

**AGENDA FOR THE SPECIAL MEETING OF THE  
BOARD OF DIRECTORS OF THE  
TEMESCAL VALLEY WATER DISTRICT  
MARCH 7, 2023, 8:30 A.M. AT  
THE DISTRICT'S ADMINISTRATIVE OFFICE  
22646 TEMESCAL CANYON ROAD,  
TEMESCAL VALLEY, CALIFORNIA 92883**

The following is a summary of the rules of order governing meetings of the Temescal Valley Water District Board of Directors:

**AGENDA ITEMS**

In case of an emergency, items may be added to the Agenda by a majority vote of the Board of Directors. An emergency is defined as a work stoppage; a crippling disaster; or other activity, which severely imperils public health, safety or both. Also, items, which arise after the posting of Agenda, may be added by a two-thirds vote of the Board of Directors.

**PUBLIC COMMENT**

Persons wishing to address a matter not on the Agenda may be heard at this time; however, no action will be taken until placed on a future agenda in accordance with Board policy.

**NOTICE TO PUBLIC**

All matters listed under the Consent Calendar will be voted upon by one motion. There will be no separate discussion of these items, unless a Board Member or member of the public requests that a particular item(s) be removed from the Consent Calendar, in which case, they will be considered separately under New Business.

**IF ANYONE WISHES TO SPEAK WITH THE BOARD  
ABOUT ANY CONSENT CALENDAR MATTER(S),  
PLEASE STATE YOUR NAME, ADDRESS,  
AND APPROPRIATE ITEM NUMBER(S).**

**AFFIDAVIT OF POSTING**

I, Allison Harnden, Office Manager of the Temescal Valley Water District, hereby certify that I caused the posting of the Agenda at the District office at 22646 Temescal Canyon Road, Temescal Valley, California 92883 before March 4, 2023.

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Allison Harnden, Office Manager

**AGENDA FOR SPECIAL MEETING**  
**March 7, 2023**

**Page No.**

1. **Roll Call and Call to Order.**
2. **Presentations and Acknowledgments.**
3. **Public Comment.**

**BOARD ITEMS:**

4. **Committee Reports.**
  - a. Finance Committee (Director Harich and Director Buckley). **4-53**  
  
Report from the Finance Committee on review of investment portfolio and amount with Chandler Asset Management. Review of reserves held in other institutions and recommendation for increasing the amount at Chandler Asset Management.  
**RECOMMENDATION:** To be made by the Board.
5. **Adjournment.** **(-)**

# Temescal Valley Water District

*Period Ending January 31, 2023*

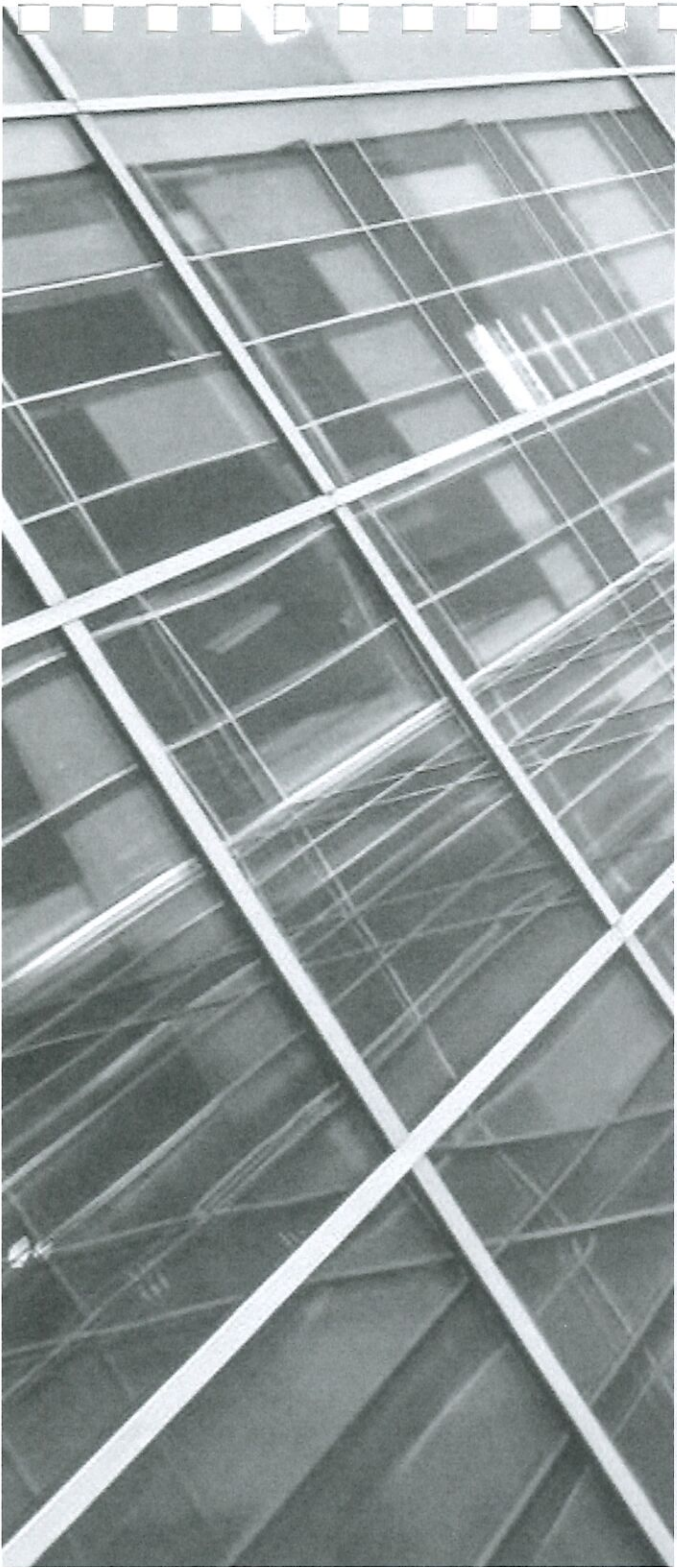
CHANDLER ASSET MANAGEMENT, INC. | 800.317.4747 | [www.chandlerasset.com](http://www.chandlerasset.com)



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*As of January 31, 2023*

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| <b>SECTION 2</b> | <b>Account Profile</b>    |
| <b>SECTION 3</b> | <b>Portfolio Holdings</b> |
| <b>SECTION 4</b> | <b>Transactions</b>       |

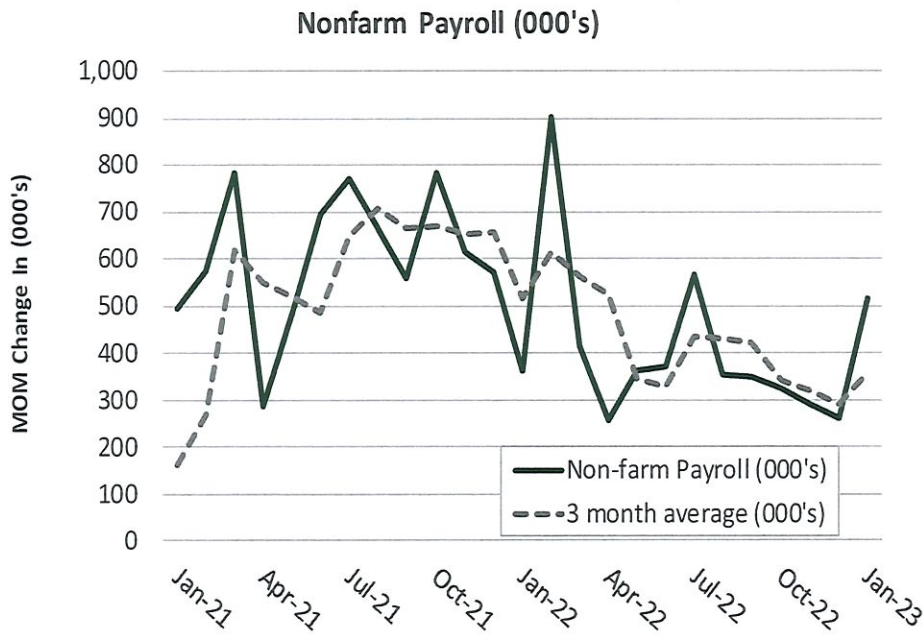


## Section 1 | Economic Update

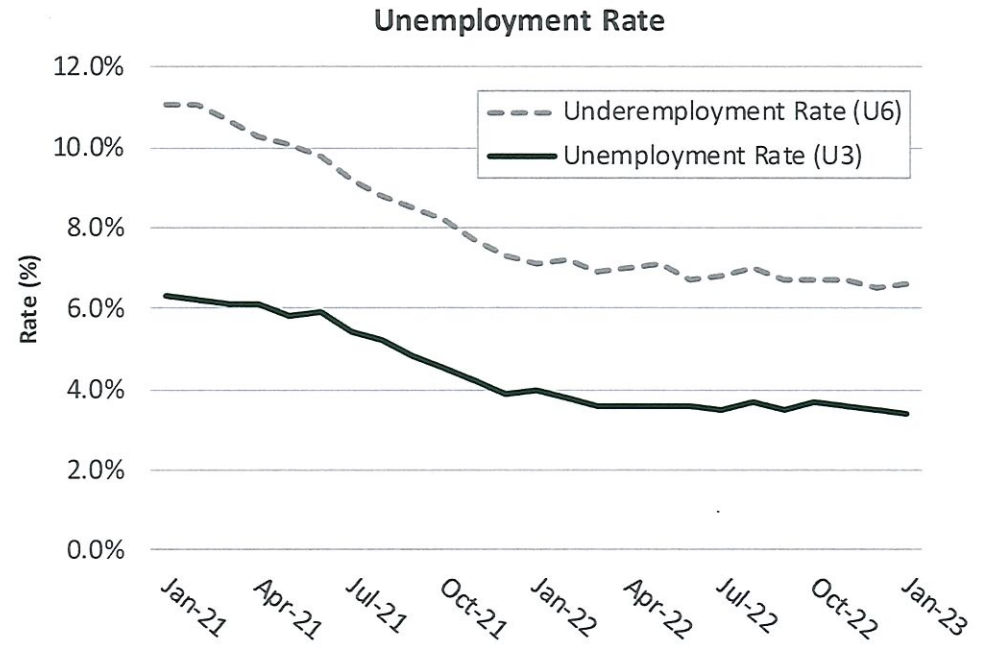
## Economic Update

- Market volatility has intensified as investors weigh the probabilities of a hard or soft economic landing. The strong labor market has helped sustain economic growth, and inflation remains significantly higher than the Federal Reserve's target. Financial conditions have eased, and credit spreads have narrowed. Geopolitical risks remain as the Russia/Ukraine war persists and China reopens, while domestically the debt ceiling risk has emerged. After a robust January labor report, strong consumer spending, and higher than expected inflation, interest rate moves and the market consensus have converged with the Fed's outlook for higher rates for a longer period. We believe the Fed will continue to raise rates and maintain a higher terminal rate for an extended period until inflation reaches the Fed's target range.
- As expected at the February 1st meeting, the Federal Open Market Committee (FOMC) raised the fed funds target rate by 25 basis points to a range of 4.50 - 4.75%, in a continuing downshift from previous hikes. The decision was unanimous and the statement reflects inflation is easing "somewhat." The sentiment was hawkish, indicating that the extent of "ongoing increases" in the fed funds rate will be data dependent. We believe the FOMC will continue to implement tighter monetary policy at a slower pace and hold rates at restrictive levels for some time until inflationary pressures subside and remain in the Fed's target range.
- In January, the yield curve inversion widened. The 2-year Treasury yield decreased 23 basis points to 4.20%, the 5-year Treasury yield decreased 39 basis points to 3.62%, and the 10-year Treasury yield declined 37 basis points to 3.51%. The inversion between the 2-year Treasury yield and 10-year Treasury yield increased to -69 basis points at January month-end versus -55 basis points at December month-end. The spread was a positive 60 basis points one year ago. The inversion between 3-month and 10-year treasuries increased to -115 basis points in January from -50 basis points in December. The year 2022 saw a dramatic shift in the Federal Reserve's policy from highly accommodative to aggressive tightening, resulting in significantly higher rates and an inverted yield curve. The shape of the yield curve indicates that the probability of recession is increasing.

# Employment



Source: US Department of Labor

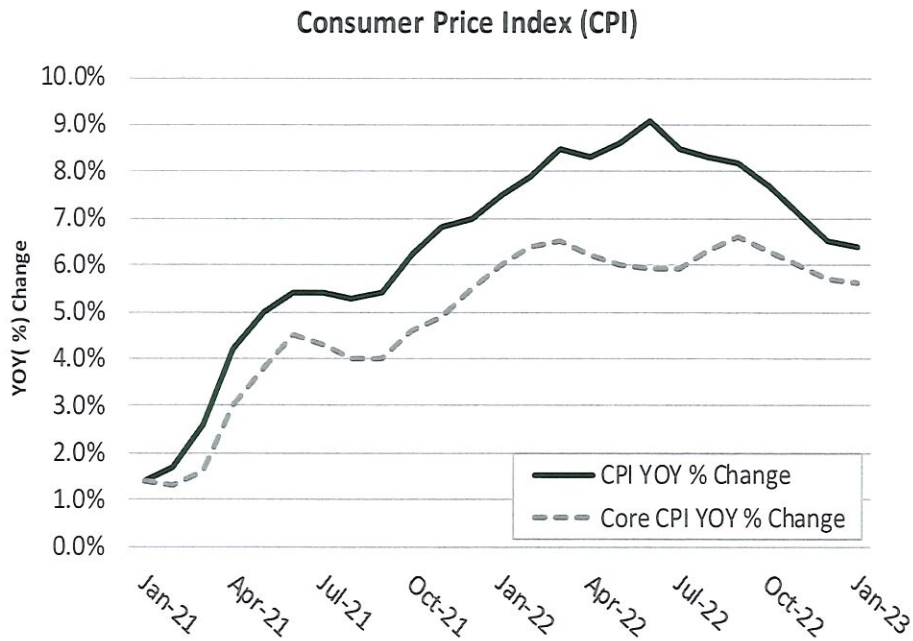


Source: US Department of Labor

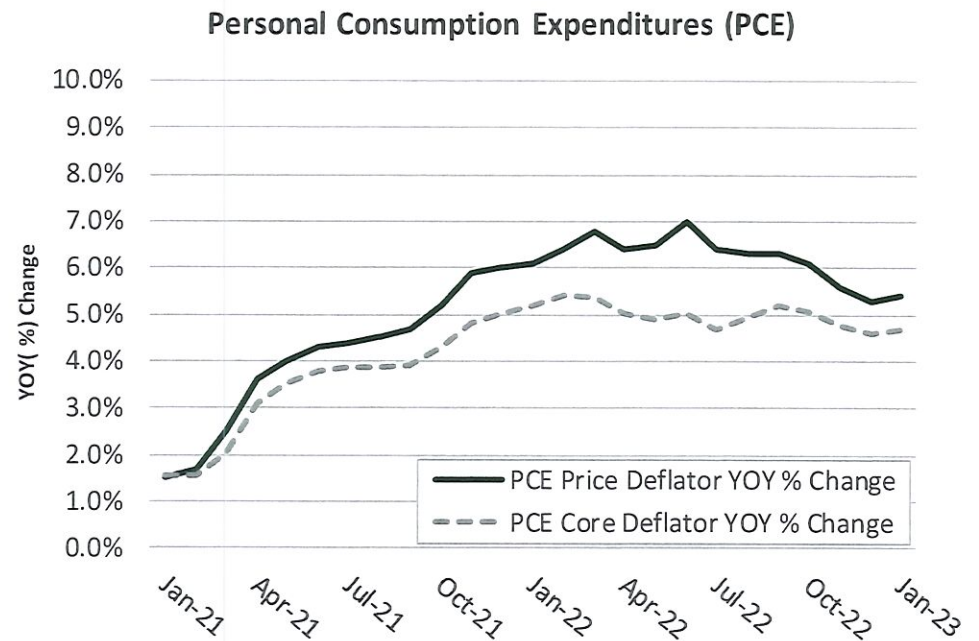
The U.S. economy added a whopping 517,000 jobs in January, far surpassing market expectations of 189,000 jobs and December’s upwardly revised 260,000 jobs. Trends in employment remain strong, with the three-month moving average payrolls at 356,000 and the six-month moving average at 349,000. Job growth was widespread, led by roles in the private sector with leisure and hospitality employment growth remaining solid. The unemployment rate dipped to 3.4%, below its pre-pandemic level. The labor participation rate increased slightly to 62.4% in January from 62.3% in December, indicating the supply of labor remains challenging for employers. The U-6 underemployment rate, which includes those who are marginally attached to the labor force and employed part time for economic reasons increased to 6.6% from the prior month at 6.5%. Average hourly earnings rose 4.4% year-over-year in January, down from an upwardly revised 4.8% increase in December. Job Openings increased to 11 million with the openings rate increasing in establishments with 50-249 employees but decreasing in establishments with more than 5,000 employees. Overall, the January employment report demonstrates a strong demand for labor and supports the case for the Fed to continue raising the federal funds rate at a slower pace.



# Inflation



Source: US Department of Labor

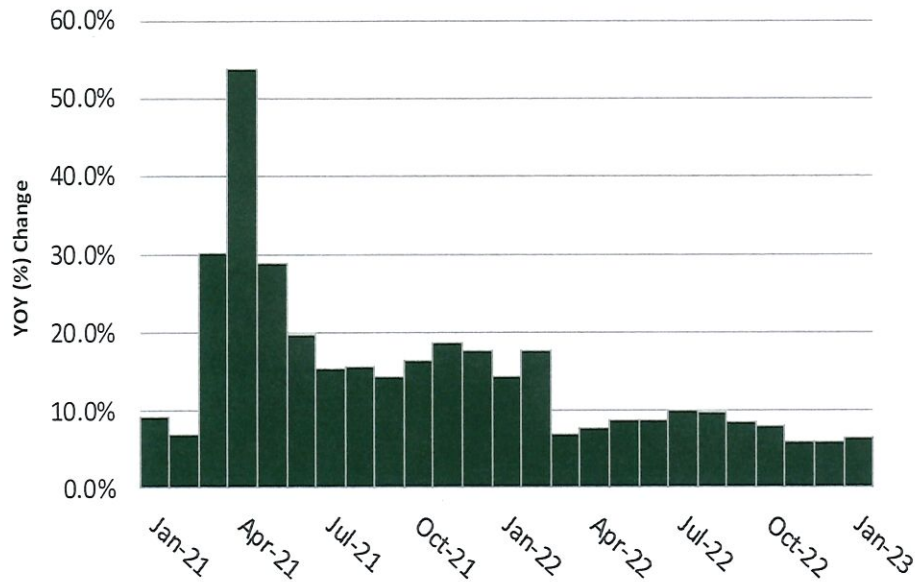


Source: US Department of Commerce

The Consumer Price Index (CPI) increased in January by 0.5% month-over-month and 6.4% year-over-year. The Core CPI, which excludes volatile food and energy components, rose 0.4% month-over-month and 5.6% year-over-year. Both measures increased more than expected and showed a slower deceleration than in recent months. Energy, shelter, and food costs were key contributors to the January increase. The Personal Consumption Expenditures (PCE) index accelerated more than expected in January, increasing 5.4% year-over-year versus an upwardly revised 5.3% year-over-year gain in December. Core PCE increased 4.7% in January versus an upwardly revised 4.6% year-over-year gain in December. Inflationary trends remain well above the Fed's 2% target and support further rate hikes and tighter conditions for an extended period.

