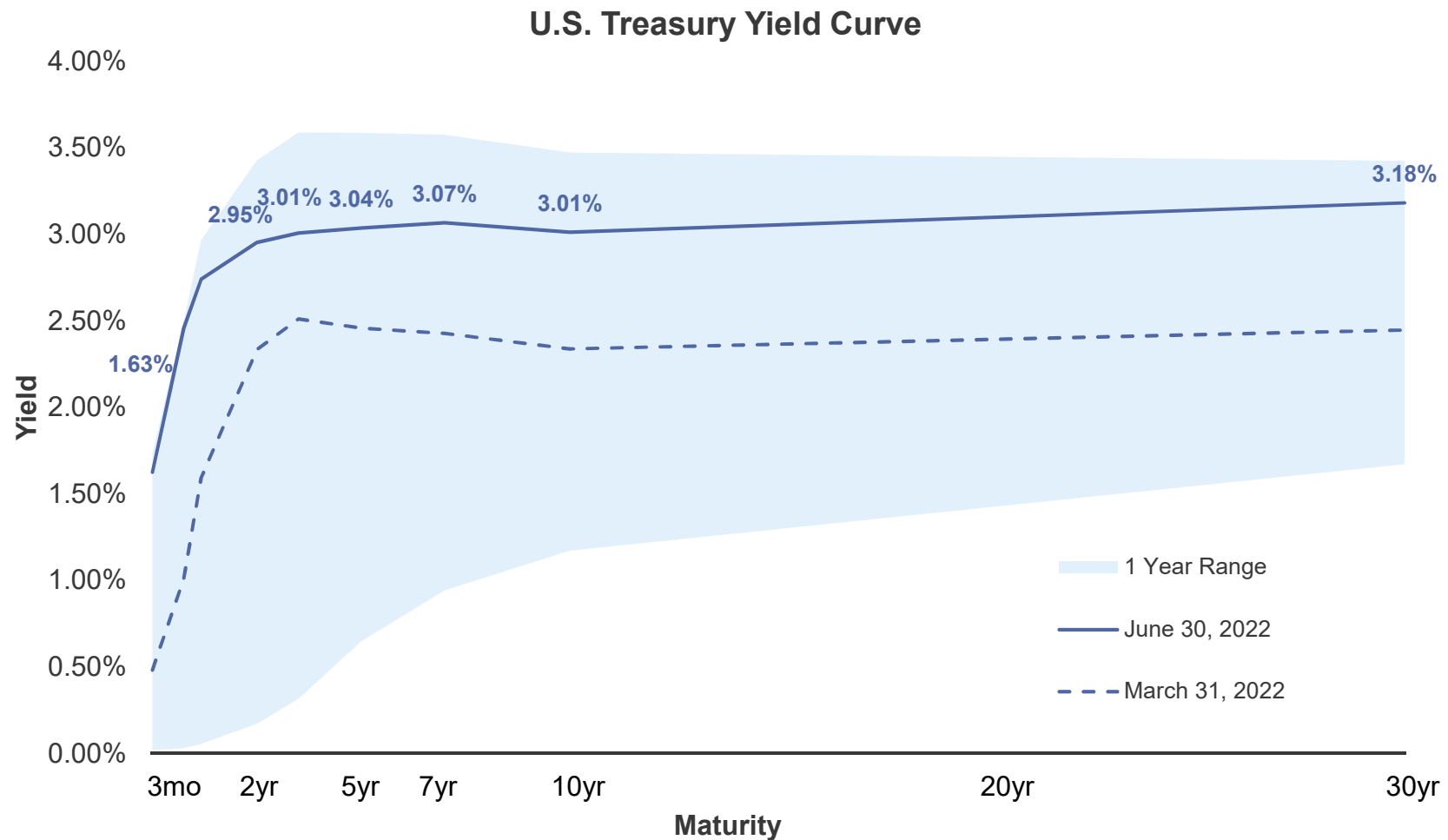
Source: Bloomberg, University of Michigan Consumer Sentiment and underlying index components, as of June 2022.

