

**REPRESENTING**

Sacramento County

**and the Cities of:**

Citrus Heights

Elk Grove

Folsom

Galt

Rancho Cordova

Sacramento



**SACRAMENTO METROPOLITAN**



**ROBERT A. DAVISON**  
EXECUTIVE DIRECTOR

901 H STREET, SUITE 206 • SACRAMENTO, CA 95814 • PHONE (916) 874-6661 • FAX (916) 447-1450

WWW.SACMETROCABLE.TV

---

**AGENDA**

**SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION**

**REGULAR BOARD MEETING**

**Sacramento County Board Chambers - 700 H Street, S. 1450  
Sacramento, California**

**THURSDAY, MARCH 4, 2010 – 2:30 p.m.**

**Board Members:** Robbie Waters (Chair), Andy Morin (Vice-Chair), Steve Detrick, Roger Dickinson, Roberta MacGlashan, Kevin McCarty, Don Nottoli, Susan Peters, Sandy Sheedy, James Shelby, Jimmie Yee  
**Ex Officio:** Robert McGarvey  
**Elected Alternates:** Bonnie Pannell, Steve Miller  
**Appointed Alternates:** Art Gee (Alternate for Yee), Cortez Quinn (Alternate for Dickinson), Howard Schmidt (Alternate for Peters), Ted Wolter (Alternate for MacGlashan)

*The Board may take up any agenda item at any time, regardless of the order listed. Members of the public coming for a specific agenda item are encouraged to arrive earlier than the schedule time. Public comment will be taken on the item at the time that it is taken up by the Board. We ask that members of the public complete a request to speak form, submit it to the Clerk of the Board, and keep their remarks brief. If several persons wish to address the board on a single item, the Chair may impose a time limit on individual remarks at the beginning of the discussion. Action may be taken on any item on this agenda.*

*Presentations supplemented with media (video, DVD, PowerPoint, laptop hookup, etc) must be coordinated in advance with the meeting Clerk. All media must be tested prior to the meeting date by Metro Cable (at 916-874-7685). Untested media will not be allowed on the date of the meeting. It is also highly advisable to bring a paper copy of presentations to the meeting as back up.*

*Meeting facilities are accessible to persons with disabilities. Requests for alternative agenda document formats, meeting assistive listening devices or other considerations should be made through the Commission office at (916) 874-6662.*

*Closed captioning of this meeting is available using your television's set up menu or some remotes include a one-touch button.*

**NOTE: SOME LENGTHY ATTACHMENTS / EXHIBITS MAY NOT BE INCLUDED IN THIS PACKAGE, COPIES AVAILABLE UPON REQUEST.**

---

**CALL TO ORDER**

- A. Roll Call
- B. Pledge of Allegiance

**ITEM NO. 1) CLOSED EXECUTIVE SESSION:**

- A. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (Pursuant to subdivision (a) of Government Code Section 54956.9) – CITY OF LOS ANGELES, SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION, and CITY OF

EL SEGUNDO vs. PACIFIC BELL TELEPHONE COMPANY, d/b/a SBC PACIFIC BELL TELEPHONE COMPANY, d/b/a AT&T CALIFORNIA, Los Angeles Superior Court, Central District, Case No. BC 414272.

- ITEM NO. 2) SACRAMENTO EDUCATIONAL CABLE CONSORTIUM'S REQUEST FOR MATCHING FUNDS FROM SMCTC, FOR ITS APPLICATION FOR FEDERAL FUNDING FROM NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION'S BROADBAND TECHNOLOGY OPPORTUNITIES PROGRAM, TO EXPAND SACRAMENTO'S BESTNet INFRASTRUCTURE TO ELEMENTARY SCHOOLS AND SELECT PUBLIC LIBRARIES**
  
- ITEM NO. 3) RECEIVE AND FILE THE LIST OF TITLE I SCHOOLS PARTICIPATING IN SACRAMENTO EDUCATIONAL CABLE CONSORTIUM'S (SECC's) MEDIA PRODUCTION PROGRAM**
  