# Consumer

Retail Sales YOY % Change



Source: US Department of Commerce

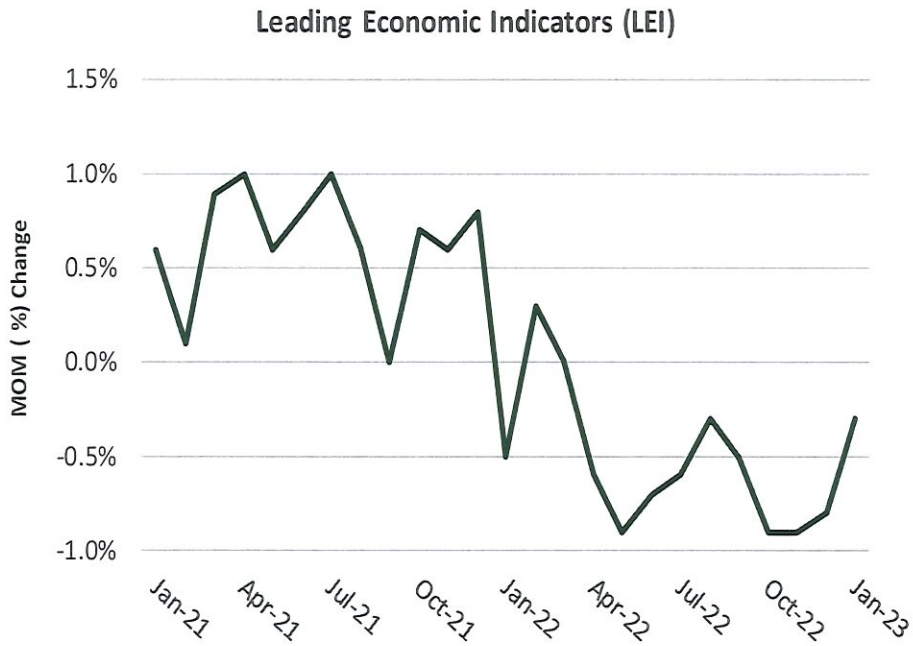
Consumer Confidence



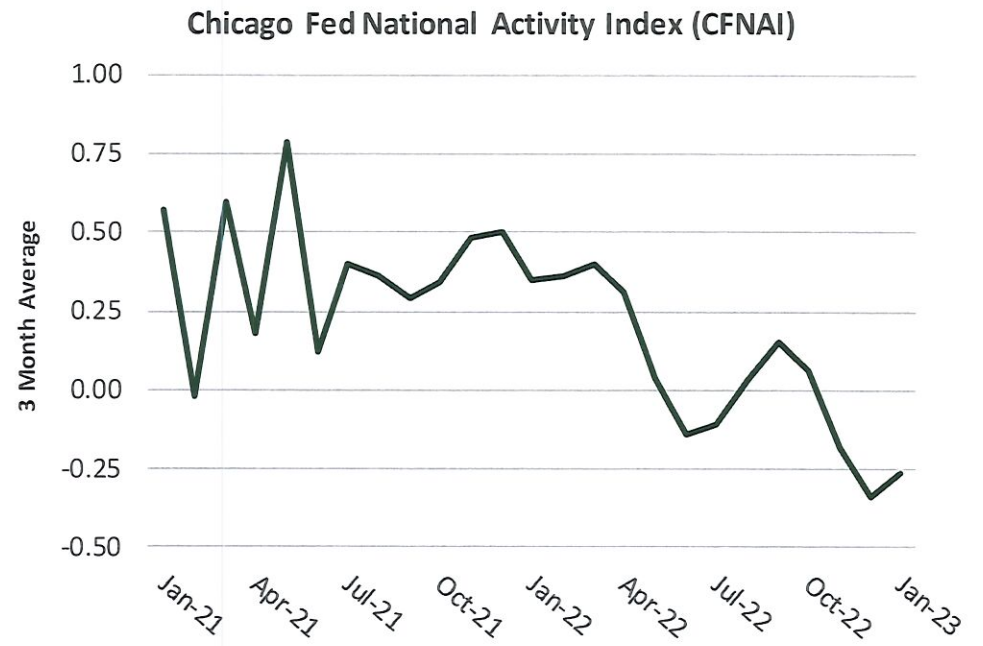
Source: The Conference Board

Advance Retail Sales rose 3.0% in January after dropping 1.1% in December. Retail sales rose 6.4% year-over-year in January, up from December’s downwardly revised 5.9% year-over-year gain. Growth was broad based, with strong gains in autos, restaurants, and a surprising surge in department store sales. The Conference Board’s Consumer Confidence Index decreased more than expected to 107.1 in January from upwardly revised 109 in December. Although views of current conditions and the future outlook for the economy both improved, fewer consumers plan to buy a home and inflation expectations increased slightly to 6.8%.

# Economic Activity



Source: The Conference Board

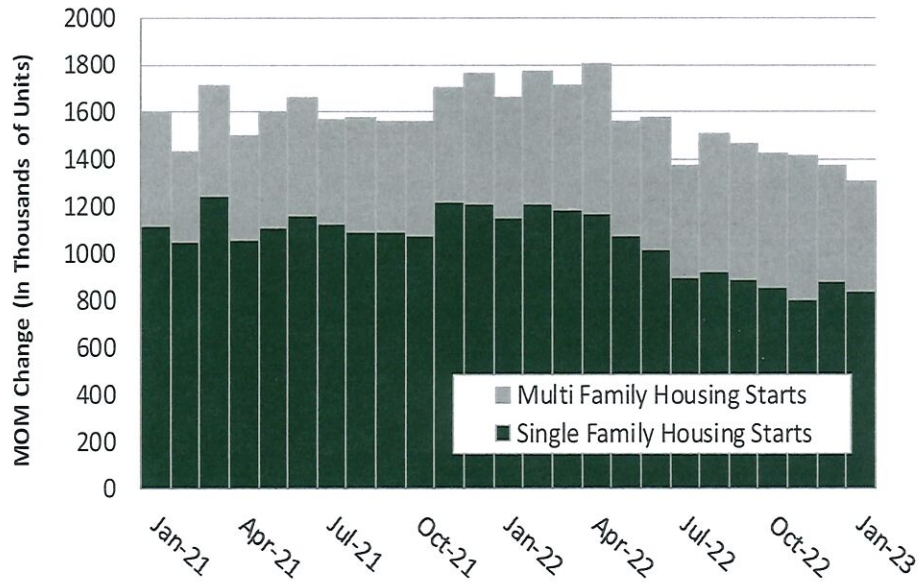


Source: Federal Reserve Bank of Chicago

The Conference Board’s Leading Economic Index (LEI) remained in negative territory for the eleventh consecutive month at -0.3% in January, following -0.8% in December. The LEI was down 5.9% year-over-year in January versus down 6.1% year-over-over in December. The monthly decline lessened in January, but the data continues to signal future contraction in the economy. The Chicago Fed National Activity Index (CFNAI) increased to +0.23 in January from -0.46 in December due to robust retail sales and employment. On a 3-month moving average basis, the CFNAI increased to -0.26 in January from -0.34 in December.

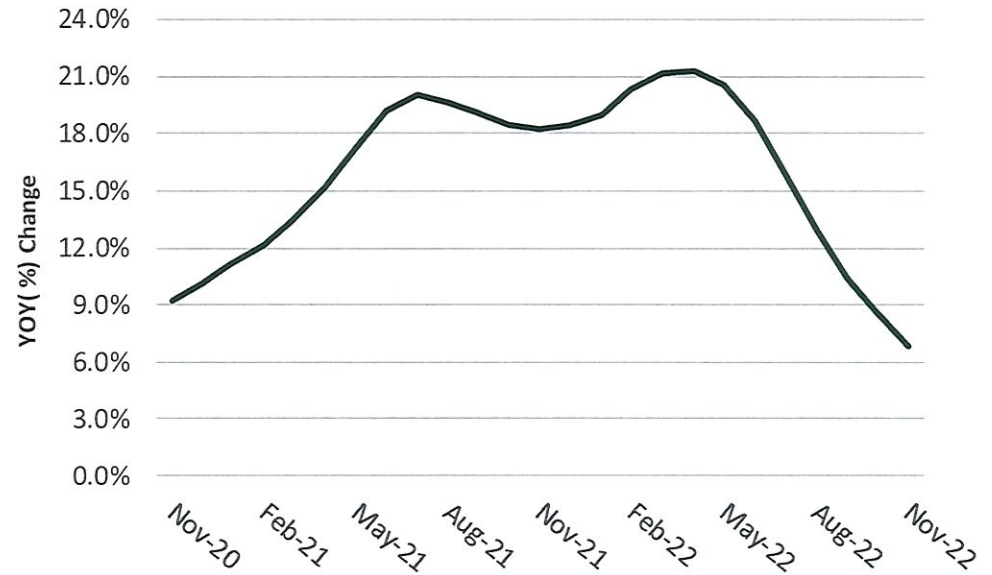
# Housing

Housing Starts



Source: US Department of Commerce

S&P/Case-Shiller 20 City Composite Home Price Index

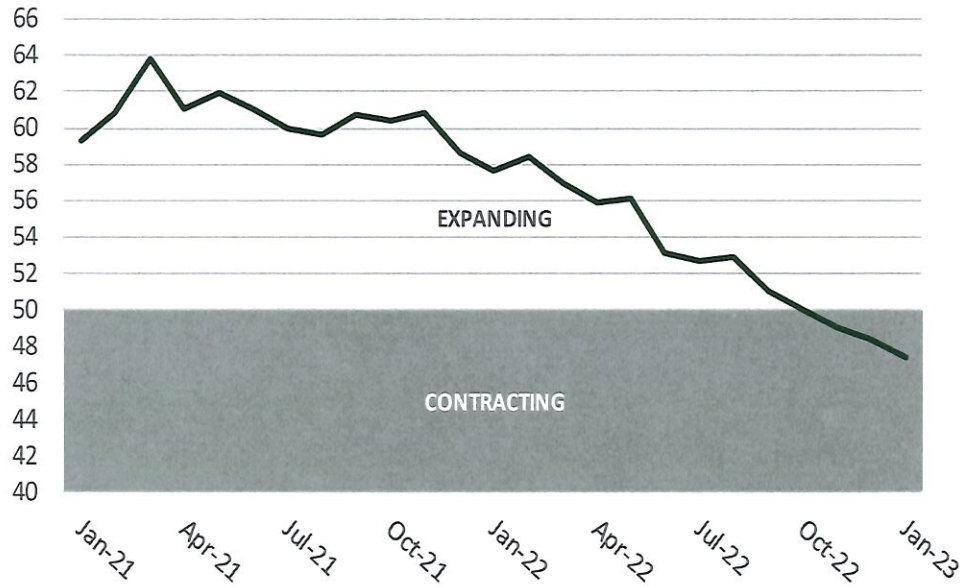


Source: S&P

Total housing starts fell 4.5% month-over-month in January to 1,309,000 units and were down 21.4% compared to January 2022. Starts for both single-family and multi-family homes declined as mortgage rates rose. The 30-year fixed rate mortgage increased to an average of 6.34% according to Freddie Mac, down from a peak of over 7% in October, but up from the 5.95% low in January. According to the Case-Shiller 20-City Home Price Index, the year-over-year increase continued its declining rate of gain to +6.8% in November from +8.6% in October, clearly displaying the impact of higher mortgage rates year-over-year, which have reduced demand for homebuying as affordability has declined. This is the fifth consecutive month of declining home prices in the US.

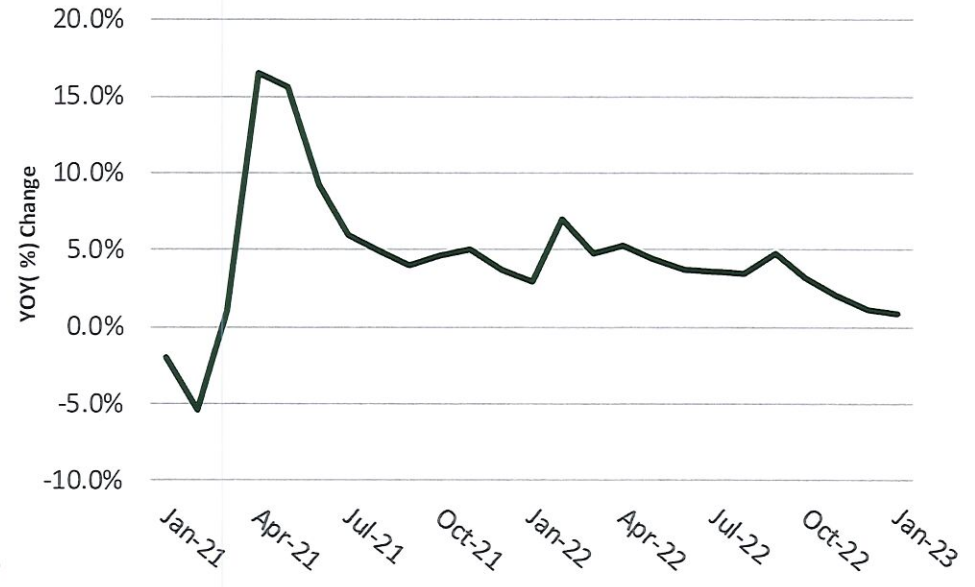
# Manufacturing

Institute of Supply Management Purchasing Manager Index



Source: Institute for Supply Management

Industrial Production



Source: Federal Reserve

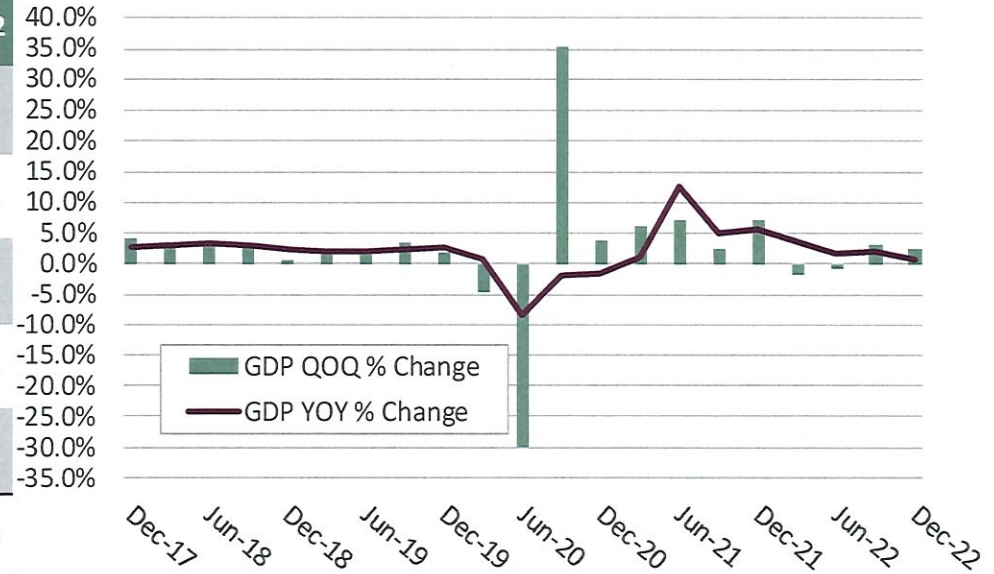
The Institute for Supply Management (ISM) manufacturing index declined to 47.4 in January from 48.4 in December. This is the third consecutive month of readings below 50.0, which is indicative of contraction in the manufacturing sector. The declining trend reflects companies slowing outputs to better match demand in the first half of 2023 while preparing for growth in the second half of the year. Industrial production was flat in January after a downward revision to -1.0% in December. Production rose for manufacturing and mining, while utilities output declined sharply in January due to much warmer weather than December. This equates to a 0.79% increase from the prior year. Capacity utilization dropped to 78.3% in January from a downwardly revised 78.4% in December and has fallen below the 1972-2021 average of 79.6%.

# Gross Domestic Product (GDP)

| Components of GDP                                  | 3/22         | 6/22         | 9/22        | 12/22       |
|--|--------------|--------------|-------------|-------------|
| Personal Consumption Expenditures                  | 0.9%         | 1.4%         | 1.5%        | 0.9%        |
| Gross Private Domestic Investment                  | 1.0%         | -2.8%        | -1.8%       | 0.7%        |
| Net Exports and Imports                            | -3.1%        | 1.2%         | 2.9%        | 0.5%        |
| Federal Government Expenditures                    | -0.4%        | -0.2%        | 0.2%        | 0.4%        |
| State and Local (Consumption and Gross Investment) | 0.0%         | -0.1%        | 0.4%        | 0.3%        |
| <b>Total</b>                                       | <b>-1.6%</b> | <b>-0.6%</b> | <b>3.2%</b> | <b>2.7%</b> |

Source: US Department of Commerce

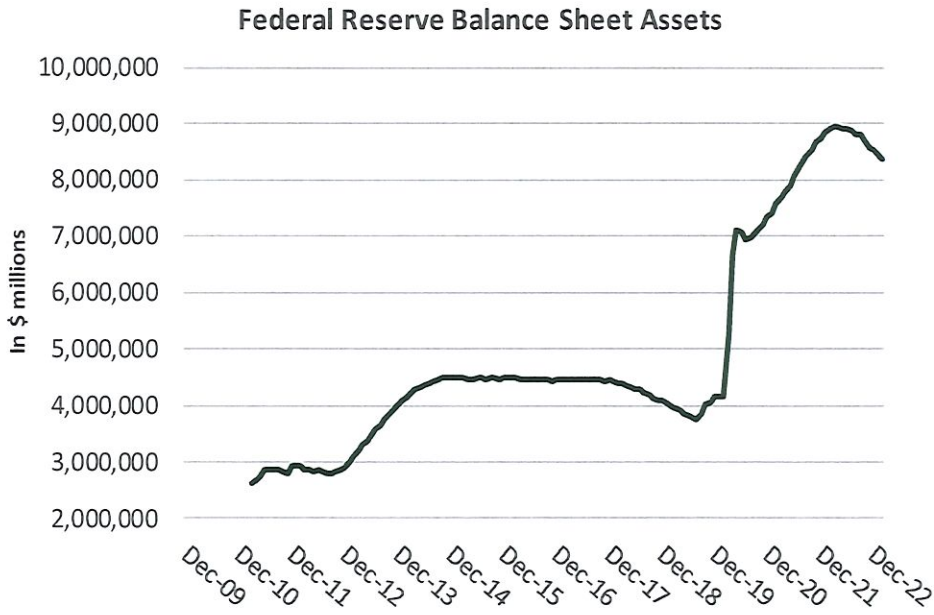
### Gross Domestic Product (GDP)



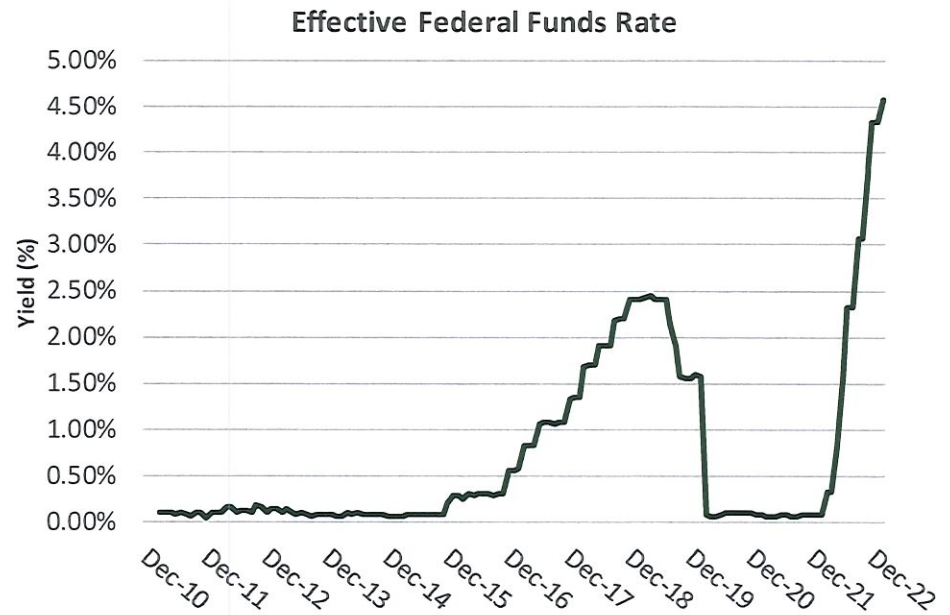
Source: US Department of Commerce

According to the second estimate, fourth quarter 2022 GDP growth was revised downward to 2.7% from 2.9%. The revision lower was primarily due to weaker growth in personal consumption expenditures, driven largely by a decline in durable goods, and a wider trade gap in net exports. The consensus estimate calls for 0.4% growth in the first quarter and 0.7% growth for the full year 2023.