A Positive: Unemployment Rate Remains at 3.6% Added 372,000 Jobs in June



Source: Bloomberg, as of June 2022. Data is seasonally adjusted.

Treasury Curve: Flat or Inverted?



Source: Bloomberg, as of 6/30/2022.

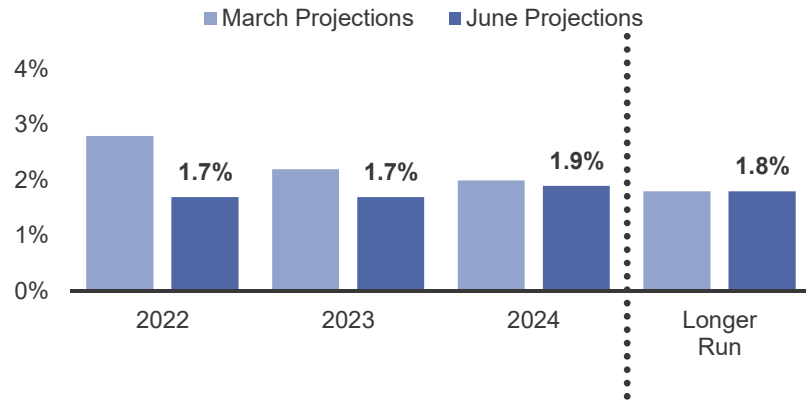
Stock Market: Where do we go from here?



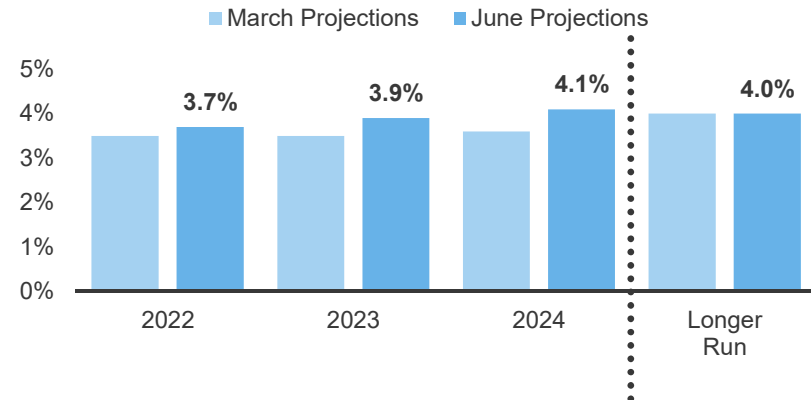
Source: Bloomberg, as of 6/30/2022.