- ITEM NO. 4) RECEIVE AND FILE THE AUDIT OF FRANCHISE FEES REMITTED TO THE SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION BY AT&T, INC. FOR CALENDAR YEARS 2007 & 2008**
  
- ITEM NO. 5) RECEIVE AND FILE SACRAMENTO COUNTY'S CALENDAR YEAR 2010 INVESTMENT POLICY OF THE POOLED INVESTMENT FUND**
  
- ITEM NO. 6) STAFF STATUS REPORTS:**
  - A) Miscellaneous Items
  
- ITEM NO. 7) FRANCHISEE/LICENSEE STATUS REPORTS**
  - A) AT&T
  - B) Comcast
  - C) SureWest
  
- ITEM NO. 8) CHANNEL LICENSEE/GRANTEE STATUS REPORTS**
  - A) ACCESS Sacramento
  - B) Capital Public Radio (CPR)
  - C) KVIE
  - D) RCCTV
  - E) Sacramento Educational Cable Consortium (SECC)

**ITEM NO. 9) PUBLIC COMMENTS ON MATTERS NOT ON THE AGENDA BUT WITHIN COMMISSION JURISDICTION**

**ADJOURNMENT**

*This meeting of the Sacramento Metropolitan Cable Television Commission will be cablecast on METRO CABLE 14, the government affairs channel, **LIVE Thursday, March 4, 2010 at 2:30 p.m. and REPEATED Saturday, March 6, 2010, at Noon on Channel 14.** In addition, a video copy of this meeting is available for check out from any Sacramento Library branch (each meeting is available for 60 days following the meeting).*

**REPRESENTING**

Sacramento County

**and the Cities of:**

Citrus Heights

Elk Grove

Folsom

Galt

Rancho Cordova

Sacramento



**SACRAMENTO METROPOLITAN**



**ROBERT A. DAVISON**  
EXECUTIVE DIRECTOR

901 H STREET, SUITE 206 • SACRAMENTO, CA 95814 • PHONE (916) 874-6661 • FAX (916) 447-1450

[WWW.SACMETROCABLE.TV](http://WWW.SACMETROCABLE.TV)

**AGENDA ITEM NO. 1**

**This item is a closed  
Executive Session.**

REPRESENTING  
Sacramento County  
and the Cities of:  
Citrus Heights  
Elk Grove  
Folsom  
Galt  
Rancho Cordova  
Sacramento



# SACRAMENTO METROPOLITAN Cable Television Commission

**ROBERT A. DAVISON**  
EXECUTIVE DIRECTOR

901 H STREET, SUITE 206 • SACRAMENTO, CA 95814 • PHONE (916) 874-6661 • FAX (916) 447-1450  
[WWW.SACMETROCABLE.TV](http://WWW.SACMETROCABLE.TV)

---

## AGENDA ITEM NO. 2

**DATE:** March 4, 2010

**TO:** Honorable Board of Directors

**FROM:** Robert A. Davison, Executive Director

**SUBJECT: SACRAMENTO EDUCATIONAL CABLE CONSORTIUM'S REQUEST FOR MATCHING FUNDS FROM SMCTC, FOR ITS APPLICATION FOR FEDERAL FUNDING FROM NATIONAL TELECOMMUNICATIONS AND INFORMATION ADMINISTRATION'S BROADBAND TECHNOLOGY OPPORTUNITIES PROGRAM, TO EXPAND SACRAMENTO'S BESTNet INFRASTRUCTURE TO ELEMENTARY SCHOOLS AND SELECT PUBLIC LIBRARIES**

---

### **RECOMMENDATION:**

It is recommended the Board consider the request from the Sacramento Educational Cable Consortium for \$3 million in PEG fee revenues over a three-year period, as required of applicants for federal funding from the National Telecommunications and Information Administration's Broadband Technology Opportunities Program, and adopt Resolution No. 2010-001, approving the request.