# Federal Reserve



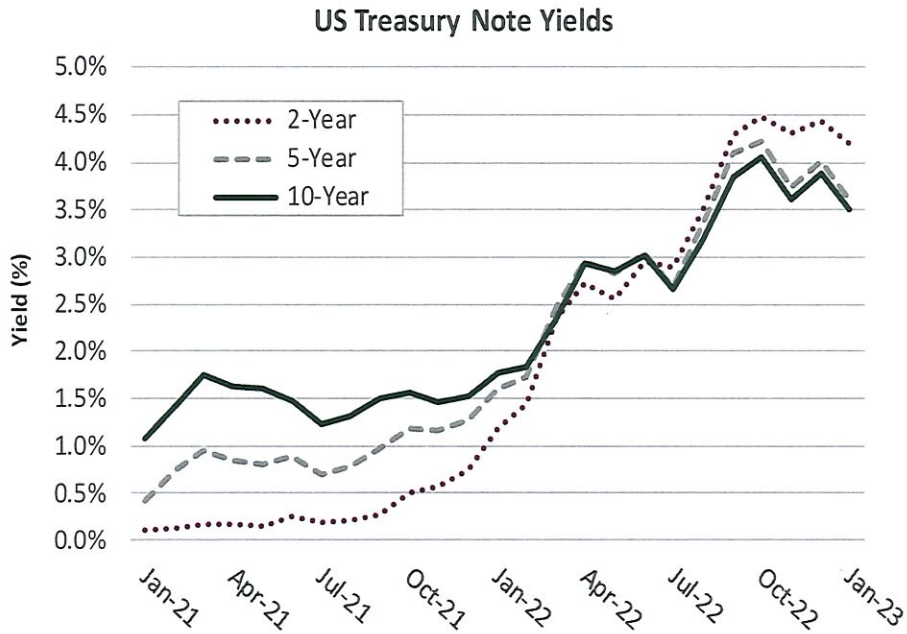
Source: Federal Reserve



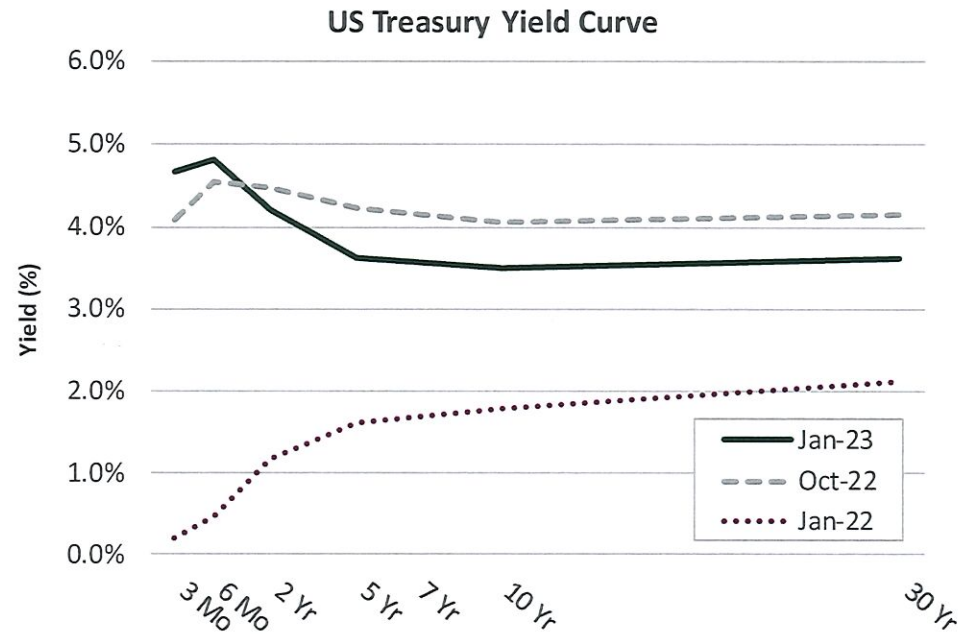
Source: Bloomberg

As expected at the February 1st meeting, the Federal Open Market Committee (FOMC) raised the fed funds target rate by 25 basis points to a range of 4.50 – 4.75%, in a continuing downshift from previous hikes. The decision was unanimous, and the statement reflects inflation easing “somewhat”. The sentiment was hawkish, indicating that the extent of “ongoing increases” in the fed funds rate will be data dependent on labor market conditions, inflation expectations, and financial and international developments. The December Summary of Economic Projections indicated a peak median forecast of 5.1% in 2023 and no rate cuts until 2024; however, the market consensus diverged, implying rate cuts in the second half of 2023. FOMC members forecasted a higher fed funds rate, slower GDP growth, higher inflation, and higher unemployment in 2023 than in the September projections. We believe the FOMC will implement tighter monetary policy at a slower pace and hold rates at restrictive levels until inflationary pressures subside and remain in the Fed’s target range for some time.

# Bond Yields



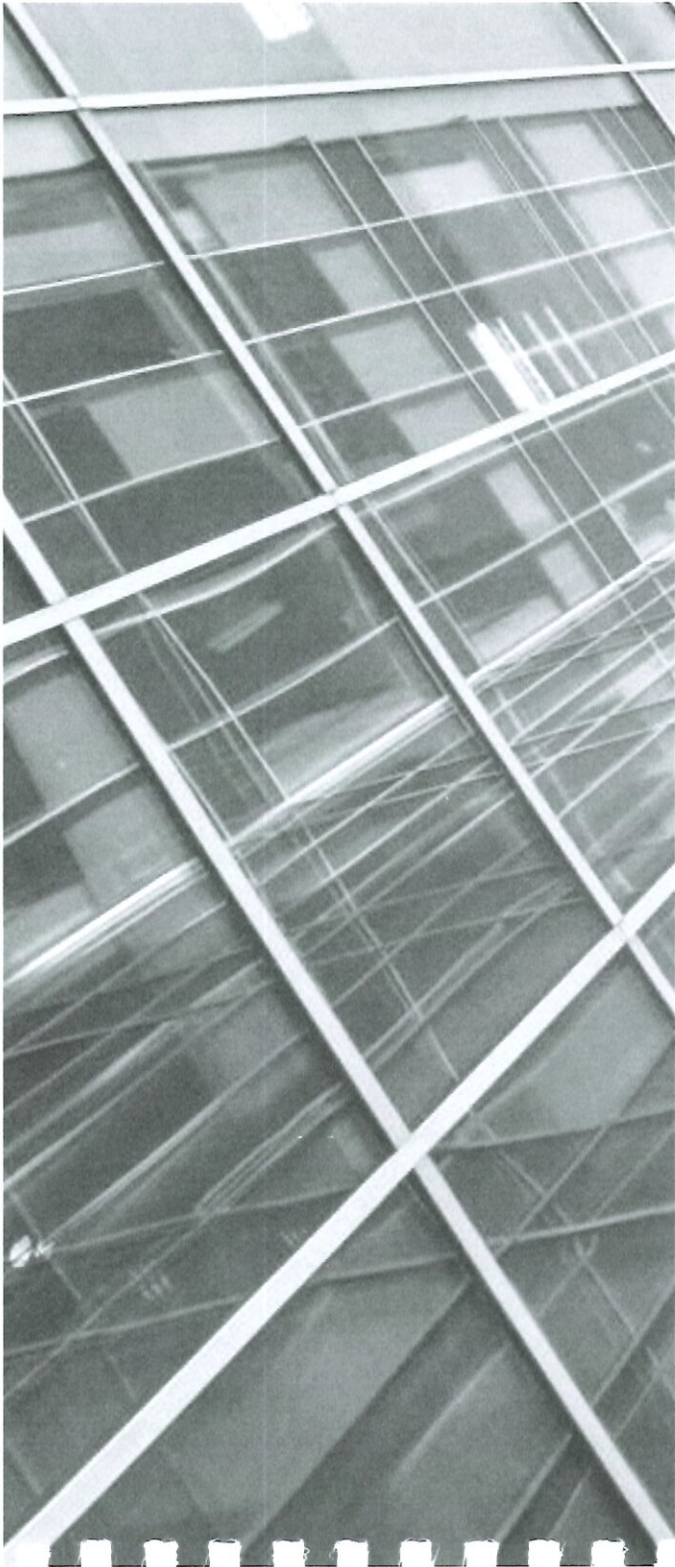
Source: Bloomberg



Source: Bloomberg

At the end of January, the 2-year Treasury yield was 302 basis points higher, and the 10-Year Treasury yield was about 173 basis points higher, year-over-year. The inversion between the 2-year Treasury yield and 10-year Treasury yield increased to -69 basis points at January month-end versus -55 basis points at December month-end. The average historical spread (since 2003) is about +130 basis points. The inversion between 3-month and 10-year treasuries increased to -115 basis points in January from -50 basis points in December. The shape of the yield curve indicates that the probability of recession is increasing.





## Section 2 | Account Profile

## Investment Objectives

The investment objectives of the Temescal Valley Water District are first, to provide safety of principal to ensure the preservation of capital in the overall portfolio; second, to provide adequate liquidity to meet all requirements which might be reasonably anticipated; and third, to earn a commensurate rate of return.

## Chandler Asset Management Performance Objective

The performance objective of Temescal Valley Water District is to earn a return that equals or exceeds the return on the ICE BofA 1-3 Year US Treasury and Agency Index.

## Strategy

In order to achieve this objective, the portfolio invests in high-quality fixed income securities consistent with the investment policy and California government code.

# Compliance

As of January 31, 2023

## Temescal Valley Water District

Assets managed by Chandler Asset Management are in full compliance with state law and the District's investment policy.

| Category                                   | Standard  | Comment  |
|--|---|----------|
| Treasury Issues                            | 75% maximum; 5 years max maturity                                     | Complies |
| U.S. Agencies                              | 60% maximum; \$6 million max per issuer; 5 years max maturity         | Complies |
| Local Agency Bonds                         | 5 years max maturity  | Complies |
| Supranationals                             | 5% maximum; 5% max per issuer; 3 years max maturity                   | Complies |
| Banker's Acceptances                       | 20% maximum; \$2 million max per issuer; 180 days max maturity        | Complies |
| Commercial Paper                           | 20% maximum; 10% max per issuer; 270 days max maturity                | Complies |
| Negotiable Certificates of Deposit         | 30% maximum; \$7.5 million max per issuer; 5 years max maturity       | Complies |
| Medium Term Notes                          | 30% maximum; \$1 million max per issuer; 5 years max maturity         | Complies |
| Asset-Backed Securities (ABS)              | 20% maximum; 10% max per issuer; 5 years max maturity                 | Complies |
| Money Market Mutual Funds/<br>Mutual Funds | 20% maximum; \$1 million max per issuer                               | Complies |
| Local Agency Investment Fund (LAIF)        | No limitation   | Complies |
| County Pooled Investment Fund              |   | Complies |
| Community Facility District                | 40% maximum   | Complies |
| Assessment District                        | 40% maximum   | Complies |
| Maturity/ Liquidity Constraints            | No less than 20% of the portfolio shall have a term of 1 year or less | Complies |
| Maximum Maturity                           | 5 years   | Complies |

# Portfolio Characteristics

As of January 31, 2023

## Temescal Valley Water District

|                           | 01/31/23   |            | 10/31/22   |
|---------------------------|------------|------------|------------|
|                           | Benchmark* | Portfolio  | Portfolio  |
| Average Maturity (yrs)    | 1.81       | 1.88       | 1.86       |
| Average Modified Duration | 1.74       | 1.67       | 1.66       |
| Average Purchase Yield    | n/a        | 1.48%      | 1.30%      |
| Average Market Yield      | 4.34%      | 4.44%      | 4.66%      |
| Average Quality**         | AAA        | AA/Aa1     | AA/Aa1     |
| Total Market Value        |            | 10,674,750 | 10,495,972 |

\*ICE BofA 1-3 Yr US Treasury & Agency Index

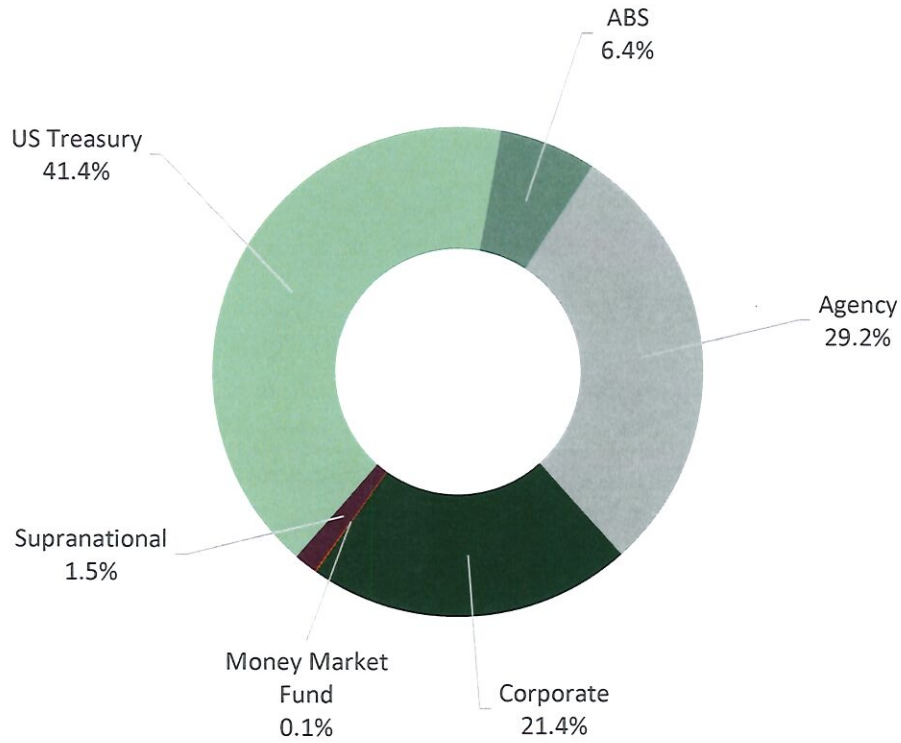
\*\*Benchmark is a blended rating of S&P, Moody's, and Fitch. Portfolio is S&P and Moody's respectively.

