



Request for Proposals No. 16-3 Investment Advisory Services

1.0 PURPOSE

The Contra Costa Transportation Authority (the “Authority”) is soliciting proposals from qualified firms for investment advisory services. The Authority intends to establish a three (3) year contract term with two (2) one-year renewal options. The scope of services is described in detail below. In summary, the Authority is seeking investment advisory services for the discretionary day-to-day management of its pooled investment portfolio of approximately \$115 million.

2.0 BACKGROUND

The Authority is a government special district established under California state law and local ordinance. The Authority was formed by a ballot referendum approved by the voters of Contra Costa County on November 8, 1988. The referendum, Measure C, established a county-wide half-percent sales tax effective April 1, 1989 through March 31, 2009. On November 2, 2004, the voters approved a second referendum, Measure J, extending the sales tax from the end of Measure C through March 31, 2034. The Authority is responsible for carrying out the provisions of the referendums, including implementation of a \$1.7 billion transportation expenditure plan. The Authority is governed by a Board of eleven elected officials. Sales tax revenues for the fiscal year ended June 30, 2015, totaled \$79.455 million.

3.0 INVESTMENT PROGRAM

The Authority’s investment policy (Exhibit A) is based on the principles of prudent money management principles and California law relating to the investment of public funds. The primary objective calls for the safety of invested funds. Secondary to safety is sufficiency of liquid cash to meet ongoing obligations. The policy also calls for attaining a market rate of return on its investments. The Authority, by way of its investment advisor, purchases investments with the intent to hold until maturity but does not preclude sales before maturity if it can be demonstrated that the transaction will benefit the portfolio. The Authority’s investment style can be described as moderately active. Responsibility of the investment program is assigned to the Chief Financial Officer. Exhibit B contains the Authority’s investment report for the quarter ended December 31, 2015.



4.0 SCOPE OF SERVICES

The scope of services and objectives sought include the following:

- Strategic Planning – Understanding the Authority’s investment policies, objectives, risk tolerance, and cash flow requirements; and formulating suitable investment strategies.
- Portfolio Management – Work in a fiduciary capacity with discretionary authority to manage the Authority’s investment portfolio and conduct related trades consistent with its strategic planning, investment policies and State law.
- Performance Benchmarking – Develop an appropriate measure for the Authority’s return on investment in comparison to portfolios with similar objectives and asset composition.
- Credit Analysis – Initial credit analysis and ongoing monitoring of security issuers.
- Broker/Dealer Management – Establish a systemic process of reviewing and maintaining a group of approved broker dealers designed to encourage a competitive trading environment for Authority securities.
- Cash Flow Analysis – Assist Authority staff and consultants with examining cash flow requirements and recommend suitable investment strategies.
- Reporting – Provide monthly, quarterly and annual reports on matters pertaining to the economy, the Authority’s portfolio holdings, investment performance, compliance status, and audit. Attend meetings as directed and present such information to Authority staff and Board Commissioners.
- Policy Reviews – Provide an annual review of the Authority’s Investment Policy and make recommendations accordingly to ensure policies are current with State law and best practices.

5.0 REQUIRED PROPOSAL CONTENT

Investment advisory firms interested in being considered for this engagement must submit a clear and concise written proposal in the format and order prescribed below. Failure of a proposing firm to comply with this section will result in their proposal being rejected. The required format is as follows:

I. EXECUTIVE SUMMARY

- a. Confirm your understanding of the services being sought by the Authority and your firm’s commitment and brief qualifications to provide those services.
- b. The executive summary needs to be signed by an owner or principal authorized to bind and make representations on behalf of the firm.



II. FIRM BACKGROUND, QUALIFICATIONS AND EXPERIENCE

- a. Describe the organization, date founded, accreditations, registrations, primary service offerings, and form of ownership. Include any material restructuring, changes in ownership or material events that may have occurred since January 1, 2013. Identify any related subsidiaries, divisions or affiliates of the firm.
- b. Describe your firm's investment advisory experience as it pertains to the management of fixed-income institutional portfolios of California public agencies. Include the number of active public agency clients and the asset amount under management.
- c. Provide 3 case studies your firm believes are the most applicable examples that demonstrate relevant experience for the objectives and scope of services of the Authority.
- d. Introduce the team that would be assigned to this engagement. Include summary biographies, credentials, years of applicable experience, and proposed role assignments. Include location and contact information for each team member.
- e. Describe your firm's committed practices or policies aimed at ensuring that individuals of the firm are held to high ethical standards and educated on relevant matters to government investment management.
- f. Describe any current or past investigations or actions since January 1, 2013, by the Securities Exchange Commission, Financial Industry Regulatory Authority or other regulatory agency regarding the investment or management of funds or related practices. Please disclose the status of such matters to the extent possible.

III. INVESTMENT MANAGEMENT APPROACH

- a. Describe your firm's investment management philosophy, strategies and your specific approach to managing public agency portfolios.
- b. Indicate the procedures and controls used by your firm to ensure that trades are executed timely, accurately and in accordance with the Authority's investment policy.
- c. Discuss your recommendation for measuring performance of the managed portfolio.
- d. Describe your firm's in-house technical and credit review capabilities.
- e. Describe your firm's system of selecting and monitoring broker dealers that would be used in transactions involving Authority assets.