Fed's Projections More Contractionary Following Aggressive Normalization

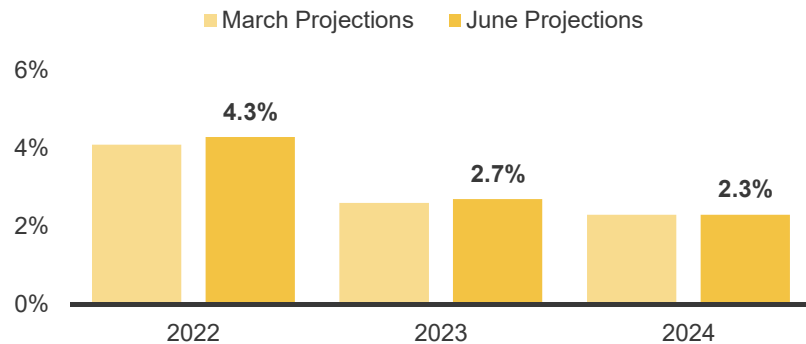
Change in Real GDP



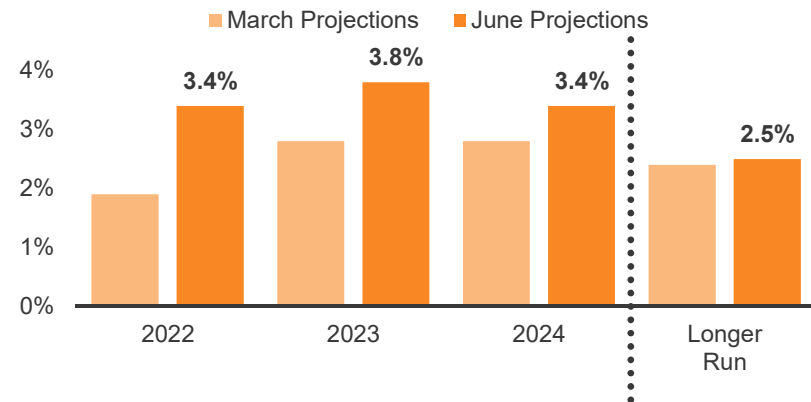
Unemployment Rate



Core PCE Inflation



Federal Funds Rate



Source: Federal Reserve, latest economic projections as of June 2022.

Equity and Fixed Income Market Indices

Market Index Performance as of 6/30/2022					
DOMESTIC EQUITY	QTD	YTD	1 Year	3 Years	5 Years
S&P 500	-16.1%	-20.0%	-10.6%	10.6%	11.3%
Russell 1000 Index	-16.7%	-20.9%	-13.1%	10.1%	11.0%
Russell 2000 Index	-17.2%	-23.4%	-25.2%	4.2%	5.2%
Russell 3000 Index	-16.7%	-21.1%	-13.9%	9.8%	10.6%
INTERNATIONAL EQUITY	QTD	YTD	1 Year	3 Years	5 Years
MSCI EAFE (net)	-14.5%	-19.6%	-17.8%	1.1%	2.2%
MSCI AC World ex USA (Net)	-13.7%	-18.4%	-19.4%	1.4%	2.5%
MSCI EM (net)	-11.5%	-17.6%	-25.3%	0.6%	2.2%
ALTERNATIVES	QTD	YTD	1 Year	3 Years	5 Years
FTSE NAREIT Equity REIT Index	-17.0%	-20.2%	-6.3%	4.0%	5.3%
Bloomberg Commodity Index Total Return	-5.7%	18.4%	24.3%	14.3%	8.4%
FIXED INCOME	QTD	YTD	1 Year	3 Years	5 Years
Blmbg. Barc. U.S. Aggregate	-4.7%	-10.3%	-10.3%	-0.9%	0.9%
Blmbg. Barc. Global Aggregate Ex USD	-11.0%	-16.5%	-18.8%	-5.1%	-1.8%
Blmbg. Barc. U.S. Corp: High Yield	-9.8%	-14.2%	-12.8%	0.2%	2.1%