# Sector Distribution

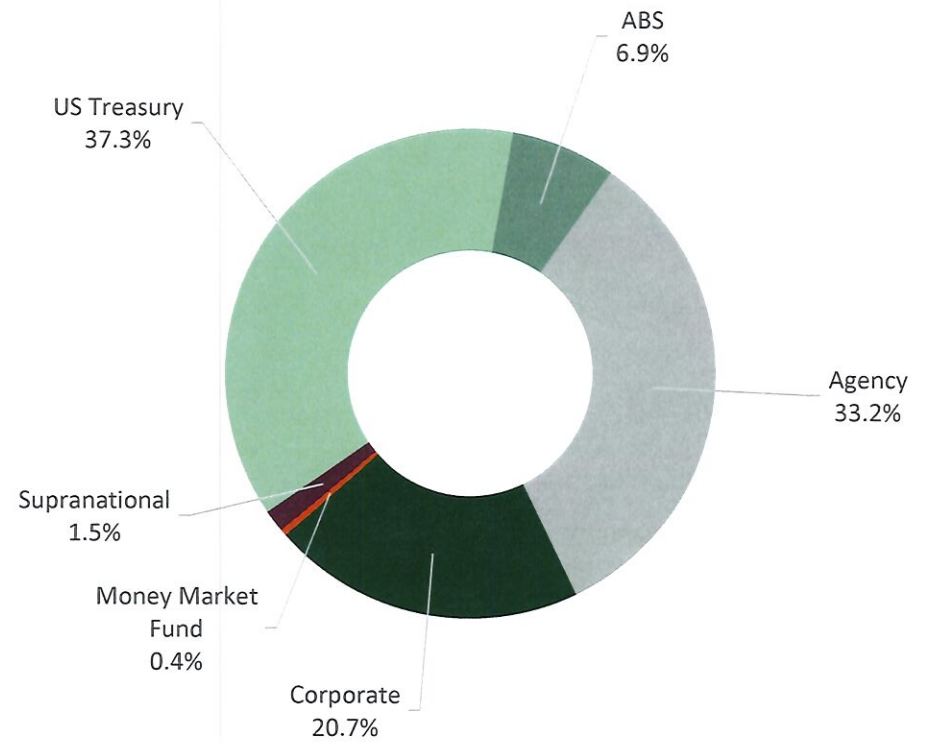
As of January 31, 2023

## Temescal Valley Water District

January 31, 2023



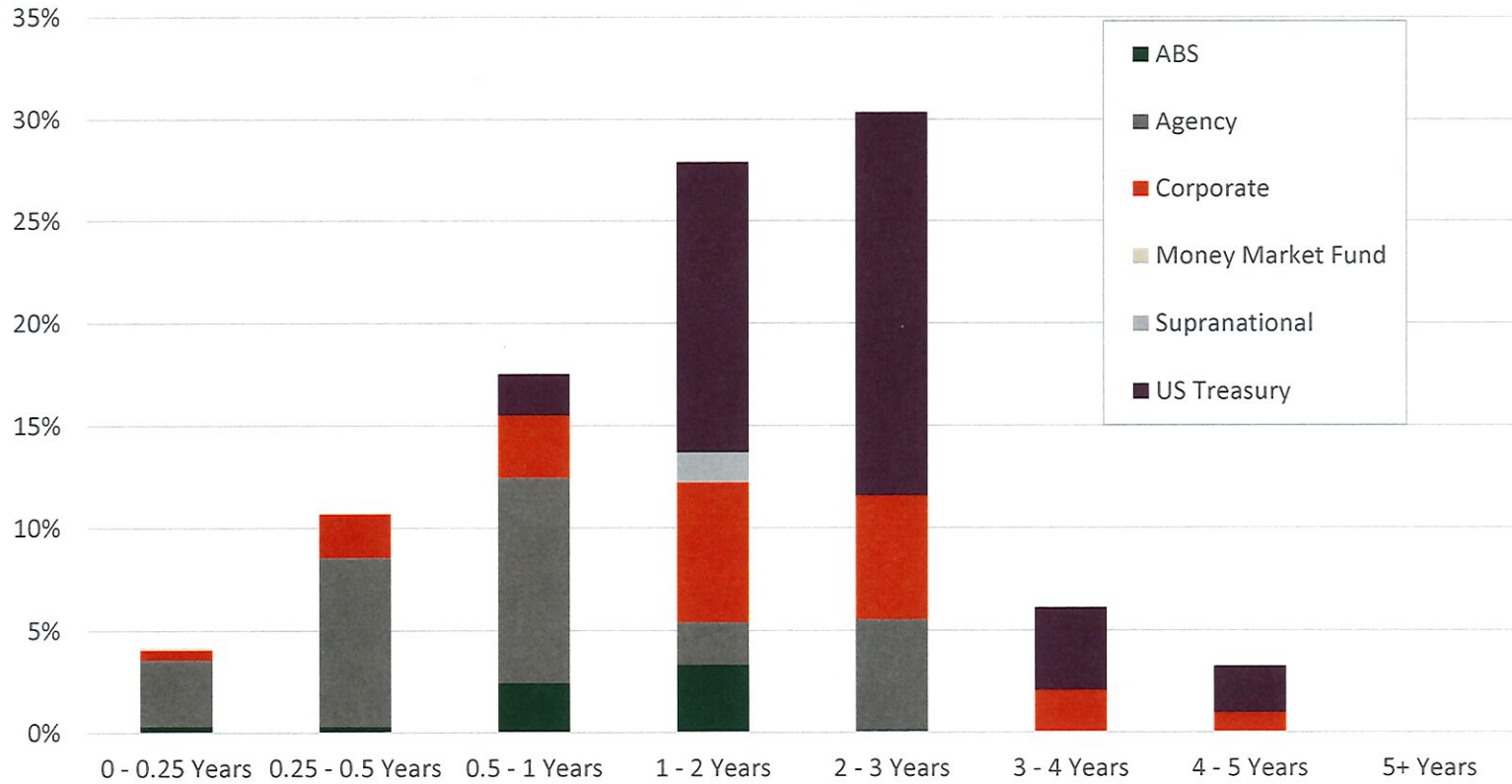
October 31, 2022



# Duration Allocation

As of January 31, 2023

## Temescal Valley Water District



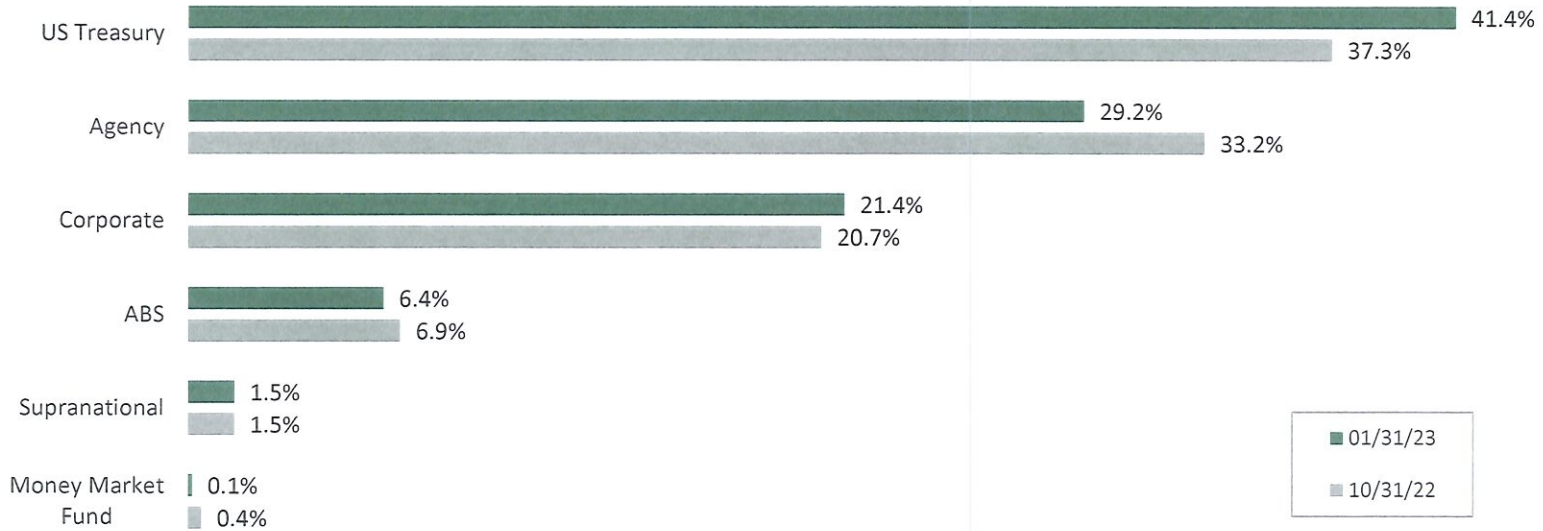
|          | 0 - 0.25 | 0.25 - 0.50 | 0.50 - 1 | 1 - 2 | 2 - 3 | 3 - 4 | 4 - 5 | 5+   |
|----------|----------|-------------|----------|-------|-------|-------|-------|------|
| 01/31/23 | 4.2%     | 10.7%       | 17.5%    | 27.9% | 30.4% | 6.1%  | 3.3%  | 0.0% |

# Portfolio Allocation & Duration Changes

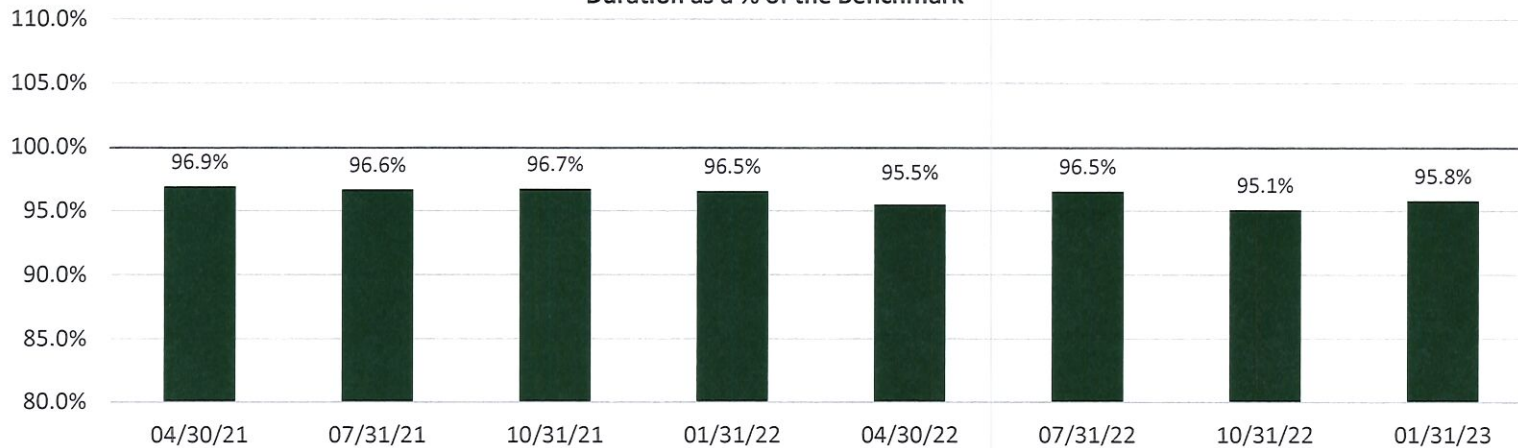
As of January 31, 2023

## Temescal Valley Water District

Portfolio Allocation



Duration as a % of the Benchmark

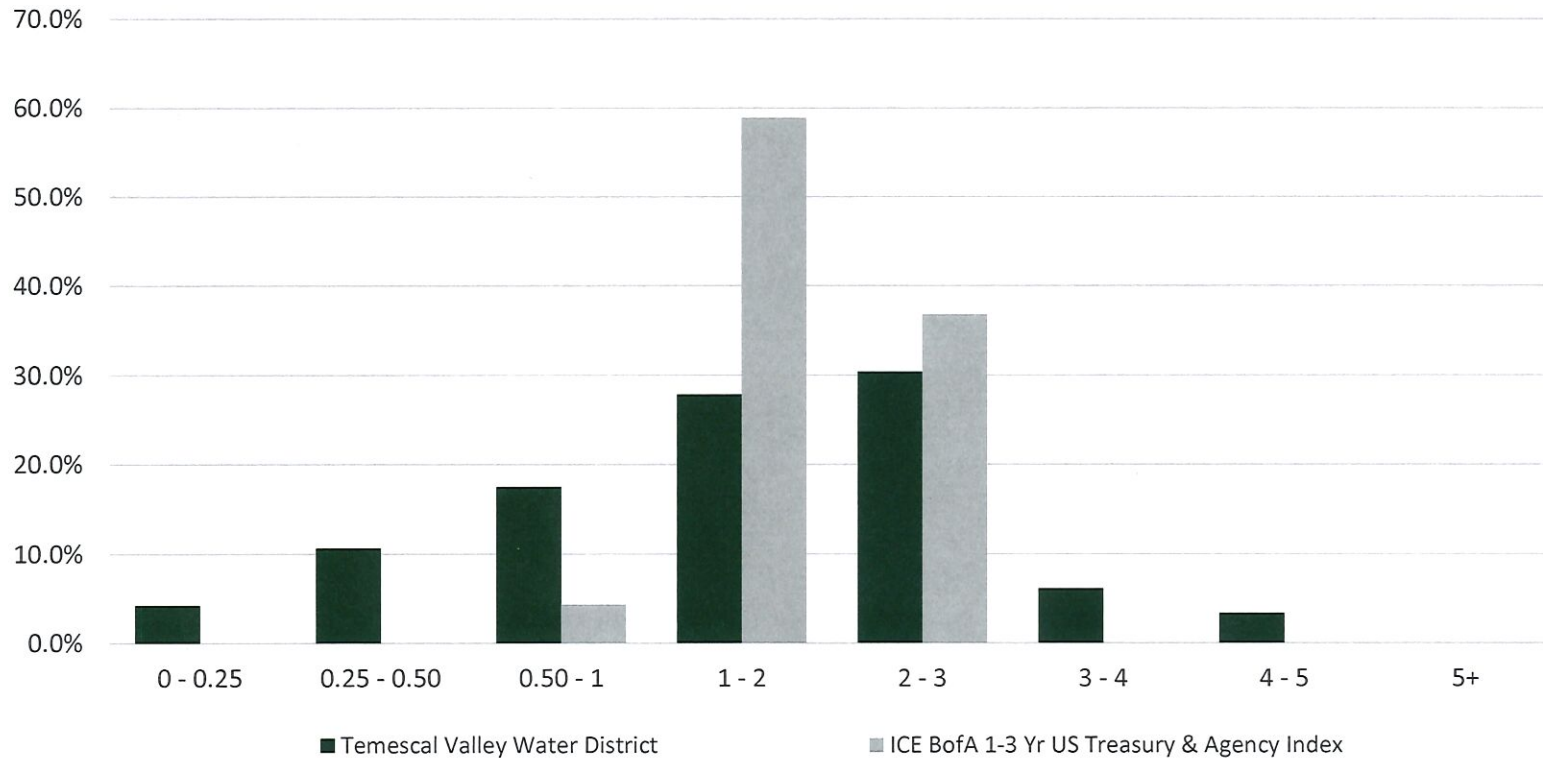


Benchmark: ICE BofA 1-3 Yr US Treasury & Agency Index

# Duration Distribution

As of January 31, 2023

**Temescal Valley Water District  
Portfolio Compared to the Benchmark**



|            | 0 - 0.25 | 0.25 - 0.50 | 0.50 - 1 | 1 - 2 | 2 - 3 | 3 - 4 | 4 - 5 | 5+   |
|------------|----------|-------------|----------|-------|-------|-------|-------|------|
| Portfolio  | 4.2%     | 10.7%       | 17.5%    | 27.9% | 30.4% | 6.1%  | 3.3%  | 0.0% |
| Benchmark* | 0.0%     | 0.0%        | 4.3%     | 58.9% | 36.8% | 0.0%  | 0.0%  | 0.0% |

\*ICE BofA 1-3 Yr US Treasury & Agency Index



Temescal Valley Water District – Account #10474

| Issue Name                               | Investment Type | % Portfolio |
|--|-----------------|-------------|
| Government of United States              | US Treasury     | 41.36%      |
| Federal Home Loan Mortgage Corp          | Agency          | 10.52%      |
| Federal National Mortgage Association    | Agency          | 7.99%       |
| Federal Farm Credit Bank                 | Agency          | 5.85%       |
| Federal Home Loan Bank                   | Agency          | 4.88%       |
| Paccar Financial                         | Corporate       | 1.58%       |
| JP Morgan Chase & Co                     | Corporate       | 1.55%       |
| Inter-American Dev Bank                  | Supranational   | 1.50%       |
| Deere & Company                          | Corporate       | 1.35%       |
| Caterpillar Inc                          | Corporate       | 1.24%       |
| Wal-Mart Stores                          | Corporate       | 1.22%       |
| Toyota Motor Corp                        | Corporate       | 1.17%       |
| Apple Inc                                | Corporate       | 1.17%       |
| Northern Trust Corp                      | Corporate       | 1.17%       |
| Bank of New York                         | Corporate       | 1.17%       |
| Bank of America Corp                     | Corporate       | 1.15%       |
| US Bancorp                               | Corporate       | 1.13%       |
| Charles Schwab Corp/The                  | Corporate       | 1.12%       |
| Honda Motor Corporation                  | Corporate       | 1.11%       |
| Honeywell Corp                           | Corporate       | 1.09%       |
| Hyundai Auto Receivables                 | ABS             | 1.08%       |
| Prologis Trust                           | Corporate       | 0.91%       |
| Target Corp                              | Corporate       | 0.90%       |
| John Deere ABS                           | ABS             | 0.89%       |
| Toyota ABS                               | ABS             | 0.89%       |
| Amazon.com Inc                           | Corporate       | 0.76%       |
| GM Financial Automobile Leasing Trust    | ABS             | 0.69%       |
| BMW Vehicle Lease Trust                  | ABS             | 0.60%       |
| Mercedes-Benz Auto Lease Trust           | ABS             | 0.50%       |
| Honda ABS                                | ABS             | 0.46%       |
| United Health Group Inc                  | Corporate       | 0.45%       |
| GM Financial Securitized Term Auto Trust | ABS             | 0.44%       |
| Home Depot                               | Corporate       | 0.38%       |
| Verizon Master Trust                     | ABS             | 0.37%       |
| BMW ABS                                  | ABS             | 0.37%       |
| National Rural Utilities                 | Corporate       | 0.32%       |
| State Street Bank                        | Corporate       | 0.31%       |
| Salesforce.com Inc                       | Corporate       | 0.18%       |

# Issuers

As of January 31, 2023

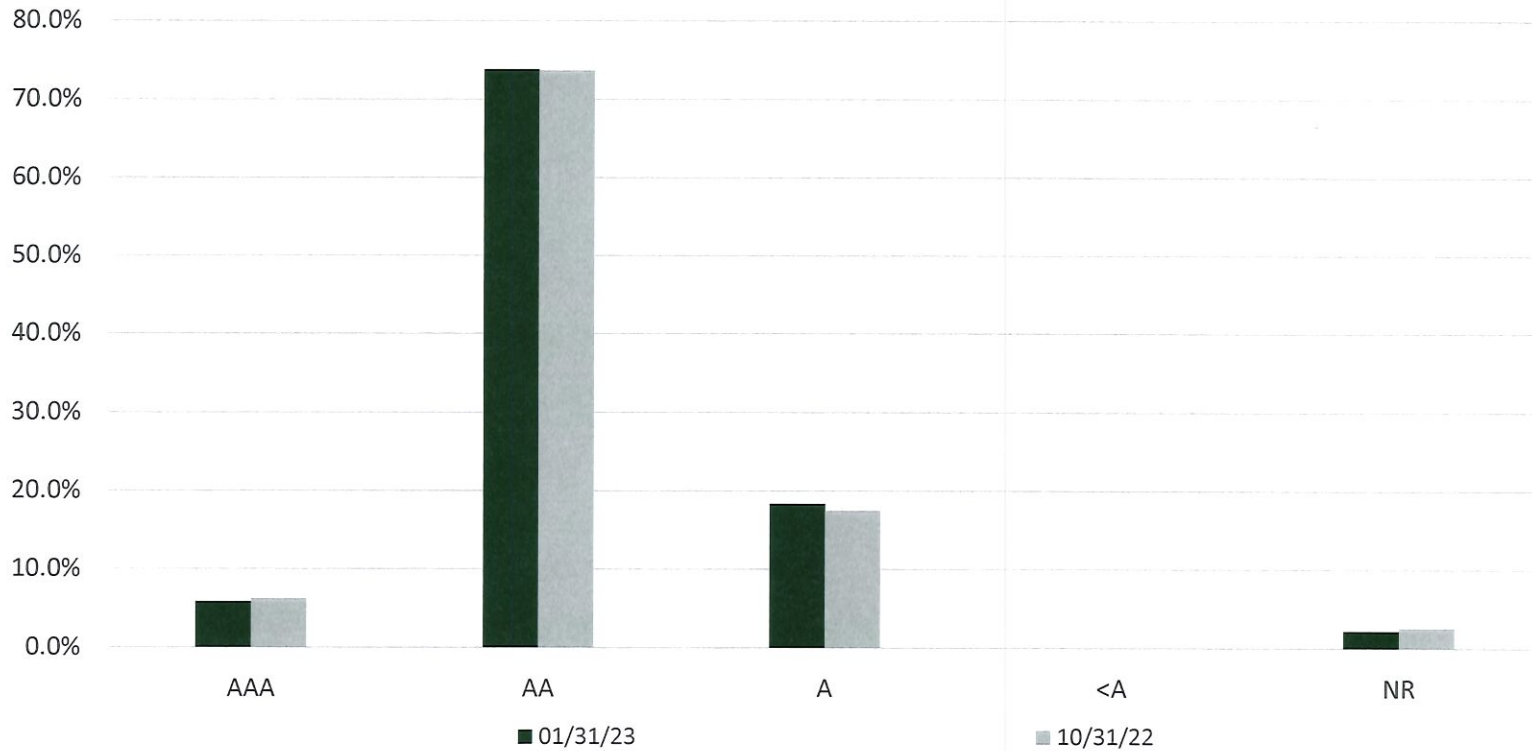
## Temescal Valley Water District – Account #10474

| Issue Name                     | Investment Type   | % Portfolio    |
|--------------------------------|-------------------|----------------|
| First American Govt Oblig Fund | Money Market Fund | 0.12%          |
| Nissan ABS                     | ABS               | 0.06%          |
| <b>TOTAL</b>                   |                   | <b>100.00%</b> |

# Quality Distribution

As of January 31, 2023

**Temescal Valley Water District**  
January 31, 2023 vs. October 31, 2022



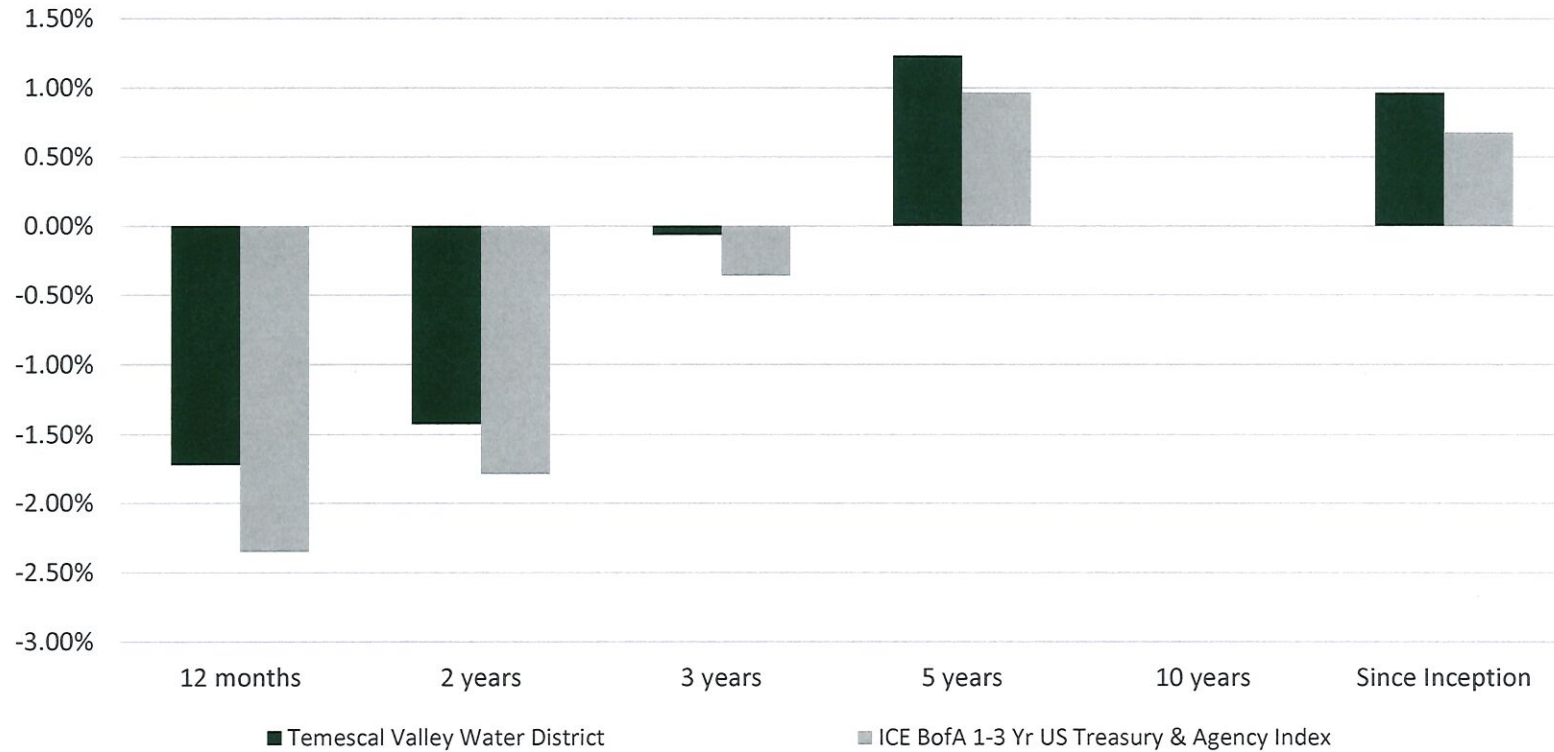
|          | AAA  | AA    | A     | <A   | NR   |
|----------|------|-------|-------|------|------|
| 01/31/23 | 5.8% | 73.8% | 18.3% | 0.0% | 2.2% |
| 10/31/22 | 6.2% | 73.7% | 17.5% | 0.0% | 2.6% |