- f. Explain any other tools, services or expertise that would be available to the Authority that may be helpful with buy/sell analysis, cash flow analysis, forecasting interest income, policy reviews, education or training.
- g. Describe reporting alternatives that would be available to the Authority, including standard reports, online reporting, user-defined reports, etc. Where applicable, reports must be compliant with Governmental Accounting Standards Board (GASB) pronouncements, including GASB Statements No. 31 and No. 40. Include a sample quarterly report that would be suitable for presentation to the Authority Board as Appendix A to your response.

IV. CONTRACT AND FEE PROPOSAL

- a. Indicate your proposed fee schedule. Describe the methodology of how fees are calculated on assets under management ranging from \$50 to \$200 million.
- b. Describe any expenses that may apply in the normal course of business that the firm would expect the Authority to reimburse.
- c. Describe any other fee arrangements or derived revenues that the firm may receive in connection with Authority transactions or assets under management.
- d. Include as Appendix B to your response a draft contract for services incorporating the specifics of the proposal. Include your firm's coverages pertaining to professional liability, general liability, and Workers' Compensation.

6.0 SELECTION CRITERIA

The objective is to select a firm for contract consideration whose proposal best meets the needs of the Authority in its sole discretion. The selection criteria will include the considerations following:

1. Applicable experience of firm and standing.
2. Relevant experience, credentials and standing of assigned personnel.
3. Understanding of the Authority's objectives and the proposed strategies to address them.
4. Approach to managing public funds.
5. Responsiveness to the Authority's required proposal content.
6. Competitiveness of fees.
7. Draft contract terms.

The Authority reserves the right to reject all proposals, to select without interviews, to negotiate with multiple respondents, or to re-solicit additional firms.

7.0 SUBMISSION REQUIREMENTS

The submittals must be on standard letter-size paper, printed with a minimum font size of eleven (11) points, tabbed in order by the required proposal content stated above and suitable for placing in a 3-ring binder. Submittals should not exceed twenty five (25) pages, excluding appendices. Firms are



expected to answer the questions and provide information directly and succinctly. Including corporate promotional collateral or marketing information is discouraged. All proposals must be received no later than the submittal due date. Any proposal or part thereof received after the designated time will not be considered.

The schedule of events for this procurement is as follows:

- Distribute Request for Proposals: April 21, 2016
- Responses due: 3:00 p.m. on May 16, 2016
- Interviews: (to be determined)
- Administration & Projects Committee: June 2, 2016
- Authority Approval: June 15, 2016
- Contract Effective Date: July 1, 2016

The Authority must receive three (3) original proposals no later than the time and date specified above to the following person:

Randall Carlton
Chief Financial Officer
Contra Costa Transportation Authority
2999 Oak Road, Suite 100
Walnut Creek, CA 94597
E-mail: rcarlton@ccta.net

Proposals shall be valid for one hundred and twenty (120) days after the final proposal due date. All proposals shall be prepared at the expense of the proposer. Materials submitted will become public records subject to the disclosure provisions of the California Public Records Act and any other related public law or provision of such laws. Marking proposal documents “confidential” does not afford disclosure protection from the Act.

8.0 ADDENDA

An addendum will be provided if it becomes necessary to revise any part of this RFP or provide additional information to all proposing companies.



**Investment Policy
Fiscal Year 2015-16**

I. Introduction

The investment policies and practices of the Contra Costa Transportation Authority (the Authority) are based on the principles of prudent money management and on the California Government Code Sections regulating the investment of public funds.

Investment of Authority funds is to be done in accordance with this Investment Policy. The investment of certain funds such as bond reserve funds may be further restricted by covenants or provisions of the relevant agreements or documents.

The purpose of this document is: A) to identify the policies and procedures that guide the investment of Authority funds and B) to formalize the reporting requirements of investment-related activities.

II. Scope

It is intended that this Investment Policy will encompass all funds and investment activities that are under the direction of the Authority.

III. Prudence

Investments shall be made with judgment and care—under the 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.

The standard of prudence to be used by investment officials shall be the "prudent investor" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the Investment Policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

IV. Objectives

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

1. **Safety.** Safety of principal is the foremost objective of the investment program. The Authority's investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the portfolio.
2. **Liquidity.** The Authority's investment portfolio will remain sufficiently liquid to enable the Authority to meet its cash flow requirements.
3. **Return on Investment.** The Authority's investment portfolio shall be designed with the objective of attaining a market rate of return on its investments consistent with the constraints imposed by its safety and liquidity objectives. The Authority purchases all its investments with the intent to hold to maturity, but does not preclude sales before maturity for cash flow purposes, or if it can be demonstrated that the transaction will benefit the portfolio and achieve the investment goals of the Authority prudently.

V. Delegation of Authority

The management responsibility for the investment program is hereby delegated to the Chief Financial Officer who shall monitor and review all investments for consistency with this investment policy. No person may engage in an investment transaction except as provided under the limits of this policy. The Authority may delegate its investment recommendation and execution authority to an investment advisor. The advisor shall follow the policy and such other written instructions as provided.

VI. Ethics and Conflict of Interest

Officers and employees involved in the investment process shall not participate in personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions.

VII. Internal Controls

The Authority shall establish a set of internal control procedures which shall be documented in writing. The internal controls will be reviewed by the Authority and with the independent auditor. The controls shall be designed to prevent employee error, misrepresentations by third parties, unanticipated changes in financial markets, or imprudent actions by officers or employees of the Authority.