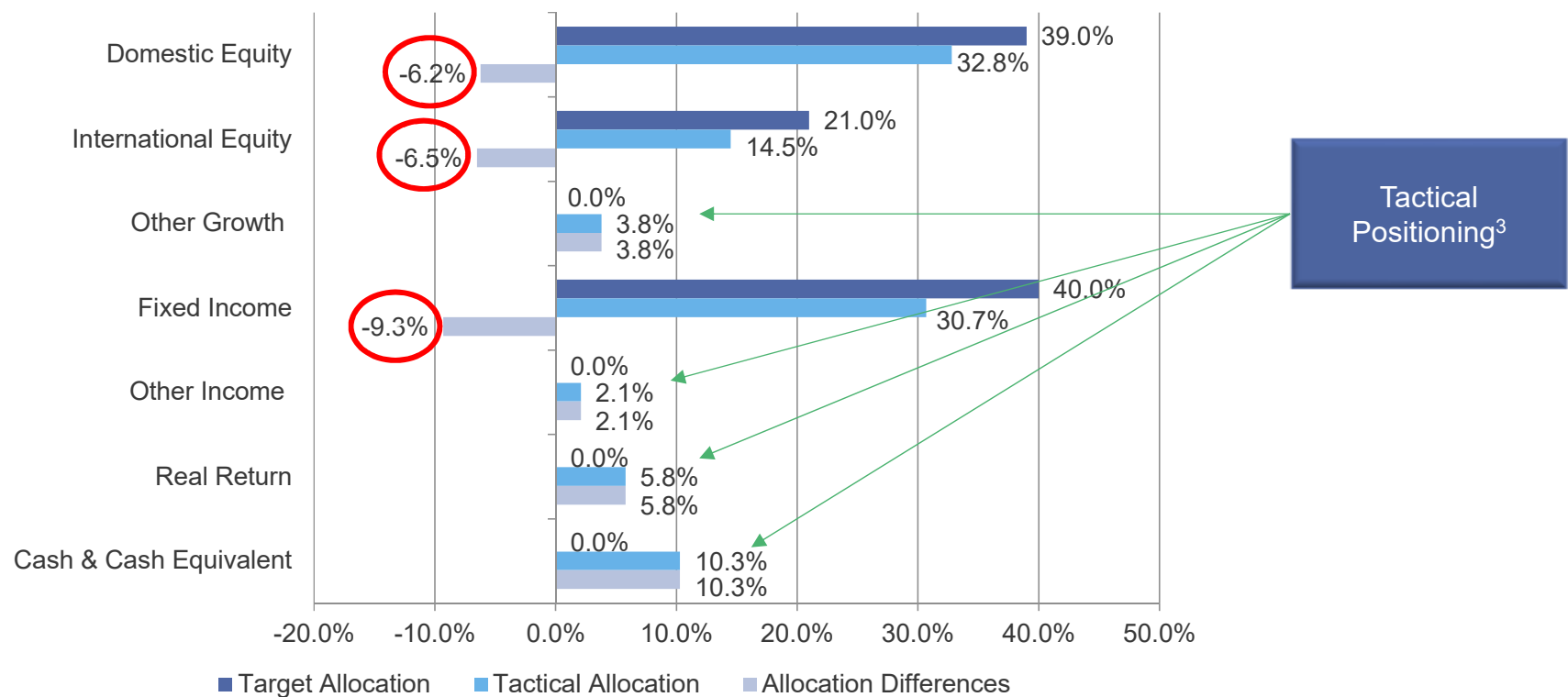
Source: Investment Metrics, as of June 30, 2022

Portfolio Update as of June 30, 2022

	Quarter	1 Year	3 Year	Since Inception ¹
Section 115 Performance	-11.4%	-13.7%	3.8%	5.1%
<i>Benchmark Performance²</i>	<i>-11.4%</i>	<i>-13.6%</i>	<i>3.0%</i>	<i>4.6%</i>

Assets as of June 30, 2022

Total Market Value ¹	\$7,814,063
---------------------------------	-------------



1. PFMAM began managing this portfolio in April 2017.
2. Blended benchmark consists of 39% Russell 3000 Index, 21% MSCI AC World Ex USA (net), 49% Bloomberg US Aggregate.
3. As of June 30, 2022