Source: S&P Ratings

# Investment Performance

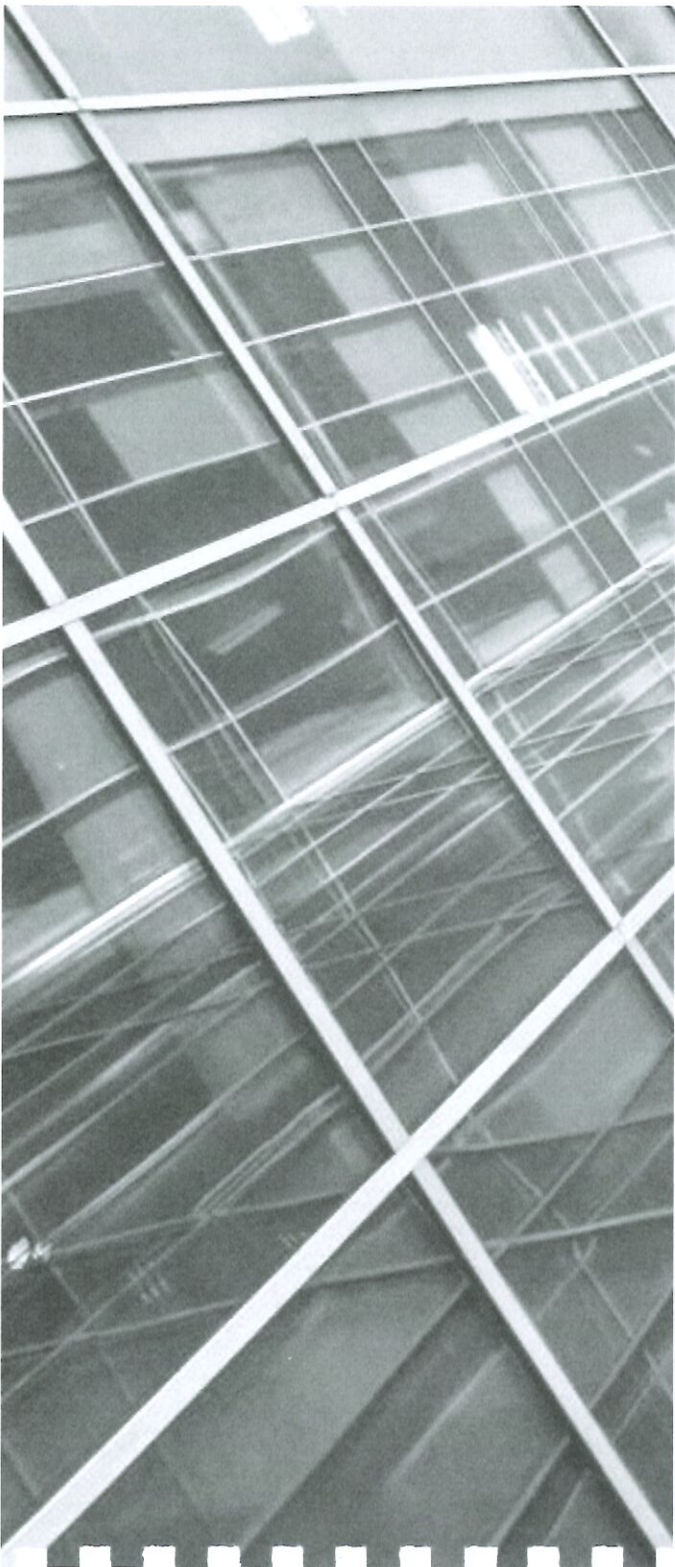
As of January 31, 2023

**Temescal Valley Water District**  
**Total Rate of Return Annualized Since Inception June 30, 2016**



| TOTAL RATE OF RETURN                       | Annualized |           |         |         |         |          |                 |
|--|------------|-----------|---------|---------|---------|----------|-----------------|
|  | 3 months   | 12 months | 2 years | 3 years | 5 years | 10 years | Since Inception |
| Temescal Valley Water District             | 1.71%      | -1.72%    | -1.42%  | -0.07%  | 1.23%   | N/A      | 0.96%           |
| ICE BofA 1-3 Yr US Treasury & Agency Index | 1.53%      | -2.35%    | -1.79%  | -0.36%  | 0.97%   | N/A      | 0.68%           |

Total rate of return: A measure of a portfolio’s performance over time. It is the internal rate of return, which equates the beginning value of the portfolio with the ending value; it includes interest earnings, realized and unrealized gains and losses in the portfolio.



## Section 3 | Portfolio Holdings

# Holdings Report

As of January 31, 2023

## Temescal Valley Water District - Account #10474

| CUSIP      | Security Description  | Par Value/Units | Purchase Date<br>Book Yield | Cost Value<br>Book Value | Mkt Price<br>Mkt YTM | Market Value<br>Accrued Int. | % of Port.<br>Gain/Loss | Moody/S&P<br>Fitch | Maturity<br>Duration |
|------------|---|-----------------|-----------------------------|--------------------------|----------------------|------------------------------|-------------------------|--------------------|----------------------|
| <b>ABS</b> |   |                 |                             |                          |                      |                              |                         |                    |                      |
| 43813RAC1  | Honda Auto Receivables 2020-1 A3<br>1.610% Due 04/22/2024         | 15,626.28       | 02/19/2020<br>1.62%         | 15,623.22<br>15,625.38   | 99.19<br>5.33%       | 15,498.98<br>6.99            | 0.15%<br>(126.40)       | Aaa / NR<br>AAA    | 1.22<br>0.22         |
| 65479JAD5  | Nissan Auto Receivables Owner 2019-C A3<br>1.930% Due 07/15/2024  | 6,907.86        | 10/16/2019<br>1.94%         | 6,907.49<br>6,907.75     | 99.70<br>5.16%       | 6,887.15<br>5.93             | 0.06%<br>(20.60)        | Aaa / AAA<br>NR    | 1.45<br>0.09         |
| 47789KAC7  | John Deere Owner Trust 2020-AA3<br>1.100% Due 08/15/2024          | 9,534.91        | 03/04/2020<br>1.11%         | 9,534.33<br>9,534.71     | 99.24<br>4.83%       | 9,462.16<br>4.66             | 0.09%<br>(72.55)        | Aaa / NR<br>AAA    | 1.54<br>0.20         |
| 36262XAC8  | GM Financial Auto Lease Trust 2021-3 A2<br>0.390% Due 10/21/2024  | 75,000.00       | 08/10/2021<br>0.39%         | 74,998.98<br>74,999.59   | 97.53<br>5.28%       | 73,150.47<br>8.94            | 0.69%<br>(1,849.12)     | NR / AAA<br>AAA    | 1.72<br>0.50         |
| 58769KAD6  | Mercedes-Benz Auto Lease Trust 2021-B A3<br>0.400% Due 11/15/2024 | 55,000.00       | 06/22/2021<br>0.40%         | 54,995.85<br>54,998.45   | 97.49<br>5.15%       | 53,619.93<br>9.78            | 0.50%<br>(1,378.52)     | NR / AAA<br>AAA    | 1.79<br>0.53         |
| 09690AAC7  | BMW Vehicle Lease Trust 2021-2 A3<br>0.330% Due 12/26/2024        | 30,979.91       | 09/08/2021<br>0.34%         | 30,976.71<br>30,978.65   | 97.89<br>5.17%       | 30,324.91<br>1.70            | 0.28%<br>(653.74)       | Aaa / NR<br>AAA    | 1.90<br>0.44         |
| 05601XAC3  | BMW Vehicle Lease Trust 2022-1 A3<br>1.100% Due 03/25/2025        | 35,000.00       | 01/11/2022<br>1.11%         | 34,994.77<br>34,997.25   | 97.14<br>5.14%       | 33,997.89<br>6.42            | 0.32%<br>(999.36)       | NR / AAA<br>AAA    | 2.15<br>0.71         |
| 89240BAC2  | Toyota Auto Receivables Owners 2021-A A3<br>0.260% Due 05/15/2025 | 63,845.56       | 02/02/2021<br>0.27%         | 63,833.70<br>63,841.28   | 97.23<br>5.34%       | 62,077.20<br>7.38            | 0.58%<br>(1,764.08)     | Aaa / NR<br>AAA    | 2.29<br>0.54         |
| 44933LAC7  | Hyundai Auto Receivables Trust 2021-A A3<br>0.380% Due 09/15/2025 | 39,438.20       | 04/20/2021<br>0.38%         | 39,434.05<br>39,436.45   | 96.64<br>5.78%       | 38,111.64<br>6.66            | 0.36%<br>(1,324.81)     | NR / AAA<br>AAA    | 2.62<br>0.62         |
| 43815GAC3  | Honda Auto Receivables Trust 2021-4 A3<br>0.880% Due 01/21/2026   | 35,000.00       | 11/16/2021<br>0.89%         | 34,992.62<br>34,995.32   | 95.20<br>5.06%       | 33,319.47<br>8.56            | 0.31%<br>(1,675.85)     | Aaa / NR<br>AAA    | 2.98<br>1.16         |
| 47789QAC4  | John Deere Owner Trust 2021-B A3<br>0.520% Due 03/16/2026         | 45,000.00       | 07/13/2021<br>0.52%         | 44,995.99<br>44,997.67   | 95.28<br>5.19%       | 42,874.66<br>10.40           | 0.40%<br>(2,123.01)     | Aaa / NR<br>AAA    | 3.12<br>1.02         |
| 89238JAC9  | Toyota Auto Receivables Trust 2021-D A3<br>0.710% Due 04/15/2026  | 35,000.00       | 11/09/2021<br>0.71%         | 34,999.25<br>34,999.53   | 94.83<br>5.33%       | 33,190.28<br>11.04           | 0.31%<br>(1,809.25)     | NR / AAA<br>AAA    | 3.21<br>1.13         |
| 05602RAD3  | BMW Vehicle Owner Trust 2022-A A3<br>3.210% Due 08/25/2026        | 40,000.00       | 05/10/2022<br>3.23%         | 39,997.92<br>39,998.40   | 97.62<br>4.83%       | 39,048.44<br>21.40           | 0.37%<br>(949.96)       | Aaa / AAA<br>NR    | 3.57<br>1.50         |
| 362554AC1  | GM Financial Securitized Term 2021-4 A3<br>0.680% Due 09/16/2026  | 25,000.00       | 10/13/2021<br>0.68%         | 24,999.36<br>24,999.60   | 94.58<br>5.57%       | 23,644.33<br>7.08            | 0.22%<br>(1,355.27)     | Aaa / AAA<br>NR    | 3.63<br>1.12         |
| 47787JAC2  | John Deere Owner Trust 2022-A A3<br>2.320% Due 09/16/2026         | 45,000.00       | 03/10/2022<br>2.34%         | 44,990.05<br>44,992.56   | 95.83<br>5.32%       | 43,125.32<br>46.40           | 0.40%<br>(1,867.24)     | Aaa / NR<br>AAA    | 3.63<br>1.41         |
| 448977AD0  | Hyundai Auto Receivables Trust 2022-A A3<br>2.220% Due 10/15/2026 | 80,000.00       | 03/09/2022<br>2.23%         | 79,996.92<br>79,997.76   | 95.94<br>4.94%       | 76,754.29<br>78.93           | 0.72%<br>(3,243.47)     | NR / AAA<br>AAA    | 3.71<br>1.51         |
| 380146AC4  | GM Financial Auto Receivables 2022-1 A3<br>1.260% Due 11/16/2026  | 25,000.00       | 01/11/2022<br>1.27%         | 24,997.83<br>24,998.51   | 94.83<br>6.04%       | 23,706.58<br>13.13           | 0.22%<br>(1,291.93)     | NR / AAA<br>AAA    | 3.79<br>1.10         |

# Holdings Report

As of January 31, 2023

## Temescal Valley Water District - Account #10474

| CUSIP            | Security Description                                     | Par Value/Units   | Purchase Date<br>Book Yield | Cost Value<br>Book Value               | Mkt Price<br>Mkt YTM | Market Value<br>Accrued Int.       | % of Port.<br>Gain/Loss            | Moody/S&P<br>Fitch             | Maturity<br>Duration       |
|------------------|--|-------------------|-----------------------------|--|----------------------|------------------------------------|------------------------------------|--------------------------------|----------------------------|
| 92348KAV5        | Verizon Master Trust 2022-5 A1A<br>3.720% Due 07/20/2027 | 40,000.00         | 08/02/2022<br>3.75%         | 39,998.24<br>39,998.54                 | 98.71<br>4.90%       | 39,483.62<br>45.47                 | 0.37%<br>(514.92)                  | NR / AAA<br>AAA                | 4.47<br>1.47               |
| <b>TOTAL ABS</b> |  | <b>701,332.72</b> | <b>1.25%</b>                | <b>701,267.28</b><br><b>701,297.40</b> | <b>5.22%</b>         | <b>678,277.32</b><br><b>300.87</b> | <b>6.36%</b><br><b>(23,020.08)</b> | <b>Aaa / AAA</b><br><b>AAA</b> | <b>2.82</b><br><b>0.93</b> |
| <b>Agency</b>    |  |                   |                             |  |                      |                                    |                                    |                                |                            |
| 3133EKUA2        | FFCB Note<br>1.850% Due 02/01/2023                       | 150,000.00        | 07/23/2019<br>1.86%         | 149,962.50<br>150,000.00               | 100.00<br>1.85%      | 150,000.00<br>1,387.50             | 1.42%<br>0.00                      | Aaa / AA+<br>AAA               | 0.00<br>0.00               |
| 3133ELNW0        | FFCB Note<br>1.450% Due 02/21/2023                       | 200,000.00        | 02/14/2020<br>1.45%         | 199,996.00<br>199,999.93               | 99.83<br>4.56%       | 199,651.80<br>1,288.89             | 1.88%<br>(348.13)                  | Aaa / AA+<br>AAA               | 0.06<br>0.06               |
| 3133ELG81        | FFCB Note<br>0.300% Due 06/08/2023                       | 200,000.00        | 06/02/2020<br>0.33%         | 199,850.00<br>199,982.60               | 98.41<br>4.87%       | 196,828.40<br>88.33                | 1.84%<br>(3,154.20)                | Aaa / AA+<br>AAA               | 0.35<br>0.35               |
| 3133834G3        | FHLB Note<br>2.125% Due 06/09/2023                       | 200,000.00        | 06/10/2019<br>2.00%         | 200,948.00<br>200,083.17               | 99.10<br>4.68%       | 198,204.40<br>613.89               | 1.86%<br>(1,878.77)                | Aaa / AA+<br>NR                | 0.35<br>0.35               |
| 3137EAES4        | FHLMC Note<br>0.250% Due 06/26/2023                      | 250,000.00        | 06/29/2020<br>0.30%         | 249,602.50<br>249,947.17               | 98.18<br>4.84%       | 245,460.75<br>60.76                | 2.30%<br>(4,486.42)                | Aaa / AA+<br>AAA               | 0.40<br>0.40               |
| 3135G05G4        | FNMA Note<br>0.250% Due 07/10/2023                       | 250,000.00        | 09/24/2020<br>0.24%         | 250,095.00<br>250,014.84               | 98.05<br>4.76%       | 245,122.50<br>36.46                | 2.30%<br>(4,892.34)                | Aaa / AA+<br>AAA               | 0.44<br>0.43               |
| 3137EAEV7        | FHLMC Note<br>0.250% Due 08/24/2023                      | 160,000.00        | 08/19/2020<br>0.28%         | 159,836.80<br>159,969.68               | 97.47<br>4.85%       | 155,951.52<br>174.44               | 1.46%<br>(4,018.16)                | Aaa / AA+<br>AAA               | 0.56<br>0.55               |
| 313383YJ4        | FHLB Note<br>3.375% Due 09/08/2023                       | 175,000.00        | 03/05/2019<br>2.66%         | 180,257.00<br>175,699.87               | 99.11<br>4.89%       | 173,434.63<br>2,346.09             | 1.65%<br>(2,265.24)                | Aaa / AA+<br>NR                | 0.60<br>0.58               |
| 3137EAEW5        | FHLMC Note<br>0.250% Due 09/08/2023                      | 135,000.00        | 09/02/2020<br>0.26%         | 134,955.45<br>134,991.12               | 97.27<br>4.90%       | 131,316.26<br>134.06               | 1.23%<br>(3,674.86)                | Aaa / AA+<br>AAA               | 0.60<br>0.59               |
| 3137EAEZ8        | FHLMC Note<br>0.250% Due 11/06/2023                      | 225,000.00        | 11/24/2020<br>0.26%         | 224,907.75<br>224,976.12               | 96.55<br>4.90%       | 217,245.83<br>132.81               | 2.04%<br>(7,730.29)                | Aaa / AA+<br>AAA               | 0.76<br>0.74               |
| 3135G06H1        | FNMA Note<br>0.250% Due 11/27/2023                       | 150,000.00        | 12/28/2020<br>0.22%         | 150,139.50<br>150,039.24               | 96.32<br>4.87%       | 144,482.85<br>66.67                | 1.35%<br>(5,556.39)                | Aaa / AA+<br>AAA               | 0.82<br>0.80               |
| 3137EAF2         | FHLMC Note<br>0.250% Due 12/04/2023                      | 150,000.00        | 12/16/2020<br>0.22%         | 150,144.00<br>150,040.72               | 96.27<br>4.83%       | 144,402.90<br>59.38                | 1.35%<br>(5,637.82)                | Aaa / AA+<br>AAA               | 0.84<br>0.82               |
| 3135G0V34        | FNMA Note<br>2.500% Due 02/05/2024                       | 100,000.00        | 03/24/2020<br>0.82%         | 106,356.00<br>101,661.02               | 97.72<br>4.83%       | 97,723.70<br>1,222.22              | 0.93%<br>(3,937.32)                | Aaa / AA+<br>AAA               | 1.01<br>0.97               |
| 3130A7PH2        | FHLB Note<br>1.875% Due 03/08/2024                       | 150,000.00        | 03/03/2020<br>0.85%         | 156,052.50<br>151,656.69               | 96.86<br>4.84%       | 145,283.25<br>1,117.19             | 1.37%<br>(6,373.44)                | Aaa / AA+<br>NR                | 1.10<br>1.06               |
| 3133ENKS8        | FFCB Note<br>1.125% Due 01/06/2025                       | 80,000.00         | 01/06/2022<br>1.20%         | 79,820.00<br>79,883.68                 | 94.13<br>4.33%       | 75,305.84<br>62.50                 | 0.71%<br>(4,577.84)                | Aaa / AA+<br>AAA               | 1.93<br>1.87               |