VIII. Selection of Financial Institutions and Broker/Dealers

To provide for the optimum yield in the Authority's portfolio, the Authority's procedures shall be designed to encourage a competitive environment on transactions from an approved list of broker/dealers.

The Chief Financial Officer, or the Authority's investment advisor, shall maintain a list of authorized broker/dealers and financial institutions that are approved for investment purposes. This list will be developed after a comprehensive credit and capitalization analysis indicates the firm is adequately financed to conduct business with public entities. It shall be the policy of the Authority to purchase securities only from those authorized institutions or firms.

IX. Maximum Maturity

Investment maturities shall be based on a review of cash flow forecasts. Maturities will be scheduled so as to permit the Authority to meet all projected obligations.

Unless otherwise specified in this section, no investment shall be made in any security, other than a security underlying a repurchase or reverse repurchase agreement as permitted by this policy, which at the time of the investment has a term remaining to maturity in excess of five years. The Authority may not invest in a security whose maturity exceeds five years from the date of purchase unless the Authority Board has provided approval for a specific purpose at least 3 months before the investment is made.

X. Permitted Investment Instruments

The Authority will limit investments in any one non-government issuer, except investment pools, to no more than 5% regardless of security type.

1. Government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest.
2. 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.
3. Repurchase Agreements used solely as short-term investments not to exceed 90 days to maturity.

The following collateral restrictions will be observed: Only U.S. Treasury securities or Federal Agency securities, as described in Section X.1 and X.2 above, will be acceptable collateral. All securities underlying Repurchase Agreements must be delivered to the Authority's custodian bank versus payment or be handled under a tri-party repurchase agreement. The total of all collateral for each Repurchase Agreement must equal or exceed, on the basis of market value plus accrued interest, 102 percent of the total dollar value of the money invested by the Authority for the term of the investment. Since the market value of the underlying securities is subject to daily market fluctuations, the investments in repurchase agreements shall be in compliance

if the value of the underlying securities is brought back up to 102 percent no later than the next business day. For any Repurchase Agreement with a term of more than one day, the value of the underlying securities must be reviewed on a regular basis. Market value must be calculated each time there is a substitution of collateral. The Authority or its trustee shall have a perfected first security interest under the Uniform Commercial Code in all securities subject to Repurchase Agreement.

The Authority may enter into Repurchase Agreements with (1) primary dealers in U.S. Government securities who are eligible to transact business with, and who report to, the Federal Reserve Bank of New York, and (2) California and non-California banking institutions having assets in excess of \$1 billion and having obligations in the highest short-term rating category as provided by a Nationally Recognized Statistical Rating Organization (NRSRO). The Authority will have specific written agreements with each firm with which it enters into Repurchase Agreements.

Reverse repurchase agreements will not be offered without the prior specific consent of the Authority. If a reverse repurchase agreement is authorized, it may be utilized only if the security to be sold on reverse repurchase agreement has been owned and fully paid for by the Authority for a minimum of 30 days prior to the sale; the total of all reverse repurchase agreements on investments owned by the Authority does not exceed 20 percent of the base value of the portfolio; and the agreement does not exceed a term of 92 days, unless the agreement includes a written codicil guaranteeing a minimum earning or spread for the entire period between the sale of the security using a reverse repurchase agreement and the final maturity date of the same security.

4. Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue-producing property owned, controlled or operated by the state or any local agency or by a department, board, agency or authority of the state or any local agency.
5. Registered treasury notes or bonds of any of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state, or by a department, board, agency, or authority of any of such states.
6. Bankers' Acceptances issued by domestic or foreign banks, which are eligible for purchase by the Federal Reserve System, the short-term paper of which is rated in the highest category by a NRSRO.

Purchases of Bankers' Acceptances may not exceed 180 days maturity or 40 percent of the Authority's surplus money.

7. Commercial paper rated in the highest short-term rating category, as provided by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions in either of the paragraphs following:

The entity meets the following criteria: (A) is organized and operating in the United States as a general corporation; (B) has total assets in excess of five hundred million dollars (\$500,000,000); and (C) has debt other than commercial paper, if any, that is rated "A" or higher by a NRSRO.

The entity meets the following criteria: (A) is organized within the United States as a special purpose corporation, trust, or limited liability company; (B) has program wide credit enhancements including, but not limited to, over collateralization, letters of credit, or surety bond; and (C) has commercial paper that is rated "A-1" or higher, or the equivalent, by a NRSRO.

Eligible commercial paper shall have a maximum maturity of 270 days or less. No more than 25 percent of the Authority's portfolio may be invested in eligible commercial paper and the Authority may purchase no more than 10 percent of the outstanding commercial paper of any single issuer.

8. Medium-term notes, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the U.S. or any state and operating within the U.S.. Medium-term corporate notes shall be rated in a rating category "AA" or its equivalent or better by a NRSRO.

Purchase of medium-term corporate notes may not exceed 30 percent of the agency's surplus money.

9. Any mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-back certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond of a maximum of five years maturity. Eligible securities must be rated, by a nationally recognized rating service, as "AA" or higher, and the issuer of the security must have an "A" or higher rating for its debt as provided by a NRSRO. No more than 10 percent of the agency's surplus funds may be invested in this type of security.
10. FDIC insured or fully collateralized time certificates of deposit in financial institutions located in California.