### **DISCUSSION:**

The Sacramento Educational Cable Consortium (SECC) proposes to apply for federal funding from the National Telecommunications and Information Administration's (NTIA) Broadband Technology Opportunities Program (BTOP) to expand Sacramento's Broadband Education Services Technology Network (BESTNet) infrastructure to approximately 215 elementary schools and up to 8 select public libraries that are co-located with elementary schools.

The BESTNet Phase III Project total cost is estimated at \$8 million. BTOP requires a thirty percent (30%) funding match minimum, and will give additional consideration to projects that propose to contribute a non-federal cost share/match that equals or exceed 30% of the total eligible costs of the project. SECC is requesting \$3 million in PEG fee revenues received by the Sacramento Metropolitan Cable Television Commission (SMCTC) over a three-year period. Carryover funds of \$900,000 from previous fiscal years' budgets can be used for the first year of BESTNet Phase III.

## SECC's REQUEST FOR MATCHING FUNDS

Page 2

### **HISTORY:**

BESTNet Phase I and II is a joint project of SMCTC, SECC, Comcast, Sacramento K-12, and public colleges and university. The project connected all Sacramento school district offices, community colleges, CSUS, and all Sacramento County high schools and middle schools with a robust broadband fiber infrastructure network. The target completion date of the BESTNet Phase II Project is June 2010.

To date, the SMCTC has funded \$3.9 million in Franchise and PEG fees to BESTNet Phase I and II. At its June 2009 budget hearing, the SMCTC committed the majority of the \$1.6 million in PEG fee revenue projected for FY 2009-10 to offset a portion of BESTNet's rollover capital facilities expenditures of \$1.7 million from the previous fiscal year's budget.

### **FUNDING REQUEST:**

SECC requests that the SMCTC continue its support by committing an additional \$2.1 million, plus the \$900,000 carryover funds from the original \$3.9 million commitment, for a total \$3 million local match for BESTNet Phase III. In addition, SECC requests that the SMCTC continue its strong political support of BESTNet and broadband opportunities for Sacramento.

Funding for BESTNet Phase III would complete BESTNet and connect the broadband infrastructure to all Sacramento County elementary schools and select public libraries co-located on elementary school campuses. Phase III will continue its operation and development under the same BESTNet build conditions and terms established in Phase II, with BTOP grant funds replacing the current School District matching funds.

SMCTC anticipates \$1.75 million in PEG Fee revenues for Fiscal Year 2010-11 and in future fiscal years. The PEG fees, as mandated by federal law, can be expended only for facilities and equipment related to the PEG channels and to related institutional networks. The availability of PEG fee revenues designated for capital expenditures that were previously funded by franchise fees will allow the SMCTC to increase the franchise fee revenue distribution to its member agencies. For example, in the FY 2009-10 budget, the BESTNet rollover to be funded by PEG fees, will increase franchise fee revenue distribution to the member agencies by \$1.6 million.

SECC will continue its role as BESTNet coordinator and manager. SECC, led by the Elk Grove Unified School District and the Sacramento County Office of Education, are writing the BTOP grant application. Comcast will continue its partnership with SECC to design and construct, at cost, BESTNet Phase III. The BTOP Grant application is **due on Monday, March 15, 2010**. The Board's adoption of Resolution No. 2010-001, will approve SECC's request for \$3 million in matching funds.

Liz Rhodes, SECC's Executive Director will be on hand to answer any questions related to the BTOP grant application.

Respectfully submitted,



ROBERT A. DAVISON, Executive Director

## **SECC's REQUEST FOR MATCHING FUNDS**

**Page 3**

### **Attachments:**

SMCTC's Resolution No. 2010-001

SECC's Proposal to Apply for Federal Funding from NTIA's BTOP

NTIA's Broadband Technology Opportunities Program (BTOP) January 2010 Fact Sheet

REPRESENTING  
Sacramento County  
and the Cities of:  
Citrus Heights  
Elk Grove  
Folsom  
Galt  
Rancho Cordova  
Sacramento