PFMAM Investment Sentiment Overview

Asset Class	Our Q3 2022 Investment Outlook	Comments
U.S. Equities		<ul style="list-style-type: none"> Elevated inflation, tightening Fed and slowing economic data point to increased uncertainty leading us to underweight equities. Pressure on corporate profit margin is a risk if companies cannot pass along higher input material and labor costs. We are closely watching earnings expectations for sustained deterioration. Valuations for small- and mid-caps look relatively attractive supported by earnings growth and domestically oriented revenue exposure.
Large-Caps		
Mid-Caps		
Small-Caps		
Non-U.S. Equities		<ul style="list-style-type: none"> International equities continue to trade at a discount to U.S. equities, but concerns over the outlook for European economies amidst higher inflation and low rates point to possible stagflation. EM equities ex-China trade at a discount to both developed markets and long-term averages and are a possible opportunity as visibility improves. International small caps provide exposure to local revenue streams and add value over the long-term but have higher exposure to negative earnings over the short-term.
Developed Markets		
Emerging Markets		
International Small-Caps		
Fixed Income		<ul style="list-style-type: none"> High inflation and slowing economic growth weigh on the Fed rate hike path, leading to higher uncertainty for interest rates in the U.S. Corporate spreads have widened slightly but credit markets remain attractive relative to interest rate sensitive fixed income due to strong corporate fundamentals. We continue to seek diversified credit exposure and are closely watching signs for any distress in the corporate credit space.
Long-Duration, Interest Rate-Sensitive Sectors		
Credit-Sensitive Sectors		
Alternatives		<ul style="list-style-type: none"> Reasonable valuations and income potential that acts as inflation-hedge are positives for real estate but economic slowdown is a negative. Private equity and debt strategies can complement multi-asset class portfolios by providing access to attractive opportunities during periods of disruption but will be impacted by rising rates and any distress in credit markets. Commodity prices are supported by supply disruptions due to the war between Russia and Ukraine.
Real Estate		
Private Equity		
Private Debt		
Commodities		

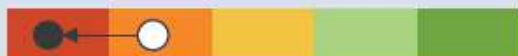
● Current outlook ○ Outlook one quarter ago

Negative Slightly Negative Neutral Slightly Positive Positive

1. As of June 30, 2022

Factors to Consider Over the Next 6-12 Months

Monetary Policy:



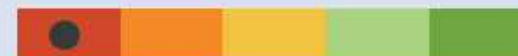
- The Fed is expected to be more aggressive in raising rates than anticipated, due to higher inflation, while also reducing the balance sheet.
- Uncertainty around the rate hike path is weighing on risk assets.
- Globally, inflation continues to drive most central banks towards hiking rates.

Economic Growth:



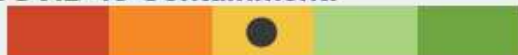
- Risk of recession in the next 12-18 months is rising as inflation remains elevated impacting growth expectations globally.
- Strong consumer and corporate balance sheets along with tight labor markets are positive for growth while tighter monetary policy impedes continued growth.

Inflation:



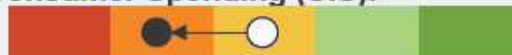
- High current inflation remains a concern. While we expect inflation to moderate over the next few months, the risk is that inflation becomes embedded in the economy.
- Overly aggressive monetary policy driven by inflation remains a risk to the economy and asset prices.

COVID-19 Containment:



- Pockets of vulnerability remain as new strains spread but we believe we are transitioning from pandemic to endemic.
- China's COVID zero policy has global supply chain ramifications and needs to be closely watched.

Consumer Spending (U.S.):



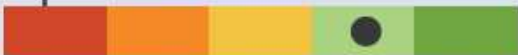
- Consumer sentiment is at all-time low.
- Consumer balance sheets are still healthy but the saving rate is falling, as is personal consumption growth.

Labor Markets:



- Labor markets remain relatively strong but softening.
- Labor force participation rate is expected to go up as higher inflation weighs on consumers' real disposable income.

Corporate Fundamentals:



- Earnings growth expectations have not drastically deteriorated yet, but the impact of rising input costs and higher inflation could erode profit margins.

Valuations:



- Equities look attractive across the board after the recent sell-off but elevated downside risks lead to a cautious approach.
- Credit markets look attractive after recent spread widening especially as corporate fundamentals still look strong.

Political Risks:



- The war in Ukraine has increased political risk. We expect globalization to continue to slow which further adds to global political risk.
- In the near-term, the threat of continued war with some spillover effects is negative to risk assets.