11. Negotiable certificates of deposit or deposit notes issued by a nationally or state-chartered bank or a state or federal savings and loan association or by a federally-licensed or state-licensed branch of a foreign bank; provided that the issuing entity is domiciled senior debt obligations of the issuing institution are rated "AA" or better by a NRSRO. Purchase of negotiable certificates of deposit may not exceed 30 percent of the Authority's surplus money.
12. State of California's Local Agency Investment Fund (LAIF). The LAIF portfolio should be reviewed periodically.
13. Insured savings account or money market account.
14. The California Asset Management Program.
15. Shares of beneficial interest issued by diversified management companies that are money market funds registered with the federal Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.). To be eligible for investment pursuant to this subdivision, these companies shall either: (1) attain the highest ranking or the highest letter and numerical rating provided by not less than two NRSROs; or (2) retain 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). The purchase price of shares shall not exceed 20 percent of the Authority's surplus money. No more than 5% can be invested in any one mutual fund.

Credit criteria listed in this section refer to the credit of the issuing organization at the time the security is purchased. If a credit rating falls below the criteria stated, Authority should be notified. In the event a rating drops below "A," the Authority's investment manager should notify the Chief Financial Officer along with a recommendation of whether to hold or sell the particular security.

Additional investment requirements may be included in the provisions of relevant bond documents. The percentage limitation for a particular category of investment refers to the percentage on the date the security is purchased.

XI. Ineligible Investments

Any security type or structure not specifically approved by this policy is hereby specifically prohibited. Security types which are thereby prohibited include, but are not limited to:

1. "Complex" derivative structures such as range notes, dual index notes, inverse floaters, leveraged or de-leveraged floating-rate notes, or any other complex variable-rate or structured note.
2. Interest-only strips that are derived from a pool of mortgages, or any (non-Discount) security that could result in zero interest accrual if held to maturity.

XII. Reporting Requirements

Within 60 days following the end of each calendar quarter, the Chief Financial Officer shall prepare a quarterly investment report as recommended in California Government Code Section 53646, and shall then render such to the Executive Director, the Administration and Projects Committee, and the Authority Board. The quarterly report shall include summaries of the specific transactions and an analysis of the Authority's portfolio including composition, credit quality, and maturity distribution. The Chief Financial Officer shall annually render to the Board a statement of investment policy, which the Board shall consider at a public meeting.

XIII. Safekeeping and Custody

The assets of the Authority shall be secured through the third-party custody and safekeeping procedures and arrangements under a trust agreement approved by the Board. Bearer instruments shall be held only through third-party institutions. Collateralized securities such as repurchase agreements shall be purchased using the delivery versus payment procedure.

Glossary

Bankers' Acceptances are short-term credit arrangements to enable businesses to obtain funds to finance commercial transactions. They are time drafts drawn on a bank by an exporter or importer to obtain funds to pay for specific merchandise. By its acceptance, the bank becomes primarily liable for the payment of the draft at maturity. An acceptance is a high-grade negotiable instrument.

Benchmark. A market index used as a comparative basis for measuring the performance of an investment portfolio. A performance benchmark should represent a close correlation to investment guidelines, risk tolerance and duration of the actual portfolio's investments.

Broker-Dealer is a person or a firm who can act as a broker or a dealer depending on the transaction. A broker brings buyers and sellers together for a commission. They do not take a position. A dealer acts as a principal in all transactions, buying and selling for his own account.

Certificates Of Deposit

1. **Negotiable Certificates of Deposit** are large-denomination CDs. They are issued at face value and typically pay interest at maturity, if maturing in less than 12 months. CDs that mature beyond this range pay interest semi-annually. Negotiable CDs are issued by U.S. banks (domestic CDs), U.S. branches of foreign banks (Yankee CDs), and thrifts. There is an active secondary market for negotiable domestic and Yankee CDs. However, the negotiable thrift CD secondary market is limited. Yields on CDs exceed those on U.S. treasuries and agencies of similar maturities. This higher yield compensates the investor for accepting the risk of reduced liquidity and the risk that the issuing bank might fail. State law does not require the collateralization of negotiable CDs.
2. **Non-negotiable Certificates of Deposit** are time deposits with financial institutions that earn interest at a specified rate for a specified term. Liquidation of the CD prior to maturity incurs a penalty. There is no secondary market for these instruments, therefore, they are not liquid. They are classified as public deposits, and financial institutions are required to collateralize them. Collateral may be waived for the portion of the deposits that are covered by FDIC insurance.

Collateral refers to securities, evidence of deposits, or other property that a borrower pledges to secure repayment of a loan. It also refers to securities pledged by a bank to secure deposits. In California, repurchase agreements, reverse repurchase agreements, and public deposits must be collateralized.

Commercial Paper is a short term, unsecured, promissory note issued by a corporation to raise working capital.

Duration. Measure of the sensitivity of the price (the value of principal) of a fixed income investment to a change in interest rates.

Federal Agency Obligations are issued by U.S. Government Agencies or Government Sponsored Enterprises (GSE). Although they were created or sponsored by the U.S. Government, most Agencies and GSEs are not guaranteed by the United States Government. Examples of these securities are notes, bonds, bills and discount notes issued by Fannie Mae (FNMA), Freddie Mac (FHLMC), the Federal Home Loan Bank system (FHLB), and Federal Farm Credit Bank (FFCB). The Agency market is a very large and liquid market, with billions traded every day.