# Holdings Report

As of January 31, 2023

## Temescal Valley Water District - Account #10474

| CUSIP               | Security Description  | Par Value/Units     | Purchase Date<br>Book Yield | Cost Value<br>Book Value                   | Mkt Price<br>Mkt YTM | Market Value<br>Accrued Int.           | % of Port.<br>Gain/Loss              | Moody/S&P<br>Fitch             | Maturity<br>Duration       |
|---------------------|---|---------------------|-----------------------------|--|----------------------|--|--------------------------------------|--------------------------------|----------------------------|
| 3135G05X7           | FNMA Note<br>0.375% Due 08/25/2025  | 200,000.00          | 12/09/2021<br>1.17%         | 194,212.00<br>195,998.84                   | 91.13<br>4.05%       | 182,255.40<br>325.00                   | 1.71%<br>(13,743.44)                 | Aaa / AA+<br>AAA               | 2.57<br>2.50               |
| 3137EAEX3           | FHLMC Note<br>0.375% Due 09/23/2025   | 250,000.00          | 10/28/2020<br>0.46%         | 248,937.50<br>249,426.88                   | 90.99<br>4.00%       | 227,474.50<br>333.33                   | 2.13%<br>(21,952.38)                 | Aaa / AA+<br>AAA               | 2.65<br>2.58               |
| 3135G06G3           | FNMA Note<br>0.500% Due 11/07/2025  | 200,000.00          | 11/10/2020<br>0.58%         | 199,224.00<br>199,569.36                   | 90.95<br>3.99%       | 181,897.60<br>233.33                   | 1.71%<br>(17,671.76)                 | Aaa / AA+<br>AAA               | 2.77<br>2.69               |
| <b>TOTAL Agency</b> |   | <b>3,225,000.00</b> | <b>0.81%</b>                | <b>3,235,296.50</b><br><b>3,223,940.93</b> | <b>4.50%</b>         | <b>3,112,042.13</b><br><b>9,682.85</b> | <b>29.24%</b><br><b>(111,898.80)</b> | <b>Aaa / AA+</b><br><b>AAA</b> | <b>0.97</b><br><b>0.94</b> |
| <b>Corporate</b>    |   |                     |                             |  |                      |  |                                      |                                |                            |
| 89236TJD8           | Toyota Motor Credit Corp Note<br>0.400% Due 04/06/2023                        | 50,000.00           | 04/06/2021<br>0.44%         | 49,959.50<br>49,996.43                     | 99.26<br>4.51%       | 49,631.20<br>63.89                     | 0.47%<br>(365.23)                    | A1 / A+<br>A+                  | 0.18<br>0.18               |
| 037833AK6           | Apple Inc Note<br>2.400% Due 05/03/2023                                       | 125,000.00          | 04/11/2019<br>2.70%         | 123,565.00<br>124,911.71                   | 99.44<br>4.60%       | 124,297.63<br>733.33                   | 1.17%<br>(614.08)                    | Aaa / AA+<br>NR                | 0.25<br>0.25               |
| 931142EK5           | Wal-Mart Stores Callable Note Cont 5/26/2023<br>3.400% Due 06/26/2023         | 100,000.00          | 06/14/2019<br>2.24%         | 104,370.00<br>100,346.44                   | 99.47<br>4.74%       | 99,466.00<br>330.56                    | 0.93%<br>(880.44)                    | Aa2 / AA<br>AA                 | 0.40<br>0.40               |
| 06406FAD5           | Bank of NY Mellon Corp Callable Note Cont 6/16/2023<br>2.200% Due 08/16/2023  | 125,000.00          | 09/12/2019<br>2.15%         | 125,220.00<br>125,021.69                   | 98.52<br>4.98%       | 123,154.00<br>1,260.42                 | 1.17%<br>(1,867.69)                  | A1 / A<br>AA-                  | 0.54<br>0.52               |
| 02665WCT6           | American Honda Finance Note<br>3.550% Due 01/12/2024                          | 120,000.00          | 08/19/2019<br>2.07%         | 127,406.40<br>121,592.03                   | 98.75<br>4.92%       | 118,495.92<br>224.83                   | 1.11%<br>(3,096.11)                  | A3 / A-<br>A                   | 0.95<br>0.92               |
| 69371RR24           | Paccar Financial Corp Note<br>0.350% Due 02/02/2024                           | 85,000.00           | 01/28/2021<br>0.39%         | 84,901.40<br>84,967.04                     | 95.49<br>5.02%       | 81,166.84<br>147.92                    | 0.76%<br>(3,800.20)                  | A1 / A+<br>NR                  | 1.01<br>0.98               |
| 808513BN4           | Charles Schwab Corp Callable Note Cont 2/18/2024<br>0.750% Due 03/18/2024     | 125,000.00          | Various<br>0.64%            | 125,334.00<br>125,142.39                   | 95.59<br>4.80%       | 119,488.50<br>346.35                   | 1.12%<br>(5,653.89)                  | A2 / A<br>A                    | 1.13<br>1.10               |
| 023135BW5           | Amazon.com Inc Note<br>0.450% Due 05/12/2024                                  | 85,000.00           | 05/10/2021<br>0.50%         | 84,875.90<br>84,947.23                     | 94.86<br>4.63%       | 80,633.21<br>83.94                     | 0.76%<br>(4,314.02)                  | A1 / AA<br>AA-                 | 1.28<br>1.25               |
| 91324PEB4           | United Health Group Inc Callable Note Cont 5/15/2022<br>0.550% Due 05/15/2024 | 50,000.00           | 11/08/2021<br>0.78%         | 49,713.00<br>49,853.21                     | 94.93<br>4.65%       | 47,464.50<br>58.06                     | 0.45%<br>(2,388.71)                  | A3 / A+<br>A                   | 1.29<br>1.26               |
| 14913R2L0           | Caterpillar Financial Service Note<br>0.450% Due 05/17/2024                   | 140,000.00          | 05/10/2021<br>0.50%         | 139,812.40<br>139,919.38                   | 94.72<br>4.70%       | 132,605.90<br>129.50                   | 1.24%<br>(7,313.48)                  | A2 / A<br>A                    | 1.29<br>1.26               |
| 89236TJH9           | Toyota Motor Credit Corp Note<br>0.500% Due 06/18/2024                        | 80,000.00           | 06/15/2021<br>0.54%         | 79,904.80<br>79,956.31                     | 94.44<br>4.71%       | 75,548.00<br>47.78                     | 0.71%<br>(4,408.31)                  | A1 / A+<br>A+                  | 1.38<br>1.35               |



# Holdings Report

As of January 31, 2023

## Temescal Valley Water District - Account #10474

| CUSIP     | Security Description   | Par Value/Units | Purchase Date<br>Book Yield | Cost Value<br>Book Value | Mkt Price<br>Mkt YTM | Market Value<br>Accrued Int. | % of Port.<br>Gain/Loss | Moody/S&P<br>Fitch | Maturity<br>Duration |
|-----------|--|-----------------|-----------------------------|--------------------------|----------------------|------------------------------|-------------------------|--------------------|----------------------|
| 79466LAG9 | Salesforce.com Inc Callable Note Cont 7/15/2022<br>0.625% Due 07/15/2024     | 20,000.00       | 06/29/2021<br>0.64%         | 19,989.80<br>19,995.08   | 94.40<br>4.65%       | 18,880.74<br>5.56            | 0.18%<br>(1,114.34)     | A2 / A+<br>NR      | 1.45<br>1.42         |
| 91159HHX1 | US Bancorp Callable Note Cont 6/28/2024<br>2.400% Due 07/30/2024             | 125,000.00      | 11/09/2021<br>0.80%         | 130,193.75<br>127,778.30 | 96.81<br>4.63%       | 121,007.38<br>8.33           | 1.13%<br>(6,770.92)     | A2 / A+<br>A+      | 1.50<br>1.45         |
| 69371RR40 | Paccar Financial Corp Note<br>0.500% Due 08/09/2024                          | 25,000.00       | 08/03/2021<br>0.52%         | 24,986.50<br>24,993.16   | 94.02<br>4.62%       | 23,504.13<br>59.72           | 0.22%<br>(1,489.03)     | A1 / A+<br>NR      | 1.52<br>1.48         |
| 46647PBY1 | JP Morgan Chase & Co Callable Note Cont 2/16/2024<br>0.563% Due 02/16/2025   | 75,000.00       | 02/09/2021<br>0.56%         | 75,000.00<br>75,000.00   | 95.09<br>5.15%       | 71,317.35<br>193.53          | 0.67%<br>(3,682.65)     | A1 / A-<br>AA-     | 2.05<br>1.96         |
| 24422EWB1 | John Deere Capital Corp Note<br>2.125% Due 03/07/2025                        | 45,000.00       | 03/02/2022<br>2.14%         | 44,980.65<br>44,986.49   | 95.32<br>4.48%       | 42,894.50<br>382.50          | 0.41%<br>(2,091.99)     | A2 / A<br>A        | 2.10<br>2.00         |
| 69371RR73 | Paccar Financial Corp Note<br>2.850% Due 04/07/2025                          | 65,000.00       | 03/31/2022<br>2.86%         | 64,983.10<br>64,987.73   | 96.56<br>4.52%       | 62,766.86<br>586.63          | 0.59%<br>(2,220.87)     | A1 / A+<br>NR      | 2.18<br>2.07         |
| 87612EBL9 | Target Corp Callable Note Cont 4/15/25<br>2.250% Due 04/15/2025              | 100,000.00      | 02/17/2022<br>2.08%         | 100,493.00<br>100,341.17 | 95.32<br>4.50%       | 95,324.50<br>662.50          | 0.90%<br>(5,016.67)     | A2 / A<br>A        | 2.21<br>2.10         |
| 46647PCH7 | JP Morgan Chase & Co Callable Note Cont 6/1/2024<br>0.824% Due 06/01/2025    | 100,000.00      | 05/26/2021<br>0.75%         | 100,216.00<br>100,095.78 | 94.13<br>5.23%       | 94,130.10<br>137.33          | 0.88%<br>(5,965.68)     | A1 / A-<br>AA-     | 2.33<br>2.24         |
| 438516CBO | Honeywell Intl Callable Note Cont 5/1/2025<br>1.350% Due 06/01/2025          | 125,000.00      | 03/09/2022<br>2.31%         | 121,285.00<br>122,316.24 | 93.19<br>4.45%       | 116,486.38<br>281.25         | 1.09%<br>(5,829.86)     | A2 / A<br>A        | 2.33<br>2.25         |
| 63743HFE7 | National Rural Utilities Note<br>3.450% Due 06/15/2025                       | 35,000.00       | 04/27/2022<br>3.46%         | 34,990.55<br>34,992.82   | 97.02<br>4.79%       | 33,958.05<br>154.29          | 0.32%<br>(1,034.77)     | A2 / A-<br>A       | 2.37<br>2.23         |
| 931142EW9 | Wal-Mart Stores Note<br>3.900% Due 09/09/2025                                | 30,000.00       | 09/06/2022<br>3.92%         | 29,979.00<br>29,981.78   | 99.47<br>4.12%       | 29,840.70<br>461.50          | 0.28%<br>(141.08)       | Aa2 / AA<br>AA     | 2.61<br>2.42         |
| 437076CR1 | Home Depot Callable Note Cont 8/15/2025<br>4.000% Due 09/15/2025             | 40,000.00       | 09/12/2022<br>4.01%         | 39,985.60<br>39,987.38   | 99.54<br>4.19%       | 39,814.08<br>586.67          | 0.38%<br>(173.30)       | A2 / A<br>A        | 2.62<br>2.43         |
| 857477BR3 | State Street Bank Callable Note Cont 2/6/2025<br>1.746% Due 02/06/2026       | 35,000.00       | 02/02/2022<br>1.75%         | 35,000.00<br>35,000.00   | 93.73<br>5.05%       | 32,805.50<br>297.06          | 0.31%<br>(2,194.50)     | A1 / A<br>AA-      | 3.02<br>1.92         |
| 06051GKM0 | Bank of America Corp Callable Note Cont 4/2/2025<br>3.384% Due 04/02/2026    | 125,000.00      | 11/28/2022<br>5.69%         | 118,850.00<br>119,167.84 | 96.73<br>4.98%       | 120,914.13<br>1,398.25       | 1.15%<br>1,746.29       | A2 / A-<br>AA-     | 3.17<br>2.04         |
| 74340XBU4 | Prologis LP Callable Note Cont 3/30/2026<br>3.250% Due 06/30/2026            | 100,000.00      | 01/27/2023<br>4.42%         | 96,331.00<br>96,333.94   | 96.38<br>4.40%       | 96,382.80<br>279.86          | 0.91%<br>48.86          | A3 / A<br>NR       | 3.41<br>3.18         |
| 665859AW4 | Northern Trust Company Callable Note Cont 4/10/2027<br>4.000% Due 05/10/2027 | 125,000.00      | 09/08/2022<br>4.09%         | 124,537.50<br>124,576.11 | 98.94<br>4.27%       | 123,668.75<br>1,125.00       | 1.17%<br>(907.36)       | A2 / A+<br>A+      | 4.27<br>3.85         |

# Holdings Report

As of January 31, 2023

## Temescal Valley Water District - Account #10474

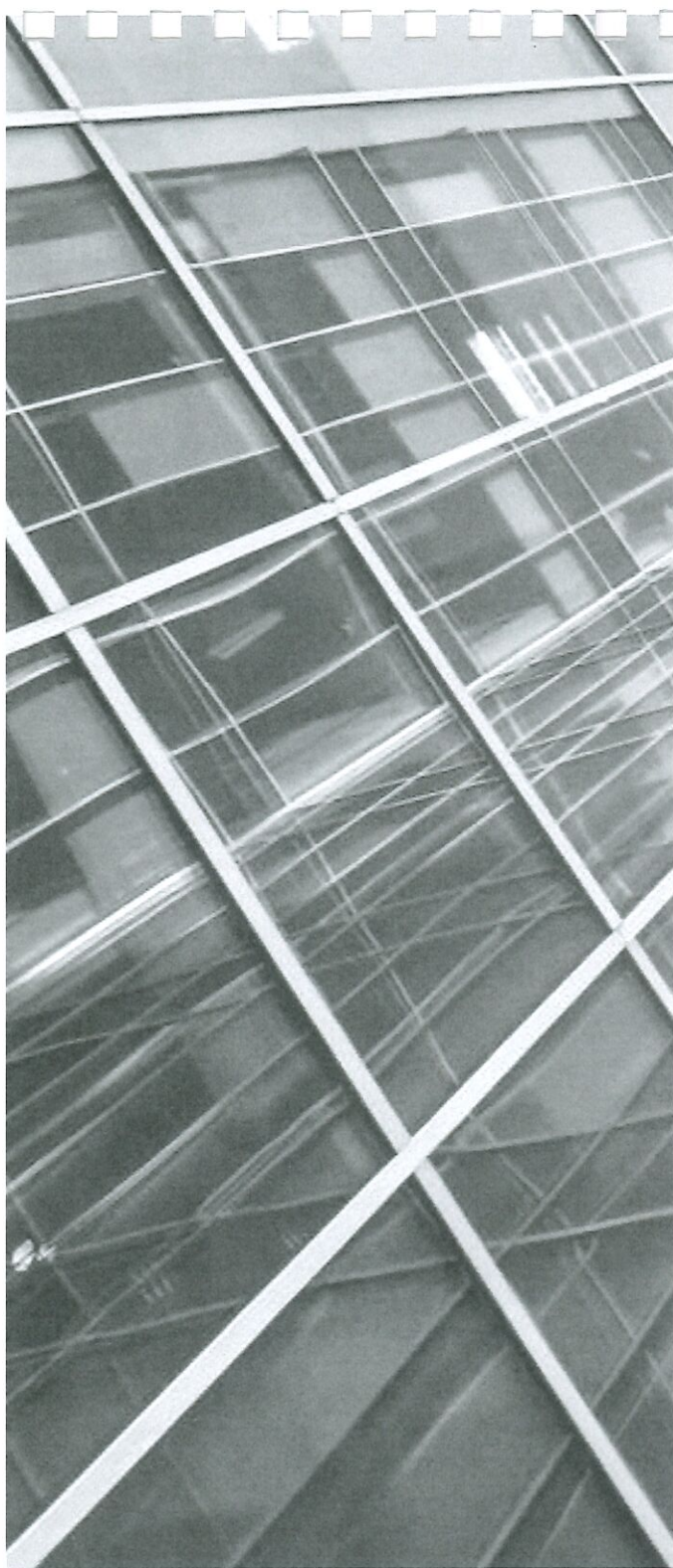
| CUSIP                          | Security Description                                  | Par Value/Units     | Purchase Date<br>Book Yield | Cost Value<br>Book Value                   | Mkt Price<br>Mkt YTM | Market Value<br>Accrued Int.            | % of Port.<br>Gain/Loss             | Moody/S&P<br>Fitch             | Maturity<br>Duration       |
|--------------------------------|---|---------------------|-----------------------------|--|----------------------|---|-------------------------------------|--------------------------------|----------------------------|
| 24422EWK1                      | John Deere Capital Corp Note<br>4.150% Due 09/15/2027 | 100,000.00          | 01/27/2023<br>4.26%         | 99,534.00<br>99,534.28                     | 99.62<br>4.24%       | 99,622.00<br>1,648.47                   | 0.95%<br>87.72                      | A2 / A<br>A                    | 4.62<br>4.10               |
| <b>TOTAL Corporate</b>         |   | <b>2,355,000.00</b> | <b>2.10%</b>                | <b>2,356,397.85</b><br><b>2,346,721.96</b> | <b>4.68%</b>         | <b>2,275,269.65</b><br><b>11,695.03</b> | <b>21.42%</b><br><b>(71,452.31)</b> | <b>A1 / A+</b><br><b>A+</b>    | <b>1.89</b><br><b>1.72</b> |
| <b>Money Market Fund</b>       |   |                     |                             |  |                      |   |                                     |                                |                            |
| 31846V203                      | First American Govt Obligation Fund Class Y           | 12,516.58           | Various<br>3.83%            | 12,516.58<br>12,516.58                     | 1.00<br>3.83%        | 12,516.58<br>0.00                       | 0.12%<br>0.00                       | Aaa / AAA<br>AAA               | 0.00<br>0.00               |
| <b>TOTAL Money Market Fund</b> |   | <b>12,516.58</b>    | <b>3.83%</b>                | <b>12,516.58</b>                           | <b>3.83%</b>         | <b>12,516.58</b><br><b>0.00</b>         | <b>0.12%</b><br><b>0.00</b>         | <b>Aaa / AAA</b><br><b>AAA</b> | <b>0.00</b><br><b>0.00</b> |
| <b>Supranational</b>           |   |                     |                             |  |                      |   |                                     |                                |                            |
| 4581X0DZ8                      | Inter-American Dev Bank Note<br>0.500% Due 09/23/2024 | 170,000.00          | 09/15/2021<br>0.52%         | 169,874.20<br>169,931.13                   | 93.76<br>4.48%       | 159,388.60<br>302.22                    | 1.50%<br>(10,542.53)                | Aaa / AAA<br>NR                | 1.65<br>1.60               |
| <b>TOTAL Supranational</b>     |   | <b>170,000.00</b>   | <b>0.52%</b>                | <b>169,874.20</b><br><b>169,931.13</b>     | <b>4.48%</b>         | <b>159,388.60</b><br><b>302.22</b>      | <b>1.50%</b><br><b>(10,542.53)</b>  | <b>Aaa / AAA</b><br><b>NR</b>  | <b>1.65</b><br><b>1.60</b> |
| <b>US Treasury</b>             |   |                     |                             |  |                      |   |                                     |                                |                            |
| 91282CBA8                      | US Treasury Note<br>0.125% Due 12/15/2023             | 225,000.00          | 01/11/2021<br>0.22%         | 224,393.55<br>224,819.83                   | 96.07<br>4.78%       | 216,166.95<br>37.09                     | 2.03%<br>(8,652.88)                 | Aaa / AA+<br>AAA               | 0.87<br>0.85               |
| 91282CBV2                      | US Treasury Note<br>0.375% Due 04/15/2024             | 200,000.00          | 04/19/2021<br>0.35%         | 200,171.88<br>200,069.16                   | 95.04<br>4.66%       | 190,086.00<br>224.59                    | 1.78%<br>(9,983.16)                 | Aaa / AA+<br>AAA               | 1.21<br>1.17               |
| 91282CCC3                      | US Treasury Note<br>0.250% Due 05/15/2024             | 100,000.00          | 06/28/2021<br>0.44%         | 99,449.22<br>99,754.22                     | 94.57<br>4.64%       | 94,574.20<br>53.87                      | 0.89%<br>(5,180.02)                 | Aaa / AA+<br>AAA               | 1.29<br>1.26               |
| 91282CCG4                      | US Treasury Note<br>0.250% Due 06/15/2024             | 200,000.00          | 06/09/2021<br>0.31%         | 199,640.63<br>199,836.05                   | 94.32<br>4.57%       | 188,640.60<br>65.93                     | 1.77%<br>(11,195.45)                | Aaa / AA+<br>AAA               | 1.37<br>1.34               |
| 91282CCL3                      | US Treasury Note<br>0.375% Due 07/15/2024             | 250,000.00          | 08/05/2021<br>0.37%         | 250,068.36<br>250,033.73                   | 94.24<br>4.51%       | 235,595.75<br>44.03                     | 2.21%<br>(14,437.98)                | Aaa / AA+<br>AAA               | 1.45<br>1.42               |
| 91282CCT6                      | US Treasury Note<br>0.375% Due 08/15/2024             | 130,000.00          | 08/26/2021<br>0.46%         | 129,690.23<br>129,839.69                   | 93.96<br>4.47%       | 122,149.17<br>225.20                    | 1.15%<br>(7,690.52)                 | Aaa / AA+<br>AAA               | 1.54<br>1.50               |
| 91282CCX7                      | US Treasury Note<br>0.375% Due 09/15/2024             | 200,000.00          | 09/10/2021<br>0.44%         | 199,609.38<br>199,789.01                   | 93.78<br>4.40%       | 187,562.40<br>287.98                    | 1.76%<br>(12,226.61)                | Aaa / AA+<br>AAA               | 1.62<br>1.58               |
| 91282CDB4                      | US Treasury Note<br>0.625% Due 10/15/2024             | 225,000.00          | 10/14/2021<br>0.63%         | 224,982.42<br>224,990.02                   | 93.95<br>4.35%       | 211,376.93<br>421.10                    | 1.98%<br>(13,613.09)                | Aaa / AA+<br>AAA               | 1.71<br>1.66               |
| 91282CDH1                      | US Treasury Note<br>0.750% Due 11/15/2024             | 200,000.00          | 11/10/2021<br>0.80%         | 199,710.94<br>199,827.78                   | 93.90<br>4.33%       | 187,804.60<br>323.20                    | 1.76%<br>(12,023.18)                | Aaa / AA+<br>AAA               | 1.79<br>1.74               |