● Current outlook

○ Outlook one quarter ago

Stance Unfavorable
to Risk Assets

Negative

Slightly
Negative

Neutral

Slightly
Positive

Positive

Stance Favorable to
Risk Assets

1. As of June 30, 2022

Appendix



Allocation and Performance

As of June 30, 2022

	Allocation		Performance(%)						
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	Since Inception	Inception Date
CVFD - Section 115 Trust - Total Fund	7,814,063	100.00	-11.39	-16.75	-13.65	3.78	4.94	5.10	05/01/2017
<i>Policy Benchmark</i>			-11.36	-16.26	-13.61	3.01	4.47	4.64	05/01/2017
Domestic Equity	2,564,564	32.82	-16.77	-21.11	-14.14	10.15	10.77	10.82	05/01/2017
<i>Russell 3000 Index</i>			-16.70	-21.10	-13.87	9.77	10.60	10.65	05/01/2017
PFM Multi-Manager Domestic Equity Fund	2,564,564	32.82	-16.33	-20.67	-13.26	9.70	N/A	8.17	09/01/2018
<i>Russell 3000 Index</i>			-16.70	-21.10	-13.87	9.77	10.60	8.10	09/01/2018
Vanguard Total Stock Market ETF - 59.7%			-16.85	-21.38	-14.24	9.62	10.52	7.69	02/01/2020
<i>Russell 3000 Index</i>			-16.70	-21.10	-13.87	9.77	10.60	7.83	02/01/2020
Vaughan Nelson Select - 12.0% (^)			-15.46	-17.56	-3.10	14.61	N/A	12.63	06/01/2018
Nuance All Cap Value - 11.2% (^)			-10.28	-9.42	-6.30	8.17	N/A	9.35	06/01/2018
<i>Russell 3000 Index</i>			-16.70	-21.10	-13.87	9.77	10.60	8.10	09/01/2018
Aristotle Atlantic Core Equity - 7.5%(^)			-17.22	-22.87	N/A	N/A	N/A	-20.53	11/01/2021
<i>Russell 3000 Index</i>			-16.70	-21.10	-13.87	9.77	10.60	-19.24	11/01/2021
Champlain Mid Cap Core - 4.5% (^)			-19.36	-28.02	-21.14	7.13	N/A	8.87	06/01/2018
<i>S&P MidCap 400</i>			-15.42	-19.54	-14.64	6.87	7.02	4.37	09/01/2018
Jacobs Levy Small Cap - 4.6% (^)			-14.05	-17.84	-11.86	12.74	N/A	11.12	05/01/2019
<i>S&P SmallCap 600</i>			-14.11	-18.94	-16.81	7.30	7.20	6.25	05/01/2019
International Equity	1,133,479	14.51	-14.64	-23.51	-24.00	1.27	2.64	3.23	05/01/2017
<i>MSCI AC World ex USA (Net)</i>			-13.73	-18.42	-19.42	1.35	2.50	3.11	05/01/2017
PFM Multi-Manager International Equity Fund	1,133,479	14.51	-14.08	-22.57	-22.47	0.80	N/A	0.82	09/01/2018
<i>MSCI AC World ex USA (Net)</i>			-13.73	-18.42	-19.42	1.35	2.50	1.33	09/01/2018
iShares Core MSCI Total Int'l Stock ETF - 40.3%			-13.17	-18.64	-19.54	1.74	2.70	0.39	02/01/2020
<i>MSCI AC World ex USA (Net)</i>			-13.73	-18.42	-19.42	1.35	2.50	0.01	02/01/2020
WCM Focused Growth International - 7.8% (^)			-17.67	-31.13	-26.83	N/A	N/A	4.43	12/01/2019
<i>MSCI AC World ex USA (Net)</i>			-13.73	-18.42	-19.42	1.35	2.50	0.60	12/01/2019
Ninety One Int'l Dynamic Equity - 13.0% (^)			-13.37	-22.37	N/A	N/A	N/A	-19.31	12/01/2021
<i>MSCI AC World ex USA (Net)</i>			-13.73	-18.42	-19.42	1.35	2.50	-15.05	12/01/2021
Acadian Non-U.S. Equity - 13.3% (^)			-13.92	-18.47	-16.92	N/A	N/A	1.00	01/01/2020
<i>MSCI EAFE (net)</i>			-14.51	-19.57	-17.77	1.07	2.20	-1.42	01/01/2020
Aristotle International Equity - 13.1% (^)			-15.17	-23.97	-17.31	4.39	N/A	4.54	06/01/2018
<i>MSCI EAFE (net)</i>			-14.51	-19.57	-17.77	1.07	2.20	0.99	09/01/2018
Kayne Anderson International Small Cap - 1.0% (^)			-17.59	-31.08	-29.39	N/A	N/A	-25.12	05/01/2021
<i>MSCI AC World ex USA Small Cap (Net)</i>			-17.55	-22.92	-22.45	2.94	2.55	-18.42	05/01/2021
Schroders Global Emerging Markets - 11.0% (^)			-13.50	-20.76	-28.81	N/A	N/A	-1.90	01/01/2020
<i>MSCI EM (net)</i>			-11.45	-17.63	-25.28	0.57	2.18	-2.04	01/01/2020