Issuer means any corporation, governmental unit, or financial institution that borrows money through the sale of securities.

Liquidity refers to the ease and speed with which an asset can be converted into cash without loss of value. In the money market, a security is said to be liquid if the difference between the bid and asked prices is narrow and reasonably sized trades can be done at those quotes.

Local Agency Investment Fund (LAIF) is a special fund in the State Treasury that local agencies may use to deposit funds for investment. There is no minimum investment period and the minimum transaction is \$5,000, in multiples of \$1,000 above that, with a maximum of \$50 million for any California public agency. It offers high liquidity because deposits can be converted to cash in twenty-four hours and no interest is lost. All interest is distributed to those agencies participating on a proportionate share determined by the amounts deposited and the length of time they are deposited. Interest is paid quarterly via direct deposit to the agency's LAIF account. The State keeps an amount for reasonable costs of making the investments, not to exceed one-quarter of one per cent of the earnings.

Market Value is the price at which a security is trading and could presumably be purchased or sold.

Maturity is the date upon which the principal or stated value of an investment becomes due and payable.

Medium-Term Notes are debt obligations issued by corporations and banks, usually in the form of unsecured promissory notes. These are negotiable instruments that can be bought and sold in a large and active secondary market. For the purposes of California Government Code, the term "Medium Term" refers to a maximum remaining maturity of five years or less. They can be issued with fixed or floating-rate coupons, and with or without early call features, although the vast majority are fixed-rate and non-callable. Corporate notes have greater risk than Treasuries or Agencies because they rely on the ability of the issuer to make payment of principal and interest.

Money Market Fund is a type of investment comprising a variety of short-term securities with high quality and high liquidity. The fund provides interest to shareholders and must strive to maintain a stable net asset value (NAV) of \$1 per share.

Principal describes the original cost of a security. It represents the amount of capital or money that the investor pays for the investment.

Repurchase Agreements are short-term investment transactions. Banks buy temporarily idle funds from a customer by selling him U.S. Government or other securities with a contractual agreement to repurchase the same securities on a future date at an agreed upon interest rate. Repurchase Agreements are typically for one to ten days in maturity. The customer receives interest from the bank. The interest rate reflects both the prevailing demand for Federal Funds and the maturity of the Repo. Repurchase Agreements must be collateralized.

Total Return. Investment performance measured over a period of time that includes coupon interest and interest on interest net of amortization of premiums or discounts, as well as both realized and unrealized gains or losses. Total return includes, therefore, any market value appreciation/depreciation on investments held at period end.

U.S. Treasury Issues are direct obligations of the United States Government. They are highly liquid and are considered the safest investment security. U.S. Treasury issues include:

1. **Treasury Bills** which are non-interest-bearing discount securities issued by the U.S. Treasury to finance the national debt. Bills are currently issued in one, three, six, and twelve month maturities.
2. **Treasury Notes** that have original maturities of one to ten years.
3. **Treasury Bonds** that have original maturities of greater than 10 years.

Yield to Maturity is the rate of income return on an investment, minus any premium above par or plus any discount with the adjustment spread over the period from the date of the purchase to the date of maturity of the bond.

EXHIBIT B
Contra Costa Transportation Authority
Investment Summary
as of December 31, 2015

Sector	Average Maturity	Par Amount	Adjusted Cost	Market Value	Coupon	Yield to Maturity
Operating Funds						
Checking Account	1 Day	371,234.10	371,234.10	371,234.10	0.01%	0.01%
Portfolio Cash	1 Day	130,394.60	130,394.60	130,394.60	0.01%	0.01%
LAIF	1 Day	21,969,805.43	21,969,805.43	21,969,805.43	0.38%	0.38%
U.S. Treasuries	2.22 Years	60,575,000.00	60,753,778.32	60,495,480.04	1.07%	0.96%
Federal Agencies	1.32 Years	12,714,000.00	12,711,441.95	12,691,177.76	0.83%	0.85%
Agency CMOs	3.01 Years	490,000.00	494,899.95	493,122.57	1.90%	1.20%
Municipal Obligations	0.37 Years	225,000.00	225,000.00	225,303.75	0.91%	0.91%
Corporate Notes	1.65 Years	21,925,000.00	21,933,803.02	21,898,340.27	1.20%	1.16%
Certificates of Deposit	16.34 Months	18,620,000.00	18,620,000.00	18,595,556.61	1.12%	1.06%
Operating Total	1.56 Years	137,020,434.13	137,210,357.37	136,870,415.13		0.90%
Restricted Funds						
CAMP	1 Day	14,172,323.98	14,172,323.98	14,172,323.98	0.23%	0.23%
U.S. Treasuries	0.45 Years	45,400,000.00	45,413,723.32	45,393,802.20	0.47%	0.42%
Federal Agencies	0.09 Years	15,000,000.00	14,997,173.60	14,995,753.15	0.00%	0.17%
Commercial Paper	0.17 Years	14,000,000.00	13,987,081.12	13,986,931.00	0.00%	0.38%
Securities Held in Escrow	0.56 Years	12,900,000.00	12,953,486.67	12,952,687.50	1.44%	0.60%
Restricted Total	114 Days	101,472,323.98	101,523,788.69	101,501,497.83		0.38%
Grand Total	1.03 Years	238,492,758.11	238,734,146.06	238,371,912.96		0.68%