# SACRAMENTO METROPOLITAN



ROBERT A. DAVISON  
EXECUTIVE DIRECTOR

901 H STREET, SUITE 206 • SACRAMENTO, CA 95814 • PHONE (916) 874-6661 • FAX (916) 447-1450  
WWW.SACMETROCABLE.TV

AGENDA ITEM NO. 2

## RESOLUTION NO. 2010-001

### A RESOLUTION OF THE SACRAMENTO METROPOLITAN CABLE TELEVISION COMMISSION APPROVING SACRAMENTO EDUCATIONAL CABLE CONSORTIUM'S REQUEST FOR MATCHING FUNDS, AS MANDATED TO APPLY FOR FEDERAL FUNDING FROM NTIA'S BROADBAND TECHNOLOGY OPPORTUNITIES PROGRAM

**WHEREAS**, the Sacramento Educational Cable Consortium (SECC) proposes to apply for federal funding from the National Telecommunications and Information Administration's (NTIA) Broadband Technology Opportunities Program (BTOP) to expand Sacramento's Broadband Education Services Technology Network (BESTNet) infrastructure to Sacramento County elementary schools and select public libraries that are co-located with schools (BESTNet Phase III);

**WHEREAS**, the total project cost of BESTNet Phase III is estimated at \$8 million, and BTOP requires a 30 percent (30%) local funding match minimum;

**WHEREAS**, SECC is requesting \$3 million in matching funds from PEG fee revenues received by the Sacramento Metropolitan Cable Television Commission (SMCTC) over a three-year period (Fiscal Years 2010-11, 2011-12, & 2012-13), to use as local matching funds for BESTNet III to expand the BESTNet infrastructure to Sacramento County elementary schools and select public libraries;

**WHEREAS**, BESTNet is an established, proven sustainable operational network, created by local government, educational business partners and established a successful model for leveraging local funding and local business assets;

**WHEREAS**, SMCTC to date has funded \$3.9 million to BESTNet Phase I and II;

**NOW, THEREFORE, BE IT RESOLVED** that the Board of the Sacramento Metropolitan Cable Television Commission affirms its support of BESTNet Phase III and its support of SECC's application for a BTOP grant to expand and complete BESTNet through the construction of Phase III, as set forth herein. The Board hereby commits a total of \$3 million dollars of PEG fee revenues, as the local matching fund for SECC's application for federal funding from the NTIA Broadband Technology Opportunities Program.



**Resolution No. 2010-001**

**Page 2**

On a motion by Director \_\_\_\_\_, seconded by Director \_\_\_\_\_, the foregoing Resolution was passed and approved by the Board of the Sacramento Metropolitan Cable Television Commission this 4<sup>th</sup> day of March, 2010, by the following vote to wit:

AYES: Directors

NOES: Directors

ABSENT: Directors

ABSTAIN: Directors

By: \_\_\_\_\_  
Chairperson  
Sacramento Metropolitan  
Cable Television Commission

Attested By:

\_\_\_\_\_  
Secretary,  
Sacramento Metropolitan  
Cable Television Commission

## PROPOSAL

### **Sacramento Broadband Technology Opportunities Program (BTOP) Comprehensive Community Infrastructure (CCI)**

**The Sacramento Educational Cable Consortium (SECC)** proposes to apply for federal funding from the NTIA Broadband Technology Opportunities Program (BTOP) to expand Sacramento's Broadband Education Services Technology Network (BESTNet) infrastructure to elementary schools and selected public libraries that are co-located with schools. The total project cost is estimated at \$8 million. BTOP requires a 30 percent funding match minimum and indicates that the greater the match, the stronger the project's chance of receiving a grant. SECC is requesting \$3 million in PEG fees from the Sacramento Metropolitan Cable Television Commission (SMCTC) over a three-year period, using BESTNet Phase II carryover funds for the first \$900,000.