# Holdings Report

As of January 31, 2023

## Temescal Valley Water District - Account #10474

| CUSIP                                   | Security Description                      | Par Value/Units      | Purchase Date<br>Book Yield | Cost Value<br>Book Value                     | Mkt Price<br>Mkt YTM | Market Value<br>Accrued Int.             | % of Port.<br>Gain/Loss               | Moody/S&P<br>Fitch             | Maturity<br>Duration       |
|---|---|----------------------|-----------------------------|--|----------------------|--|---------------------------------------|--------------------------------|----------------------------|
| 912828Z52                               | US Treasury Note<br>1.375% Due 01/31/2025 | 100,000.00           | 02/16/2021<br>0.37%         | 103,921.88<br>101,982.67                     | 94.66<br>4.18%       | 94,664.10<br>3.80                        | 0.89%<br>(7,318.57)                   | Aaa / AA+<br>AAA               | 2.00<br>1.94               |
| 912828ZC7                               | US Treasury Note<br>1.125% Due 02/28/2025 | 250,000.00           | 02/09/2022<br>1.59%         | 246,533.20<br>247,641.08                     | 94.03<br>4.15%       | 235,078.00<br>1,196.48                   | 2.21%<br>(12,563.08)                  | Aaa / AA+<br>AAA               | 2.08<br>2.01               |
| 912828ZF0                               | US Treasury Note<br>0.500% Due 03/31/2025 | 225,000.00           | 03/17/2021<br>0.64%         | 223,769.53<br>224,341.36                     | 92.66<br>4.08%       | 208,476.45<br>383.24                     | 1.96%<br>(15,864.91)                  | Aaa / AA+<br>AAA               | 2.16<br>2.11               |
| 912828ZL7                               | US Treasury Note<br>0.375% Due 04/30/2025 | 145,000.00           | 01/21/2021<br>0.37%         | 145,033.98<br>145,017.85                     | 92.11<br>4.09%       | 133,558.63<br>139.69                     | 1.25%<br>(11,459.22)                  | Aaa / AA+<br>AAA               | 2.25<br>2.19               |
| 912828ZT0                               | US Treasury Note<br>0.250% Due 05/31/2025 | 200,000.00           | 05/12/2021<br>0.64%         | 196,906.25<br>198,221.98                     | 91.63<br>4.05%       | 183,265.60<br>86.54                      | 1.72%<br>(14,956.38)                  | Aaa / AA+<br>AAA               | 2.33<br>2.28               |
| 91282CAB7                               | US Treasury Note<br>0.250% Due 07/31/2025 | 125,000.00           | 12/02/2021<br>1.06%         | 121,376.95<br>122,529.49                     | 91.22<br>3.97%       | 114,023.50<br>0.86                       | 1.07%<br>(8,505.99)                   | Aaa / AA+<br>AAA               | 2.50<br>2.44               |
| 91282CAJ0                               | US Treasury Note<br>0.250% Due 08/31/2025 | 200,000.00           | 03/22/2022<br>2.42%         | 185,765.63<br>189,332.72                     | 90.96<br>3.97%       | 181,921.80<br>212.71                     | 1.71%<br>(7,410.92)                   | Aaa / AA+<br>AAA               | 2.58<br>2.52               |
| 9128285C0                               | US Treasury Note<br>3.000% Due 09/30/2025 | 200,000.00           | 05/03/2022<br>3.00%         | 200,015.63<br>200,012.22                     | 97.55<br>3.98%       | 195,109.40<br>2,043.96                   | 1.85%<br>(4,902.82)                   | Aaa / AA+<br>AAA               | 2.67<br>2.50               |
| 9128285J5                               | US Treasury Note<br>3.000% Due 10/31/2025 | 200,000.00           | 06/02/2022<br>2.87%         | 200,820.31<br>200,660.33                     | 97.55<br>3.95%       | 195,101.60<br>1,541.44                   | 1.84%<br>(5,558.73)                   | Aaa / AA+<br>AAA               | 2.75<br>2.58               |
| 912828M56                               | US Treasury Note<br>2.250% Due 11/15/2025 | 200,000.00           | 06/08/2022<br>3.01%         | 195,093.75<br>196,017.10                     | 95.66<br>3.91%       | 191,320.40<br>969.61                     | 1.80%<br>(4,696.70)                   | Aaa / AA+<br>AAA               | 2.79<br>2.65               |
| 9128285T3                               | US Treasury Note<br>2.625% Due 12/31/2025 | 200,000.00           | 07/13/2022<br>3.21%         | 196,187.50<br>196,795.81                     | 96.68<br>3.84%       | 193,359.40<br>464.09                     | 1.82%<br>(3,436.41)                   | Aaa / AA+<br>AAA               | 2.92<br>2.76               |
| 9128286L9                               | US Treasury Note<br>2.250% Due 03/31/2026 | 175,000.00           | 08/17/2022<br>3.21%         | 169,298.83<br>170,015.80                     | 95.37<br>3.82%       | 166,899.43<br>1,341.35                   | 1.58%<br>(3,116.37)                   | Aaa / AA+<br>AAA               | 3.16<br>2.99               |
| 912828V98                               | US Treasury Note<br>2.250% Due 02/15/2027 | 200,000.00           | 12/12/2022<br>3.91%         | 187,296.88<br>187,713.38                     | 94.64<br>3.69%       | 189,289.00<br>2,078.80                   | 1.79%<br>1,575.62                     | Aaa / AA+<br>AAA               | 4.04<br>3.77               |
| 91282CEF4                               | US Treasury Note<br>2.500% Due 03/31/2027 | 250,000.00           | 11/28/2022<br>4.01%         | 235,097.66<br>235,691.12                     | 95.41<br>3.70%       | 238,525.50<br>2,129.12                   | 2.25%<br>2,834.38                     | Aaa / AA+<br>AAA               | 4.16<br>3.87               |
| 91282CEW7                               | US Treasury Note<br>3.250% Due 06/30/2027 | 250,000.00           | 10/13/2022<br>4.27%         | 239,277.34<br>239,939.70                     | 98.29<br>3.67%       | 245,732.50<br>718.23                     | 2.31%<br>5,792.80                     | Aaa / AA+<br>AAA               | 4.41<br>4.06               |
| <b>TOTAL US Treasury</b>                |   | <b>4,650,000.00</b>  | <b>1.69%</b>                | <b>4,574,111.93</b><br><b>4,584,872.10</b>   | <b>4.14%</b>         | <b>4,400,281.91</b><br><b>14,992.91</b>  | <b>41.36%</b><br><b>(184,590.19)</b>  | <b>Aaa / AA+</b><br><b>AAA</b> | <b>2.38</b><br><b>2.27</b> |
| <b>TOTAL PORTFOLIO</b>                  |   | <b>11,113,849.30</b> | <b>1.48%</b>                | <b>11,049,464.34</b><br><b>11,039,280.10</b> | <b>4.44%</b>         | <b>10,637,776.19</b><br><b>36,973.88</b> | <b>100.00%</b><br><b>(401,503.91)</b> | <b>Aa1 / AA</b><br><b>AAA</b>  | <b>1.88</b><br><b>1.67</b> |
| <b>TOTAL MARKET VALUE PLUS ACCRUALS</b> |   |                      |                             |  |                      | <b>10,674,750.07</b>                     |                                       |                                |                            |



## Section 4 | Transactions

# Transaction Ledger

As of January 31, 2023

## Temescal Valley Water District - Account #10474

October 31, 2022 through January 31, 2023

| Transaction Type          | Settlement Date | CUSIP     | Quantity          | Security Description  | Price   | Acq/Disp Yield | Amount            | Interest Pur/Sold | Total Amount      | Gain/Loss        |
|---------------------------|-----------------|-----------|-------------------|---|---------|----------------|-------------------|-------------------|-------------------|------------------|
| <b>ACQUISITIONS</b>       |                 |           |                   |   |         |                |                   |                   |                   |                  |
| Purchase                  | 11/30/2022      | 06051GKM0 | 125,000.00        | Bank of America Corp Callable Note Cont<br>4/2/2025<br>3.384% Due: 04/02/2026 | 95.080  | 5.69%          | 118,850.00        | 681.50            | 119,531.50        | 0.00             |
| Purchase                  | 11/30/2022      | 91282CEF4 | 250,000.00        | US Treasury Note<br>2.5% Due: 03/31/2027                                      | 94.039  | 4.01%          | 235,097.66        | 1,047.39          | 236,145.05        | 0.00             |
| Purchase                  | 12/13/2022      | 912828V98 | 200,000.00        | US Treasury Note<br>2.25% Due: 02/15/2027                                     | 93.648  | 3.91%          | 187,296.88        | 1,467.39          | 188,764.27        | 0.00             |
| Purchase                  | 01/31/2023      | 24422EWK1 | 100,000.00        | John Deere Capital Corp Note<br>4.15% Due: 09/15/2027                         | 99.534  | 4.26%          | 99,534.00         | 1,648.47          | 101,182.47        | 0.00             |
| Purchase                  | 01/31/2023      | 74340XBU4 | 100,000.00        | Prologis LP Callable Note Cont 3/30/2026<br>3.25% Due: 06/30/2026             | 96.331  | 4.42%          | 96,331.00         | 270.83            | 96,601.83         | 0.00             |
| <b>Subtotal</b>           |                 |           | <b>775,000.00</b> |   |         |                | <b>737,109.54</b> | <b>5,115.58</b>   | <b>742,225.12</b> | <b>0.00</b>      |
| <b>TOTAL ACQUISITIONS</b> |                 |           | <b>775,000.00</b> |   |         |                | <b>737,109.54</b> | <b>5,115.58</b>   | <b>742,225.12</b> | <b>0.00</b>      |
| <b>DISPOSITIONS</b>       |                 |           |                   |   |         |                |                   |                   |                   |                  |
| Sale                      | 11/29/2022      | 3135G04Q3 | 200,000.00        | FNMA Note<br>0.25% Due: 05/22/2023  | 97.892  | 0.25%          | 195,784.00        | 9.72              | 195,793.72        | -4,215.31        |
| Sale                      | 11/30/2022      | 06051GEU9 | 100,000.00        | Bank of America Corp Note<br>3.3% Due: 01/11/2023                             | 99.845  | 2.96%          | 99,845.00         | 1,274.17          | 101,119.17        | -191.57          |
| <b>Subtotal</b>           |                 |           | <b>300,000.00</b> |   |         |                | <b>295,629.00</b> | <b>1,283.89</b>   | <b>296,912.89</b> | <b>-4,406.88</b> |
| Maturity                  | 12/09/2022      | 3130A3KM5 | 200,000.00        | FHLB Note<br>2.5% Due: 12/09/2022   | 100.000 |                | 200,000.00        | 0.00              | 200,000.00        | 0.00             |

# Transaction Ledger

As of January 31, 2023

## Temescal Valley Water District - Account #10474

October 31, 2022 through January 31, 2023

| Transaction Type          | Settlement Date | CUSIP     | Quantity          | Security Description                                 | Price   | Acq/Disp Yield | Amount            | Interest Pur/Sold | Total Amount      | Gain/Loss        |
|---------------------------|-----------------|-----------|-------------------|--|---------|----------------|-------------------|-------------------|-------------------|------------------|
| Maturity                  | 01/06/2023      | 24422EUA5 | 125,000.00        | John Deere Capital Corp Note<br>2.7% Due: 01/06/2023 | 100.000 |                | 125,000.00        | 0.00              | 125,000.00        | 0.00             |
| <b>Subtotal</b>           |                 |           | <b>325,000.00</b> |  |         |                | <b>325,000.00</b> | <b>0.00</b>       | <b>325,000.00</b> | <b>0.00</b>      |
| <b>TOTAL DISPOSITIONS</b> |                 |           | <b>625,000.00</b> |  |         |                | <b>620,629.00</b> | <b>1,283.89</b>   | <b>621,912.89</b> | <b>-4,406.88</b> |

# Important Disclosures

*As of January 31, 2023*

2023 Chandler Asset Management, Inc, An Independent Registered Investment Adviser.

Information contained herein is confidential. Prices are provided by ICE Data Services Inc ("IDS"), an independent pricing source. In the event IDS does not provide a price or if the price provided is not reflective of fair market value, Chandler will obtain pricing from an alternative approved third party pricing source in accordance with our written valuation policy and procedures. Our valuation procedures are also disclosed in Item 5 of our Form ADV Part 2A.

Performance results are presented gross-of-advisory fees and represent the client's Total Return. The deduction of advisory fees lowers performance results. These results include the reinvestment of dividends and other earnings. Past performance may not be indicative of future results. Therefore, clients should not assume that future performance of any specific investment or investment strategy will be profitable or equal to past performance levels. All investment strategies have the potential for profit or loss. Economic factors, market conditions or changes in investment strategies, contributions or withdrawals may materially alter the performance and results of your portfolio.

Index returns assume reinvestment of all distributions. Historical performance results for investment indexes generally do not reflect the deduction of transaction and/or custodial charges or the deduction of an investment management fee, the incurrence of which would have the effect of decreasing historical performance results. It is not possible to invest directly in an index.

Source ICE Data Indices, LLC ("ICE"), used with permission. ICE permits use of the ICE indices and related data on an "as is" basis; ICE, its affiliates and their respective third party suppliers disclaim any and all warranties and representations, express and/or implied, including any warranties of merchantability or fitness for a particular purpose or use, including the indices, index data and any data included in, related to, or derived therefrom. Neither ICE data, its affiliates or their respective third party providers guarantee the quality, adequacy, accuracy, timeliness or completeness of the indices or the index data or any component thereof, and the indices and index data and all components thereof are provided on an "as is" basis and licensee's use it at licensee's own risk. ICE data, its affiliates and their respective third party do not sponsor, endorse, or recommend chandler asset management, or any of its products or services.

This report is provided for informational purposes only and should not be construed as a specific investment or legal advice. The information contained herein was obtained from sources believed to be reliable as of the date of publication, but may become outdated or superseded at any time without notice. Any opinions or views expressed are based on current market conditions and are subject to change. This report may contain forecasts and forward-looking statements which are inherently limited and should not be relied upon as indicator of future results. Past performance is not indicative of future results. This report is not intended to constitute an offer, solicitation, recommendation or advice regarding any securities or investment strategy and should not be regarded by recipients as a substitute for the exercise of their own judgment.

Fixed income investments are subject to interest, credit and market risk. Interest rate risk: the value of fixed income investments will decline as interest rates rise. Credit risk: the possibility that the borrower may not be able to repay interest and principal. Low rated bonds generally have to pay higher interest rates to attract investors willing to take on greater risk. Market risk: the bond market in general could decline due to economic conditions, especially during periods of rising interest rates.

Ratings information have been provided by Moody's, S&P and Fitch through data feeds we believe to be reliable as of the date of this statement, however we cannot guarantee its accuracy.

Security level ratings for U.S. Agency issued mortgage-backed securities ("MBS") reflect the issuer rating because the securities themselves are not rated. The issuing U.S. Agency guarantees the full and timely payment of both principal and interest and carries a AA+/Aaa/AAA by S&P, Moody's and Fitch respectively.

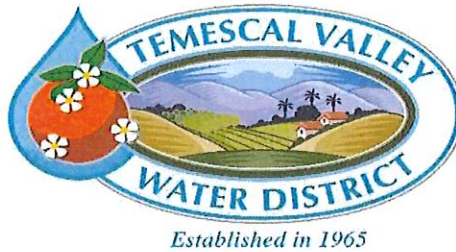
# Benchmark Disclosures

As of January 31, 2023

## ICE BofA 1-3 Yr US Treasury & Agency Index

*The ICE BofA 1-3 Year US Treasury & Agency Index tracks the performance of US dollar denominated US Treasury and nonsubordinated US agency debt issued in the US domestic market. Qualifying securities must have an investment grade rating (based on an average of Moody's, S&P and Fitch). Qualifying securities must have at least one year remaining term to final maturity and less than three years remaining term to final maturity, at least 18 months to maturity at time of issuance, a fixed coupon schedule, and a minimum amount outstanding of \$1 billion for sovereigns and \$250 million for agencies.*





**Investment Policy**  
**September 25, 2018**

**Purpose**

It is the policy of the Temescal Valley Water District to invest public funds in a manner which will provide the maximum security with the best investment return, while meeting the daily cash flow demands of the District and conforming to all state and local statutes governing the investment of public funds.

This Investment Policy is intended to provide guidelines for the prudent investments of the District to outline the policies for maximizing the efficiency of the District's cash management system. The ultimate goal is to enhance the economic status of the District while safeguarding its assets.

**Scope of Investment Policy**

This investment Policy applies to all financial assets of the District. It does not cover deferred compensation plan investments, long-term debt proceeds and reserves held by a Trustee and invested pursuant to contractual agreement, or retirement investments held by a trustee (such as Calpers and CFD reserves).

**Investment Objectives**

The District's investment objectives, in order of priority and consistent with Government Code Section 53600.5, of the District's investment activities shall be:

**Safety:** Safety of principal is the foremost objective of the Investment program. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate credit risk (the risk of loss due to failure of the financial institution, broker/dealer default, or erosion of market value) and interest rate risk (the risk that the market of securities in the portfolio will fall due to changes in general interest rates). To attain this objective, the District will diversify its investments by investing funds among a variety of securities offering independent returns and financial institutions.