Contra Costa Transportation Authority
Investment Detail
as of December 31, 2015

Issuer	S&P Rating	Coupon	Maturity	Purchased	Days to		Par Amount	Adjusted Cost	Market Value	Yield to Maturity
					Maturity	Maturity				
Operating Funds										
Cash Equivalents										
Checking Account - Wells Fargo	AA	0.01%	1/1/2016	12/31/2015	1	371,234.10	371,234.10	371,234.10	371,234.10	0.01%
Portfolio Cash Account - Wells Fargo	AA	0.01%	1/1/2016	12/31/2015	1	130,394.60	130,394.60	130,394.60	130,394.60	0.01%
Local Agency Investment Fund	NR	0.38%	1/1/2016	12/31/2015	1	21,969,805.43	21,969,805.43	21,969,805.43	21,969,805.43	0.38%
Cash Equivalents Subtotal										
					1	22,471,434.13	22,471,434.13	22,471,434.13	22,471,434.13	0.37%
U.S. Treasuries										
U.S. Treasury	AA+	0.88%	1/31/2017	6/3/2014	397	1,830,000.00	1,834,032.55	1,830,142.74	1,830,142.74	0.67%
U.S. Treasury	AA+	0.88%	1/31/2017	7/31/2014	397	1,910,000.00	1,911,622.74	1,910,148.98	1,910,148.98	0.80%
U.S. Treasury	AA+	0.88%	1/31/2017	6/3/2014	397	1,910,000.00	1,914,208.84	1,910,148.98	1,910,148.98	0.67%
U.S. Treasury	AA+	1.00%	3/31/2017	3/21/2014	456	2,015,000.00	2,016,796.35	2,018,147.43	2,018,147.43	0.93%
U.S. Treasury	AA+	0.88%	4/30/2017	10/6/2014	486	5,695,000.00	5,697,318.61	5,692,551.15	5,692,551.15	0.84%
U.S. Treasury	AA+	0.88%	4/30/2017	10/8/2014	486	2,000,000.00	2,001,345.36	1,999,140.00	1,999,140.00	0.82%
U.S. Treasury	AA+	0.50%	7/31/2017	7/7/2014	578	920,000.00	913,392.79	913,028.24	913,028.24	0.96%
U.S. Treasury	AA+	0.63%	8/31/2017	8/29/2014	609	100,000.00	99,389.02	99,359.40	99,359.40	1.00%
U.S. Treasury	AA+	0.88%	10/15/2017	10/8/2015	654	300,000.00	301,151.99	299,097.60	299,097.60	0.66%
U.S. Treasury	AA+	0.75%	10/31/2017	10/31/2014	670	1,690,000.00	1,684,049.70	1,681,022.72	1,681,022.72	0.94%
U.S. Treasury	AA+	0.63%	11/30/2017	12/3/2014	700	3,705,000.00	3,687,712.17	3,674,318.90	3,674,318.90	0.87%
U.S. Treasury	AA+	0.88%	1/31/2018	12/30/2014	762	2,650,000.00	2,632,028.55	2,636,750.00	2,636,750.00	1.21%
U.S. Treasury	AA+	0.75%	2/28/2018	10/8/2015	790	5,700,000.00	5,698,394.37	5,651,458.80	5,651,458.80	0.76%
U.S. Treasury	AA+	1.00%	9/15/2018	10/8/2015	989	4,800,000.00	4,811,404.90	4,765,876.80	4,765,876.80	0.91%
U.S. Treasury	AA+	1.38%	9/30/2018	10/23/2015	1,004	10,000,000.00	10,124,999.80	10,031,250.00	10,031,250.00	0.91%
U.S. Treasury	AA+	1.25%	10/31/2018	11/9/2015	1,035	6,150,000.00	6,166,463.86	6,141,353.10	6,141,353.10	1.15%
U.S. Treasury	AA+	1.50%	12/31/2018	12/4/2015	1,096	4,900,000.00	4,940,351.89	4,922,201.90	4,922,201.90	1.22%
U.S. Treasury	AA+	1.50%	12/31/2018	12/30/2015	1,096	4,300,000.00	4,319,114.83	4,319,483.30	4,319,483.30	1.35%
U.S. Treasuries Subtotal										
					812	60,575,000.00	60,753,778.32	60,495,480.04	60,495,480.04	0.96%
Federal Agencies										
Federal Home Loan Banks	AA+	0.50%	9/28/2016	8/7/2014	272	2,145,000.00	2,143,321.43	2,141,235.53	2,141,235.53	0.61%
Federal National Mortgage Association	AA+	1.25%	9/28/2016	10/3/2013	272	175,000.00	175,657.48	175,634.20	175,634.20	0.74%
Federal Home Loan Mortgage Corporation	AA+	0.50%	1/27/2017	1/16/2015	393	2,139,000.00	2,137,018.28	2,130,392.66	2,130,392.66	0.59%
Federal Home Loan Mortgage Corporation	AA+	1.00%	3/8/2017	2/23/2015	433	1,375,000.00	1,378,390.31	1,376,139.88	1,376,139.88	0.79%
Federal Home Loan Mortgage Corporation	AA+	1.00%	7/28/2017	8/14/2014	575	2,125,000.00	2,124,859.79	2,121,466.13	2,121,466.13	1.00%
Federal Home Loan Mortgage Corporation	AA+	1.00%	7/28/2017	8/14/2014	575	3,430,000.00	3,429,878.58	3,424,295.91	3,424,295.91	1.00%
Federal National Mortgage Association	AA+	1.00%	9/27/2017	8/25/2014	636	1,325,000.00	1,322,316.08	1,322,013.45	1,322,013.45	1.12%
Federal Agencies Subtotal										
					480	12,714,000.00	12,711,441.95	12,691,177.76	12,691,177.76	0.85%