1. As of June 30, 2022

Allocation and Performance

As of June 30, 2022

	Allocation		Performance(%)						
	Market Value (\$)	%	1 Quarter	Year To Date	1 Year	3 Years	5 Years	Since Inception	Inception Date
Other Growth	295,061	3.78	-14.56	-19.18	-10.96	N/A	N/A	-0.74	04/01/2021
Cohen & Steers Inst Realty Shares	149,568	1.91	-13.41	-18.56	-4.56	7.45	8.28	5.46	04/01/2021
Principal RE Securities Inst Fund	145,492	1.86	-15.71	-20.08	-6.98	5.36	7.30	3.43	04/01/2021
<i>MSCI US REIT Index</i>			-16.95	-20.32	-6.41	4.03	5.30	3.83	04/01/2021
Fixed Income	2,400,578	30.72	-5.88	-11.16	-11.24	-0.93	0.88	1.00	05/01/2017
<i>Blmbg. U.S. Aggregate</i>			-4.69	-10.35	-10.29	-0.94	0.88	0.98	05/01/2017
PFM Multi-Manager Fixed-Income Fund	2,400,578	30.72	-5.81	-11.12	-11.14	-0.83	N/A	1.01	09/01/2018
<i>Blmbg. U.S. Aggregate</i>			-4.69	-10.35	-10.29	-0.94	0.88	1.07	09/01/2018
PGIM Core Fixed - 30.9% (^)			-5.49	-11.50	-11.36	-0.78	N/A	1.30	06/01/2018
TIAA Core Fixed - 33.6% (^)			-5.46	-11.13	-11.13	-0.47	N/A	1.50	06/01/2018
<i>Blmbg. U.S. Aggregate</i>			-4.69	-10.35	-10.29	-0.94	0.88	1.07	09/01/2018
iShares Core U.S. Aggregate Bond ETF - 0.7%			-4.67	-10.26	-10.29	-0.98	0.83	-8.08	05/01/2021
<i>Blmbg. U.S. Aggregate</i>			-4.69	-10.35	-10.29	-0.94	0.88	-8.08	05/01/2021
iShares MBS ETF - 7.7%			-3.92	-8.73	-9.07	-1.48	0.29	N/A	07/01/2022
<i>Blmbg. U.S. Mortgage Backed Securities</i>			-4.01	-8.78	-9.03	-1.44	0.36	N/A	07/01/2022
PineBridge IG Credit - 4.2% (^)			-7.19	-14.09	-14.00	0.80	N/A	3.00	06/01/2018
<i>Blmbg. U.S. Credit Index</i>			-6.90	-13.81	-13.64	-1.00	1.24	1.47	09/01/2018
Brown Bros. Harriman Structured - 9.8% (^)			-1.96	-4.02	-3.30	0.99	N/A	1.97	06/01/2018
<i>ICE BofAML Asset-Bckd Fxd & Fltng Rate AA-BBB Idx</i>			-2.08	-5.45	-5.51	0.40	1.80	1.45	09/01/2018
SPDR Blackstone Senior Loan ETF - 7.3%			-5.79	-6.42	-5.46	1.51	2.32	-6.53	02/01/2022
<i>Credit Suisse Leveraged Loan Index</i>			-4.35	-4.45	-2.68	2.03	2.97	-4.79	02/01/2022
Brandywine Global High Yield - 2.9%			-9.51	-13.23	-11.95	2.93	4.76	-1.40	10/01/2020
<i>Blmbg. Ba to B U.S. High Yield</i>			-9.40	-13.90	-12.43	0.49	2.35	-2.69	10/01/2020
MainStay MacKay High Yield Corp Bond Fund - 2.9%			-7.93	-10.88	-9.73	0.98	2.57	-8.05	06/01/2021
<i>ICE BofAML High Yield Master II</i>			-9.99	-14.05	-12.69	-0.05	1.95	-10.66	06/01/2021
Other Income	162,559	2.08	-8.69	-15.05	N/A	N/A	N/A	-13.45	09/01/2021
iShares Preferred and Income Securities ETF	162,559	2.08	-8.75	-15.08	-12.81	1.06	1.67	-13.48	09/01/2021
<i>ICE Exchange-Listed Preferred & Hybrid Securities</i>			-8.56	-14.88	-12.36	1.75	N/A	-13.19	09/01/2021
Real Return	456,183	5.84	-4.83	15.67	21.79	N/A	N/A	22.93	06/01/2021
Invesco Opt Yield Diversified Commodity	228,783	2.93	2.19	28.48	38.32	19.65	13.40	2.19	04/01/2022
<i>Bloomberg Commodity Index Total Return</i>			-5.66	18.44	24.27	14.34	8.39	-5.66	04/01/2022
PIMCO Commodity Real Return Strategy	227,399	2.91	-7.56	14.95	22.96	16.88	10.25	22.79	06/01/2021
<i>Bloomberg Commodity Index Total Return</i>			-5.66	18.44	24.27	14.34	8.39	24.30	06/01/2021
Cash Equivalent	801,641	10.26	0.14	0.15	0.15	0.48	0.94	0.93	05/01/2017
Allspring Government Money Market Fund	801,641	10.26	0.13	0.14	0.15	0.47	0.94	0.93	05/01/2017