The BESTNet Phase III project concept has been reviewed and approved by Joe Camicia, California's BTOP representative from the Chief Information Officer's office. BESTNet Phase III is recognized as a strong project because it meets or exceeds all BTOP criteria. Key project strengths are:

1. BESTNet is an established, proven sustainable operational network.
2. BESTNet was created by strong local government, educational and business partners and established a successful model for leveraging local funding and local business assets.
3. With the \$3 million PEG fee match, BESTNet would be the only proposed project to exceed the 30 percent required match (with an approximately 37 percent match).

BESTNet is a joint project of SMCTC, SECC, Sacramento K-12, college and university public schools and Comcast. Phase I and II — connecting all Sacramento school district offices, community colleges, CSUS and all high schools and middle schools in Sacramento county with a robust broadband fiber infrastructure network — will be completed by June 2010. Phase III would complete BESTNet and connects, with broadband infrastructure, all elementary schools and selected public libraries co-located on school campuses. Phase III will continue its operation and development under the same BESTNet build conditions and terms established in Phase II — with BTOP grant funds replacing the current school district matching funds.

To be funded and to continue the current successful operation of BESTNet, the project relies entirely on the following committed partners:

#### **Sacramento Metropolitan Cable Television Commission (SMCTC)**

To date, the Commission has funded \$3.9 million in PEG and Franchise Fees; school districts matched the SMCTC funds. SECC requests that the Commission continue its support by committing an additional \$2.1 million plus the \$900,000 projected carryover from the original \$3.9 million, for a \$3 million local match. In addition, SECC requests that the SMCTC continue its strong political support of BESTNet and broadband opportunities for Sacramento.

#### **Sacramento Educational Cable Consortium (SECC)**

SECC will continue its role as BESTNet coordinator and manager. SECC members, lead by Elk Grove USD and the Sacramento County Office of Education (SCOE), are writing the BTOP grant application. Members will continue to work cooperatively in design and network operations and provide in-kind staffing for BESTNet and assisting districts that need technical support.

#### **Comcast Cable**

Comcast will continue its partnership with SMCTC and SECC to design and construct, at cost, BESTNet Phase III.

**The BTOP grant application is due on March 15, 2010.**



## **Broadband Technology Opportunities Program Key Revisions in Second Notice of Funds Availability**

---

January 15, 2010

The National Telecommunications and Information Administration (NTIA) is making a number of targeted changes to the Broadband Technology Opportunities Program (BTOP) in the second funding round. These changes are based on public feedback and on the agency's experience administering the first round of funding. The primary goals of these changes are to increase efficiency, sharpen the BTOP's funding focus, and improve the applicant experience. The following are key revisions in the NTIA's Notice of Funds Availability (NOFA) for the second round of BTOP, though applicants should review the NOFA in its entirety.

### **Separate BTOP and BIP Applications for Increased Efficiency**

In the first round, NTIA and the Rural Utilities Service (RUS) issued a joint NOFA for BTOP and RUS's Broadband Initiatives Program (BIP), giving applicants the option to file applications with both programs jointly. For the second round of funding, RUS and NTIA are issuing separate NOFAs to better promote each agency's distinct objectives. RUS and NTIA are, therefore, eliminating the option of filing joint BIP/BTOP applications, as the joint application process was burdensome for some applicants. Eliminating this option will also help NTIA review applications in a timely manner.

### **Focus on "Comprehensive Community" Infrastructure Projects for Maximum Investment Impact**

With respect to infrastructure projects, NTIA's top priority is to fund "comprehensive communities" projects, focusing on middle mile broadband projects and the connection of key community anchor institutions as a way of maximizing the benefits of BTOP funds. In adopting this approach, NTIA has restructured the Broadband Infrastructure category of the first NOFA into the Comprehensive Community Infrastructure category.

### **Unserved and Underserved Areas**

NTIA is removing the requirement that infrastructure projects connecting community anchor institutions, including community colleges, must be located in unserved or underserved areas, though projects in unserved and underserved areas will receive additional consideration.

### **Improved Online Application Process**

NTIA has made numerous adjustments to the online application system to streamline the intake of information and make the process more user-friendly. These include reducing the number of attachments to be uploaded with the application, eliminating the proposed funded service area mapping tool, and modifying the service area delineations from Census blocks to Census tracts and block groups.