Contra Costa Transportation Authority
Investment Detail
as of December 31, 2015

Issuer	S&P Rating	Coupon	Maturity	Purchased	Days to Maturity	Par Amount	Adjusted Cost	Market Value	Yield to Maturity
Agency CMOs									
Federal National Mortgage Association	AA+	1.90%	1/1/2019	11/30/2015	1,097	490,000.00	494,899.95	493,122.57	1.20%
				Agency CMOs Subtotal	1,097	490,000.00	494,899.95	493,122.57	1.20%
Municipal Obligations									
University of California	AA	0.91%	5/15/2016	10/2/2013	136	225,000.00	225,000.00	225,303.75	0.91%
				Municipal Obligations Subtotal	136	225,000.00	225,000.00	225,303.75	0.91%
Corporate Notes									
General Electric Capital Corporation	AA+	1.27%	7/12/2016	7/12/2013	194	2,000,000.00	2,000,000.00	2,004,728.00	0.93%
Berkshire Hathaway	AA	0.95%	8/15/2016	8/15/2013	228	1,440,000.00	1,439,839.94	1,440,806.40	0.97%
Pfizer	AA	0.90%	1/15/2017	2/20/2014	381	1,770,000.00	1,770,198.98	1,766,523.72	0.89%
Wal-Mart Stores	AA	1.00%	4/21/2017	4/22/2014	477	500,000.00	499,967.05	500,366.50	1.01%
Apple Inc	AA+	1.05%	5/5/2017	5/6/2014	491	2,625,000.00	2,624,370.68	2,626,540.88	1.07%
Toyota Motor Credit Corporation	AA-	1.13%	5/16/2017	5/16/2014	502	1,475,000.00	1,474,638.45	1,472,520.53	1.14%
Wells Fargo	A	1.15%	6/2/2017	6/3/2014	519	2,625,000.00	2,623,419.02	2,615,109.00	1.19%
Coca-Cola	AA	0.88%	10/27/2017	10/27/2015	666	2,050,000.00	2,049,177.64	2,042,361.70	0.90%
Chevron Corp	AA	1.35%	11/15/2017	11/18/2014	685	885,000.00	885,000.00	882,214.91	1.35%
Johnson & Johnson	AAA	1.13%	11/21/2017	11/21/2014	691	1,415,000.00	1,414,291.78	1,414,674.55	1.15%
Toyota Motor Credit Corporation	AA-	1.45%	1/12/2018	1/12/2015	743	260,000.00	259,757.18	259,505.48	1.50%
Toyota Motor Credit Corporation	AA-	2.00%	10/24/2018	10/16/2015	1,028	1,400,000.00	1,415,301.87	1,407,918.40	1.60%
Microsoft	AAA	1.30%	11/3/2018	11/3/2015	1,038	2,280,000.00	2,277,840.43	2,275,930.20	1.33%
Chevron Corp	AA	1.79%	11/16/2018	11/17/2015	1,051	1,200,000.00	1,200,000.00	1,189,140.00	1.79%
				Corporate Notes Subtotal	603	21,925,000.00	21,933,803.02	21,898,340.27	1.16%
Certificates of Deposit									
Rabobank Nederland NV NY	A+	0.72%	5/6/2016	5/13/2014	127	2,625,000.00	2,625,000.00	2,626,126.13	0.71%
Nordea Bank Finland NY	AA-	0.68%	6/13/2016	6/13/2014	165	2,600,000.00	2,600,000.00	2,598,380.20	0.31%
BMO Harris Bank	A-1	1.00%	4/24/2017	10/23/2015	480	2,800,000.00	2,800,000.00	2,792,356.00	1.01%
Svenska Handelsbanken NY	A-1+	0.83%	8/24/2017	11/24/2015	602	2,625,000.00	2,625,000.00	2,623,464.38	0.84%
Bank of Nova Scotia Houston	A-1	1.56%	11/6/2017	11/9/2015	676	2,600,000.00	2,600,000.00	2,596,659.00	1.55%
Skandinaviska Enskilda NY	A-1	1.48%	11/16/2017	11/17/2015	686	2,870,000.00	2,870,000.00	2,858,720.90	1.48%
HSBC Bank USA	A-1+	1.54%	11/17/2017	11/18/2015	687	2,500,000.00	2,500,000.00	2,499,850.00	1.54%
				Certificates of Deposit Subtotal	490	18,620,000.00	18,620,000.00	18,595,556.61	1.06%
				Operating Total	571	137,020,434.13	137,210,357.37	136,870,415.13	0.90%