1. As of June 30, 2022

Recent Changes/ Current Portfolio

Recent Portfolio Moves¹

May

- Reduced portfolio risk by shifting assets from equity to cash
 - Reduced exposure to domestic and international equity
 - Removed international small cap and emerging market debt allocations
 - Resulted in a 9%¹ cash position at implementation

June

- Increased exposure to commodities while maintaining a cash allocation
- Slightly increased exposure to small and mid-caps within domestic equities
- Reduced exposure to international active managers: JO Hambro and Harding Loevner
- Opportunistically added mortgage-backed securities exposure within fixed income

August

- Increased portfolio risk by shifting assets from cash to international equity and fixed income
 - Increased exposure to developed international equities
 - Increased exposure to core and core plus fixed income

1. As of August 11, 2022

Recent Changes/ Current Portfolio

Current Portfolio Positioning¹

- Underweight domestic equity with overweight to small and mid-cap
- Underweight international equity
- Underweight fixed income with focus on credit, structured products, opportunistic mortgage-backed securities exposure and slightly lower duration
- Tactical allocations to commodities, REITs, preferred securities, and cash

1. As of August 11, 2022

Current Outlook

Domestic Equity - Neutral

- Risk of recession remains elevated but potentially peaking inflation may temper Fed interest rate action
- Expect continued volatility until Fed path is clearer and other headwinds subside

International Equity – Slightly Negative

- Relatively more attractive valuations compared to domestic equities
- Developed markets somewhat attractive given strong dollar impact on valuations
- Geopolitical tensions and higher inflation remain headwinds for emerging markets with food scarcity leading to uncertain outlooks for some economies.

Fixed Income - Negative

- Outlook is negative for longer duration as Fed continues to raise rates
- Credit products remain attractive in search for yield, though recession risk may dampen outlook should it continue to increase



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