### **Clarifying NOFA Provisions**

NTIA is clarifying a number of NOFA provisions. For example, NTIA is revising BTOP's eligibility factors and will use just three criteria – eligible entities, fully completed application, and matching – as the gating factors that determine whether an application is eligible for consideration. NTIA is also removing some factors from the eligibility requirements that are more effectively evaluated during the expert review and due diligence phases of application consideration. Additionally, NTIA is clarifying the process for requesting waivers from several key statutory and programmatic obligations.

### Application Review Process

---

Applications will be reviewed according to the following process:

- (1) *Eligibility Factors* – Applications will be reviewed for eligibility (applicant must be an eligible entity, application must be fully complete, applicant must provide at least 20 percent of the total eligible costs of the project in matching contributions or request a waiver);
- (2) *Scoring* – Applications will be compared to the evaluation criteria contained in the NOFA by at least two objective expert reviewers. The evaluation criteria include Projects Purpose, Project Benefits, Project Viability, and Project Budget and Sustainability; and
- (3) *Due Diligence* – BTOP staff will consider “highly qualified” applications to confirm eligibility and evaluate applications with respect to general BTOP requirements and priorities.

As in Round One, States and tribes will be provided an opportunity to make recommendations concerning the allocation of funds for qualifying projects in or affecting their individual states or tribal lands. Existing broadband service providers will also be given an opportunity to provide information regarding current broadband availability in applicants’ proposed service areas.

### Other Key Information

---

- **Matching:** Applicants are required to provide matching funds of at least 20% or request a waiver, but will give additional consideration to projects that propose to contribute a non-federal cost share/match that equals or exceeds 30 percent of the total eligible costs of the project.
- **“But for” Test:** Applicants must demonstrate that the project could not have been implemented during the grant period without federal assistance.
- **Nondiscrimination and Interconnection:** All CCI applicants must adhere to the nondiscrimination and interconnection obligations specified in the NOFA, including adhering to the FCC’s Internet Policy Statement and any subsequent applicable ruling or statement.
- **Timely Completion:** Applicants are encouraged to complete their projects within two years and must complete them within three years.
- **Searchable Database:** NTIA will post at [www.broadbandusa.gov](http://www.broadbandusa.gov) information regarding applications including the name of the applicant, summary of the project, federal grant request, cost match and application status.
- **Workshops:** NTIA will conduct 10 workshops regarding this NOFA and will make related information available to prospective applicants online. For more information or to register for workshops, please visit [www.broadbandusa.gov/workshop.htm](http://www.broadbandusa.gov/workshop.htm).
- **BroadbandMatch Tool:** Parties interested in exploring application partnership opportunities are invited to visit <http://match.broadbandusa.gov>.
- **Application Submission and Deadline:** Application packages for electronic submissions will be available at: [www.broadbandusa.gov](http://www.broadbandusa.gov). The electronic portal for submitting Round Two applications will open on February 16, 2010 and close on March 15, 2010.
- **Award Announcements:** Awards will be announced on a rolling basis beginning in June 2010 and all awards must be made September 30, 2010.

REPRESENTING  
Sacramento County  
and the Cities of:  
Citrus Heights  
Elk Grove  
Folsom  
Galt  
Rancho Cordova  
Sacramento



SACRAMENTO METROPOLITAN  
Cable Television  
Commission

ROBERT A. DAVISON  
EXECUTIVE DIRECTOR

901 H STREET, SUITE 206 • SACRAMENTO, CA 95814 • PHONE (916) 874-6661 • FAX (916) 447-1450  
WWW.SACMETROCABLE.TV

**AGENDA ITEM NO. 3**

**DATE:** March 4, 2010  
**TO:** Honorable Board of Directors  
**FROM:** Robert A. Davison, Executive Director  
**SUBJECT:** SACRAMENTO EDUCATIONAL CABLE CONSORTIUM'S (SECC's) MEDIA PRODUCTION PROGRAM PARTICIPANTS

**RECOMMENDATION:**

It is recommended the Board receive and file the attached list of Sacramento County Title One Schools participating in Sacramento Educational Cable Consortium's (SECC's) Media Production Program.