**Liquidity:** The investment portfolio shall remain sufficiently liquid to enable the District to meet all operating and capital requirements that may be reasonably anticipated. Prior to investing District funds, the Finance Committee shall meet with Finance Director to understand the District's projected cash needs for day-to-day operations and ongoing capital improvement projects. Using this information, the Finance Committee determines the appropriate length of time for the investment consistent with the investment policy.

**Return on investments (Yield):** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgeting and economic cycles taking into account the investment risk constraints and liquidity needs, with LAIF considered as the minimum yield.

### **Prudence**

Investments shall be made with judgment and care, under circumstances then prevailing, which person of prudence, discretion, and intelligence exercise in the management of their own affair, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

Officers and employees acting in accordance with 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.

Officers and employees involved in the process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions.

Authority to manage the investment program is granted to the Treasurer, who shall be responsible for the investment of all funds. In his/her absence, the Finance Manager and/or General Manager, are authorized to act on his/her behalf. These responsibilities shall include the authority to open accounts with banks, brokers and dealers and to establish safekeeping accounts or other arrangements for the custody of securities and to execute such documents as may be necessary. Prior to any of the above activities being finalized, written concurrence by two of the above individuals shall be obtained.

Responsibility for the operation of the investment program is delegated to the General Manager who shall carry out established written procedures and internal controls for the operation of the investment program consistent with this Investment Policy. Transactions shall be complete, valid, authorized and properly recorded.

The District may engage the services of one or more external investment advisers, who are registered under the Investment Advisers Act of 1940, to assist in the management of the District's investment portfolio in a manner consistent with the District's objectives. External investment advisers may be granted discretion to purchase and sell investment securities in accordance with this investment policy.

### **Safekeeping of Securities**

To protect against potential losses due to failure of individual securities dealers, and to enhance access to securities, interest payments and maturity proceeds, all cash and securities owned by the District shall be held in safekeeping in the District's name by a third party custodian, acting as agent for the District under the terms of a custody agreement executed by the bank and the District. All trades, where applicable, shall be executed by delivery to the District including those purchased for the District by financial advisers, consultants, or managers by book entry, physical delivery, or by third-party custodial agreement. All security transactions shall be evidenced by safekeeping receipts.

The only exceptions to the foregoing shall be depository accounts and securities purchases made with: (i) local government investment pools; (ii) time certificates of deposit, and, (iii) money mutual funds, since the purchased securities are not deliverable.

**Authorized Investments**

Section 53601 of the Government Code of the State of California set forth the investment vehicles available to local agencies. Section 53601 provides that unless Section 53601 specifies a limitation on an investment’s maturity, no investments with maturities exceeding five years shall be made unless otherwise directed by the District’s Board of Directors.

| <b><u>Investment type</u></b>      | <b><u>Maximum Maturity</u></b> | <b><u>Maximum % of portfolio</u></b> | <b><u>Maximum in one issuer</u></b> |
|------------------------------------|--------------------------------|--------------------------------------|-------------------------------------|
| Local Agency Bonds                 | 5 yrs                          | None                                 | None                                |
| U.S. Treasury Obligations          | 5 yrs                          | 75%                                  | None                                |
| U.S. Agency Securities             | 5 yrs                          | 60%                                  | \$6,000,000                         |
| Banker’s Acceptance                | 180 days                       | 20%                                  | \$2,000,000                         |
| Commercial paper                   | 270 days                       | 20%                                  | 10%                                 |
| Negotiable Certificates of Deposit | 5 yrs                          | 30%                                  | \$7,500,000                         |
| Medium –Term Notes                 | 5 yrs                          | 30%                                  | \$1,000,000                         |
| Mutual Funds                       | None                           | 20%                                  | \$1,000,000                         |
| Money Market Mutual Funds          | None                           | 20%                                  | \$1,000,000                         |
| County Pooled Investment Fund      | None                           | None                                 | None                                |
| Local Agency Investment Fund       | None                           | 100%                                 | 100%                                |
| Community Facility District        | None                           | 40%                                  | None                                |
| Assessment District                | None                           | 40%                                  | None                                |
| Asset-Backed Securities (ABS)      | 5 yrs                          | 20%                                  | 10%                                 |
| Supranationals                     | 3 yrs                          | 5%                                   | 5%                                  |

Diversification of the portfolio will be made in such a manner as to avoid incurring unreasonable risks and with the objectives of this policy at all times. No investment shall be made in a security that is prohibited by this policy or by Government Code 53601.6. Liquidity shall be maintained in such a manner that no less than 20% of the portfolio shall have a term of one year or less.

At the time of each investment, either by renewal or initial purchase, an analysis shall be made of the entire portfolio to ensure that the limit for that type of investment shall not be exceeded.

**COLLATERALIZATION**

**Certificates of Deposit (CDs).** The District shall require any commercial bank of savings and loan association to deposit eligible securities with a District of depository approved by the State Banking Department to secure any uninsured portion of a Non-Negotiable Certificate of Deposit. The value of eligible securities as defined pursuant to California Government Code, Section 53651, pledged against a Certificate of Deposit shall be equal to 110% of the face value of the CD for all other classes of security.

### **Investments Held by Trustees**

Assets held by fiscal agents are held pursuant to formal agreements such as the requirements of a bond issue or an agreement between the District and another Government agency or other entity. The investment of assets held by fiscal agents shall occur pursuant to these formal requirements as permitted by Section 53601(m) of the California Government Code. However, the investment of such assets is subject to the laws established by the State of California pertaining to investments by local agencies as well as the Districts primary investment objectives.

### **Reporting**

Under provisions of the California Government Code Section 53646, there shall be a report at least quarterly made to the District's Board of Directors within 30 days following the end of the quarter covered by the report.

These reports shall show all securities:

- Name of financial institution from which the investment was purchased
- Type of investment
- Issuer or institution
- Date of maturity
- Amount of deposit
- Rate of interest
- Current market value
- Accrued interest due
- Current broker/dealer and par amount invested through their company as a percentage of the total portfolio
- Transactions for the period

### **Qualified Dealers**

The District shall transact investment business only with banks, savings and loans, and registered securities dealers. All financial institutions and broker/dealers who desire to become bidders for investment transactions must supply the District with the following:

- Audited financial statements
- Proof of National Association of Security Dealers' certification
- Trading resolution
- Proof of California registration
- Certification of having read the District's Investment Policy
- Resume of employees who will be engaged in transactions with the District

A periodic review of the financial condition and registrations of qualified bidders shall be conducted. An annual certification of having read the District's investment Policy shall be required by all brokers/dealers.

Selection of broker/dealers used by an external investment adviser retained by the District will be at the discretion of the adviser in consultation with the District. Where possible, transactions with broker/dealers shall be selected on a competitive basis and their bid or offering prices shall be recorded.

If there is no other readily available competitive offering, best efforts will be made to document quotations for comparable or alternative securities. When purchasing new issue securities, no competitive offerings will be required as all dealers in the selling group offer those securities at the same original issue price.

The treasurer shall review on a monthly basis the LAIF report regarding its investments and the market value thereof and obtain and review the State Treasurer's investment policy and annual audited financial report as it pertains to LAIF.

### **Investment Policy Adoption**

The District's Investment Policy shall be reviewed and adopted by resolution at least annually by the Board of Directors or in accordance with California Government Code Section 53646 requirements.

### **Glossary of Investment Terminology**

**AGENCIES:** Federal agency securities.

**AMORTIZED COST:** For investment purchased at a discount, amortized cost constitutes cost plus interest earned to date.

**ASKED:** The price at which securities are offered.

**Asset-Backed Securities (ABS):** Securities supported by pools of installment loans or leases or by pools of revolving lines of credit.

**BANKERS' ACCEPTANCE:** A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

**BASIS POINT:** A basis point equals one one-hundredth of 1% (.01%)

**BID:** The price offered for securities.

**BOOK ENTRY SECURITIES:** All U.S. Treasury and Federal Agencies are maintained on computerized records at the Federal Reserve; now known as "wireable" securities.

**BROKER:** a broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides.

**COST:** The purchase price of an investment.

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

**CERTIFICATE OF DEPOSIT:** A time deposit with specific maturity evidence by a certificate. Large-denomination CDs are typically negotiable.

**COMMERCIAL PAPER:** An unsecured promissory note with a fixed maturity no longer than 270 days. The largest issuers include General Motors Acceptance Corporation (GMAC), General Electric Capital (GECC) and other major corporations.

**DEALER:** A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for the dealer's own account.

**DELIVERY VERSUS PAYMENT:** there are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of receipts for the securities.

**DEBENTURE:** A bond secured only by the general credit of the issuer.

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

**DISCOUNT SECURITIES:** Securities that are issued at a discount and redeemed at maturity for full face value, e.g., U.S. Treasury bills. Interest is received at maturity.

**DIVERSIFICATION:** Dividing investment funds among a variety of securities and financial institutions offering.

**FEDERAL CREDIT AGENCIES:** Agencies of the Federal Government set up to supply credit to various classes of institutions and individuals, e.g., S & L's, small business firms, students, farmers, farm cooperatives, and exporters.

**FEDERAL FUNDS:** Non-interest bearing deposits held by member banks at the Federal Reserve.

**FEDERAL FUNDS RATE:** The rate of interest at which Federal funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

**FEDERAL DEPOSIT INSURANCE CORPORATION:** a federal agency that insures bank deposits; currently up to \$250,000 per deposit.

**FEDERAL RESERVE SYSTEM:** The central bank of the United States created by Congress and consisting of a seven-member Board of Governors in Washington, D.C., 12 Regional Banks and about 5,700 commercial banks that are members of the system.

**LIQUIDITY:** A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value.

**LOCAL AGENCY INVESTMENT FUND (LAIF):** The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment.

**MARKET VALUE:** The price at which a security is trading and could presumably be purchased or sold.

**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.

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

**PAR VALUE:** The amount that will be realized upon maturity of an investment.

**PORTFOLIO:** Collection of securities held by the investor.

**PRIMARY DEALER:** A group of Government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight.

**PRIME RATE:** The rate at which banks lend to their best or "prime" customers.

**RATE OF RETURN:** The yield obtainable on a security based on its purchase price or its current market price.

**SAFEKEEPING:** A service to customers rendered by banks for a fee whereby securities and values of all types and description are held for protection.

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

**SECURITIES & EXCHANGE COMMISSION:** Agency created by Congress to protect investor in securities transactions by administering securities legislation.

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

**SUPRANATIONALS:** A multi-national organization whereby member states transcend national boundaries or interests to share in the decision making to promote economic development in member countries.

**TRADE DATE:** The date on which a transaction is initiated or entered into by the buyer or seller.

**TREASURY BILL:** A discount security issued by the U.S. Treasury to finance the national debt that matures from three months to one year.

**TREASURY BONDS:** Long-term U.S. Treasury securities having initial maturities of from one to ten years.

**TREASURY NOTES:** Intermediate term U.S. Treasury securities having initial maturities of from one to ten years.

**WHEN-ISSUED TRADES:** Typically, there is a delay between the time a new bond is announced and sold, and the time when it is actually issued. During this interval, the security trades "wi", "when, as, and if issued".

**YIELD:** The rate of annual income return on an investment, expressed as a percentage: (a) income yield is obtained by dividing the current dollar income by the current market price for the security; (b) net yield to maturity is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the security.



**INVESTMENT MANAGEMENT AGREEMENT**  
(Institutional Client, Non-ERISA)

Temescal Valley Water District (Client) hereby retains Chandler Asset Management, Inc. (Chandler) as Investment Adviser on the terms and conditions set forth herein.

1. Term. The term of this Agreement shall commence upon the execution of this Agreement and shall continue until this Agreement is terminated effective upon receipt of notice of termination in writing delivered by the terminating party.
2. Fees. Client shall compensate Chandler monthly an amount calculated on the average market value of Client's portfolio, including accrued interest, in accordance with the following schedule:

| Assets Under Management          | Annual Investment Management Fee |
|----------------------------------|----------------------------------|
| First \$25 million               | 0.10 of 1% (10 basis points)     |
| Next \$25 million                | 0.08 of 1% (8 basis points)      |
| Assets in excess of \$50 million | 0.07 of 1% (7 basis points)      |

The minimum annual fee will be twelve thousand dollars (\$12,000).

The fees expressed above do not include any custody fees that may be charged by Client's bank or other third party custodian.

Fees shall be prorated to the effective date of termination on the basis of actual days elapsed, and any unearned portion of prepaid fees shall be refunded. Client is not required to pay any start-up or closing fees; there are no penalty fees.

Fees shall be deducted monthly in arrears from Client's custody account.

3. Client Representative. In its capacity as investment manager, Chandler shall receive all instructions, directions and other communications on Client's behalf respecting Client's account from Jeff Pape, General Manager or Mel McCullough, Finance Manager (Representative). Chandler is hereby authorized to rely and act upon all such instructions, directions and communications from such Representative or any agent of such Representative.
4. Investment Policy. In investing and reinvesting Client's assets, Chandler shall comply with Client's Investment Policy, which is attached hereto as Exhibit A.
5. Authority of Chandler. Chandler is hereby granted full discretion to invest and reinvest all assets under its management in any type of security it deems appropriate, subject to the instructions given or guidelines set by Temescal Valley Water District Representative; Investment Policy and Compliance with Applicable Law.

6. Notices. All reports and other communications required hereunder to be in writing shall be delivered in person, or sent by first-class mail postage prepaid, by overnight courier, by confirmed facsimile with original to follow or by confirmed electronic mail with proof of receipt to the addresses set forth below. Either party to this Agreement may, by written notice given at any time, designate a different address for the receipt of reports and other communications due hereunder.

Chandler Asset Management  
Attn: Operations Dept.  
6225 Lusk Boulevard  
San Diego, CA 92121

Client Representative  
Mel McCullough-Finance Manager  
22646 Temescal Canyon Rd.  
Temescal Valley, CA 92883

7. Electronic Delivery. From time to time, Chandler may be required to deliver certain documents to Client such as account information, notices and required disclosures. Client hereby consents to Chandler's use of electronic means, such as email, to make such delivery. This delivery may include notification of the availability of such document(s) on a website, and Client agrees that such notification will constitute "delivery". Client further agrees to provide Chandler with Client's email address(s) and to keep this information current at all times by promptly notifying Chandler of any change in email address(s).

Client email address(s): melm@temescalvwd.com


8. Proxy Voting. Chandler will vote proxies on behalf of Client unless otherwise instructed. Chandler has adopted and implemented written policies and procedures and will provide Client with a description of the proxy voting procedures upon request. Chandler will provide information regarding how Clients' proxies were voted upon request. To request proxy policies or other information, please contact us by mail at the address provided, by calling 800-317-4747 or by emailing your request to info@chandlerasset.com.
9. Custody of Securities and Funds. Chandler shall not have custody or possession of the funds or securities that Client has placed under its management. Client shall appoint a custodian to take and have possession of its assets. Client recognizes the importance of comparing statements received from the appointed custodian to statements received from Chandler. Client recognizes that the fees expressed above do not include fees Client will incur for custodial services.
10. Valuation. Chandler will value securities held in portfolios managed by Chandler no less than monthly. Securities or investments in the portfolio will be valued in a manner determined in good faith by Chandler to reflect fair market value.
11. Investment Advice. Client recognizes that the opinions, recommendations and actions of Chandler will be based on information deemed by it to be reliable, but not guaranteed to or by it. Provided that Chandler acts in good faith, Client agrees that Chandler will not in any way be liable for any error in judgment or for any act or omission, except as may otherwise be provided for under the Federal Securities laws or other applicable laws.

12. Payment of Commissions. Chandler may place buy and sell orders with or through such brokers or dealers as it may select. It is the policy and practice of Chandler to strive for the best price and execution and for commission and discounts which are competitive in relation to the value of the transaction and which comply with Section 28(e) of the Securities and Exchange Act. Nevertheless, it is understood that Chandler may pay a commission on transactions in excess of the amount another broker or dealer may charge, and that Chandler makes no warranty or representation regarding commissions paid on transactions hereunder.
13. Other Clients. It is further understood that Chandler may be acting in a similar capacity for other institutional and individual clients, and that investments and reinvestments for Client's portfolio may differ from those made or recommended with respect to other accounts and clients even though the investment objectives may be the same or similar. Accordingly, it is agreed that Chandler will have no obligation to purchase or sell for Client's account any securities which it may purchase or sell for other clients.
14. Confidential Relationship. The terms and conditions of this Agreement, and all information and advice furnished by either party to the other shall be treated as confidential and shall not be disclosed to third parties except (i) as required by law, rule, or regulation, (ii) as requested by a regulatory authority, (iii) for disclosures by either party of information that has become public by means other than wrongful conduct by such party or its officers, employees, or other personnel, (iv) for disclosures by either party to its legal counsel, accountants, or other professional advisers, (v) as necessary for Chandler to carry out its responsibilities hereunder, or (vi) as otherwise expressly agreed by the parties.
15. No Assignment & Amendments. Neither party may assign, directly or indirectly, all or part of its rights or obligations under this Agreement without the prior written consent of the other party, which consent shall not be unreasonably withheld or delayed. This Agreement may be amended at any time by mutual agreement in writing.
16. Governing Law. It is understood that this Agreement shall be governed by and construed under and in accordance with the laws of the State of California.
17. Severability. Any provision of this Agreement which is prohibited or unenforceable shall be ineffective only to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof.
18. Receipt of Brochure and Privacy Policy. Client hereby acknowledges receipt of the disclosure statement or "brochure" and "brochure supplement" also known as Part 2A and Part 2B of Form ADV, required to be delivered pursuant to Rule 204-3 of the Investment Advisers Act of 1940 (Brochure). Client further acknowledges receipt of Chandler's Privacy Policy, as required by Regulation S-P.
19. Arbitration. It is agreed that any controversy between Chandler and the Client arising out of Chandler business or this Agreement, shall be submitted to arbitration conducted under the provisions of the commercial arbitration rules of the American Arbitration Association. Arbitration must be commenced by service upon the other party of a written demand for arbitration or a written



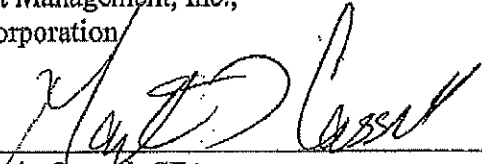
Chandler to do so on the Client's behalf. Judgment upon any award rendered by the arbitrators shall be final and may be entered in any court having jurisdiction thereof. This clause does not constitute a waiver of any right including the right to choose the forum, whether arbitration or adjudication, in which to seek resolution of disputes.

Client

By:  12/15/15  
Date

Name & Title: C.W. Colladay, President

Chandler Asset Management, Inc.,  
a California Corporation

By:  3/7/16  
Martin Cassell, CFA  
CEO Date

TVWD  
CASH REQUIREMENT

MONTHLY CASH

|                         |    |                         |        |
|-------------------------|----|-------------------------|--------|
| PAYROLL/PR TAX/CALPERS  | \$ | 134,000                 | PER MO |
| EXPENSES (AVG 7 MONTHS) | \$ | 800,000                 | PER MO |
| TOTAL EXP               | \$ | <u>934,000</u>          |        |
| THREE MONTHS            | \$ | <u>2,802,000</u>        |        |
| KEEP IN CHASE           | \$ | <u><u>3,000,000</u></u> |        |

CASH -3/1/23

|                           |    |                          |                        |
|---------------------------|----|--------------------------|------------------------|
| CHASE BANK                | \$ | 9,090,288                |                        |
| LAIF                      | \$ | 18,328,629               |                        |
| US BANK/CHANDLER(INV MKT) | \$ | <u>10,000,000</u>        | (MKT VAL \$10,572,411) |
|                           | \$ | <u><u>37,418,917</u></u> |                        |

NOTE:

INVESTMENT ACCOUNT - MIN FEE \$12,000 / LESS THAN \$25,000,000 10 PTS  
CHASE FEES-BALANCE \$3MM FEES INCREASE TO \$1,300 FROM \$800