**Contra Costa Transportation Authority
Investment Detail**

as of December 31, 2015

Issuer	S&P Rating	Coupon	Maturity	Purchased	Days to		Par Amount	Adjusted Cost	Market Value	Yield to Maturity
					Maturity	Maturity				
Restricted Funds										
Cash Equivalents										
CAMP - 2015 A Project Fund	AAA	0.23%	1/1/2016	12/31/2015	1	11,590.85	11,590.85	11,590.85	11,590.85	0.23%
CAMP - 2015 A Cap-I Fund	AAA	0.23%	1/1/2016	12/31/2015	1	14,160,733.13	14,160,733.13	14,160,733.13	14,160,733.13	0.23%
				Cash Equivalents Subtotal	1	14,172,323.98	14,172,323.98	14,172,323.98	14,172,323.98	0.23%
U.S. Treasuries										
U.S. Treasury	AA+	0.25%	4/15/2016	11/25/2015	106	8,500,000.00	8,499,017.91	8,498,342.50	8,498,342.50	0.29%
U.S. Treasury	AA+	0.25%	5/15/2016	11/25/2015	136	8,500,000.00	8,495,830.33	8,494,024.50	8,494,024.50	0.38%
U.S. Treasury	AA+	0.50%	6/15/2016	11/25/2015	167	5,000,000.00	5,001,917.80	4,999,610.00	4,999,610.00	0.42%
U.S. Treasury	AA+	0.63%	7/15/2016	11/25/2015	197	23,400,000.00	23,416,957.28	23,401,825.20	23,401,825.20	0.49%
				U.S. Treasuries Subtotal	165	45,400,000.00	45,413,723.32	45,393,802.20	45,393,802.20	0.42%
Federal Agencies										
FHLB	A-1+	0.00%	1/4/2016	11/25/2015	4	5,000,000.00	4,999,954.15	4,999,911.05	4,999,911.05	0.11%
FHLB	A-1+	0.00%	2/5/2016	11/25/2015	36	5,000,000.00	4,999,027.80	4,998,719.20	4,998,719.20	0.20%
FHLB	A-1+	0.00%	3/3/2016	11/25/2015	63	5,000,000.00	4,998,191.65	4,997,122.90	4,997,122.90	0.21%
				Federal Agencies Subtotal	34	15,000,000.00	14,997,173.60	14,995,753.15	14,995,753.15	0.17%
Commercial Paper										
Credit Agricole CIB NY	A-1	0.00%	1/4/2016	11/25/2015	4	3,500,000.00	3,499,938.75	3,499,867.00	3,499,867.00	0.21%
Toyota Motor Credit Corporation	A-1+	0.00%	2/5/2016	11/25/2015	36	3,500,000.00	3,499,081.25	3,498,642.00	3,498,642.00	0.27%
Bank of Tokyo Mitsubishi	A-1	0.00%	3/1/2016	11/25/2015	61	3,500,000.00	3,497,666.66	3,497,137.00	3,497,137.00	0.40%
JP Morgan Securities	A-1	0.00%	6/1/2016	11/27/2015	153	3,500,000.00	3,490,394.46	3,491,285.00	3,491,285.00	0.65%
				Commercial Paper Subtotal	63	14,000,000.00	13,987,081.12	13,986,931.00	13,986,931.00	0.38%
Securities Held in Escrow										
U.S. Treasury	AA+	2.00%	4/30/2016	6/3/2013	121	1,000,000.00	1,004,972.43	1,005,156.25	1,005,156.25	0.50%
U.S. Treasury	AA+	2.00%	4/30/2016	6/3/2013	121	1,000,000.00	1,004,972.43	1,005,156.25	1,005,156.25	0.50%
U.S. Treasury	AA+	2.00%	4/30/2016	6/3/2013	121	1,000,000.00	1,004,972.43	1,005,156.25	1,005,156.25	0.50%
U.S. Treasury	AA+	0.38%	5/31/2016	6/3/2014	152	1,000,000.00	999,937.29	999,765.63	999,765.63	0.39%
U.S. Treasury	AA+	1.50%	7/31/2016	8/1/2013	213	1,000,000.00	1,004,888.38	1,005,117.19	1,005,117.19	0.66%
U.S. Treasury	AA+	1.50%	7/31/2016	8/1/2013	213	2,000,000.00	2,009,776.76	2,010,234.38	2,010,234.38	0.66%
U.S. Treasury	AA+	1.50%	7/31/2016	8/1/2013	213	1,000,000.00	1,004,888.38	1,005,117.19	1,005,117.19	0.66%
U.S. Treasury	AA+	1.50%	7/31/2016	8/1/2013	213	1,000,000.00	1,004,888.38	1,005,117.19	1,005,117.19	0.66%

Contra Costa Transportation Authority
Investment Detail
as of December 31, 2015

Issuer	S&P Rating	Coupon	Maturity	Purchased	Days to		Par Amount	Adjusted Cost	Market Value	Yield to Maturity
					Maturity	Maturity				
U.S. Treasury	AA+	1.50%	7/31/2016	8/1/2013	213	1,000,000.00	1,004,888.38	1,005,117.19	0.66%	
U.S. Treasury	AA+	1.50%	7/31/2016	8/1/2013	213	1,000,000.00	1,004,888.38	1,005,117.19	0.66%	
U.S. Treasury	AA+	0.88%	11/30/2016	11/1/2013	335	1,900,000.00	1,904,413.44	1,901,632.81	0.62%	
Securities Held in Escrow Subtotal					205	12,900,000.00	12,953,486.67	12,952,687.50	0.60%	
Restricted Total					114	101,472,323.98	101,523,788.69	101,501,497.83	0.38%	
Grand Total					376	238,492,758.11	238,734,146.06	238,371,912.96	0.68%	