**DISCUSSION:**

At the last Sacramento Metropolitan Cable Television Commission meeting, SECC was asked to report on the number of Sacramento County Title I schools involved with its Media Production Program. Title I schools were established by the U.S. Department of Education to distribute funding to schools and school districts with a high percentage of students (40% or more) that come from families that qualify under the U.S. Census's definition as low-income.

Of the 195 Title I schools identified in Attachment A, SECC has worked with 78 schools (highlighted in yellow). Specific breakdowns are as follows:

- 35 Title I schools produced programs to enter the Student Educational Video Awards (SEVA) contest, which celebrates the talents and visions of student video producers.
- 29 Title I schools have been awarded video starter kits and trained with grant funds made available through Gannett and News 10.
- 58 Title I schools have received video training and support from SECC.

SECC's long term goal is to involve every school in the County of Sacramento. Executive Director Liz Rhodes will be on hand to answer any questions the Board may have.

Respectfully submitted,

*Robert A. Davison*

ROBERT A. DAVISON, Executive Director



## **SECC MEDIA PRODUCTION WITH SACRAMENTO TITLE I SCHOOLS**

Prepared for March 4<sup>th</sup> SMCTC Meeting

At the last Sacramento Metropolitan Cable Television Commission meeting, SECC was asked to report on the number of Sacramento Title I schools involved with Media Production. Attached is a list of all Title One Schools. . Schools highlighted in yellow have been active with SECC in terms of student and teacher video/media production.

Of the 195 Title One schools, SECC has worked with 78 schools (40%) through the Student Educational Video Awards (SEVA) program, the Digital Journalist program and on-site media production assistance and training. SECC's long-term goal is to involve every school in Sacramento. (Note, this report is specific to Title I schools, not all schools.)

The specific numbers are:

- 35 Title I schools have produced programs to enter the SEVA (Educational Video Competition) competition
- 29 Title I schools have been awarded video starter kits and have been trained (no cost to the school or district, all grant funded through Gannett and News 10)
- 58 Title I schools have received video training and support from SECC

# **ATTACHMENT A**

DISTRICT	SCHOOL	SEVA	Digital Journalist	SECC Production/Assistance
Arcohe	Arcohe Union Elementary		1	
Center Joint Unified	Cyril Spinelli Elementary			
Center Joint Unified	North Country Elementary	1	1	1
Elk Grove Unified	Anna Kirchgater Elementary			
Elk Grove Unified	Barbara Comstock Morse Elementary	1	1	
Elk Grove Unified	Charles E. Mack Elementary	1		1
Elk Grove Unified	David Reese Elementary	1		
Elk Grove Unified	Florin Elementary			
Elk Grove Unified	Herman Leimbach Elementary	1	1	
Elk Grove Unified	Isabelle Jackson Elementary			
Elk Grove Unified	John Reith Elementary			
Elk Grove Unified	Prairie Elementary	1		1
Elk Grove Unified	Samuel Kennedy Elementary			
Elk Grove Unified	Sierra-Enterprise Elementary			
Elk Grove Unified	Union House Elementary	1	1	1
Elverta Joint Elementary	Alpha Technology Middle			
Folsom-Cordova Unified	Cordova Meadows Elementary			
Folsom-Cordova Unified	Cordova Villa Elementary		1	
Folsom-Cordova Unified	Mills Middle		1	1
Folsom-Cordova Unified	Rancho Cordova Elementary			
Folsom-Cordova Unified	Riverview Elementary			
Folsom-Cordova Unified	White Rock Elementary			
Folsom-Cordova Unified	Williamson Elementary			
Galt Joint Union Elementary	Fairsite Elementary			
Galt Joint Union Elementary	Valley Oaks Elementary	1		
Galt Joint Union High	Estrellita Continuation High			
Galt Joint Union High	Galt High	1	1	1
Natomas Unified	American Lakes Elementary			1
Natomas Unified	Bannon Creek Elementary	1		1
Natomas Unified	Discovery High			
Natomas Unified	Jefferson Elementary			1
Natomas Unified	Leroy F. Greene Middle		1	1
Natomas Unified	Natomas Middle			1
Robla Elementary	Bell Avenue Elementary			
Robla Elementary	Glenwood Elementary			
Robla Elementary	Main Avenue Elementary	1	1	1
Robla Elementary	Robla Elementary			1
Robla Elementary	Taylor Street Elementary			
Sacramento City Unified	A. M. Winn Elementary	1	1	1
Sacramento City Unified	Abraham Lincoln Elementary			



Sacramento City Unified	Albert Einstein Middle	1
Sacramento City Unified	Alice Birney Elementary	
Sacramento City Unified	American Legion High (Continuation)	
Sacramento City Unified	America's Choice	
Sacramento City Unified	Anderson (Marian) - Therapeutic Center	
Sacramento City Unified	Arthur A. Benjamin Health Professions Hi	
Sacramento City Unified	Bowling Green Elementary	
Sacramento City Unified	Bret Harte Elementary	
Sacramento City Unified	C. K. McClatchy High	
Sacramento City Unified	California Middle	
Sacramento City Unified	Camellia Elementary	
Sacramento City Unified	Capital City Independent Study	
Sacramento City Unified	Capitol Heights Academy	
Sacramento City Unified	Caroline Wenzel Elementary	
Sacramento City Unified	Cesar Chavez Intermediate	
Sacramento City Unified	Clayton B. Wire Elementary	
Sacramento City Unified	Collis P. Huntington Elementary	
Sacramento City Unified	David Lubin Elementary	
Sacramento City Unified	Earl Warren Elementary	
Sacramento City Unified	Edward Kemble Elementary	
Sacramento City Unified	Elder Creek Elementary	
Sacramento City Unified	Ethel I. Baker Elementary	
Sacramento City Unified	Ethel Phillips Elementary	
Sacramento City Unified	Father Keith B. Kenny Elementary Charter	1
Sacramento City Unified	Fern Bacon Middle	
Sacramento City Unified	Freeport Elementary	
Sacramento City Unified	Fruit Ridge Elementary	
Sacramento City Unified	Genesis High	
Sacramento City Unified	Golden Empire Elementary	
Sacramento City Unified	H. W. Harkness Elementary	
Sacramento City Unified	Hiram W. Johnson High	1
Sacramento City Unified	Hollywood Park Elementary	
Sacramento City Unified	Isador Cohen Elementary	
Sacramento City Unified	James Marshall Elementary	
Sacramento City Unified	Jedediah Smith Elementary	
Sacramento City Unified	John Bidwell Elementary	
Sacramento City Unified	John Cabrillo Elementary	1
Sacramento City Unified	John D. Sloat Elementary	
Sacramento City Unified	John F. Kennedy High	1
Sacramento City Unified	John H. Still	
Sacramento City Unified	Joseph Bonnheim Elementary	

Sacramento City Unified	Kit Carson Middle	
Sacramento City Unified	Lisbon Elementary	
Sacramento City Unified	Luther Burbank High	1
Sacramento City Unified	Maple Elementary	
Sacramento City Unified	Mark Hopkins Elementary	
Sacramento City Unified	Mark Twain Elementary	
Sacramento City Unified	Martin Luther King, Jr.	
Sacramento City Unified	New Technology High	
Sacramento City Unified	Nicholas Elementary	
Sacramento City Unified	O. W. Erlwine Elementary	
Sacramento City Unified	Oak Ridge Elementary	1
Sacramento City Unified	Pacific Elementary	
Sacramento City Unified	Parkway Elementary	1
Sacramento City Unified	Peter Burnett Elementary	
Sacramento City Unified	Pony Express Elementary	1
Sacramento City Unified	Rosa Parks Middle	
Sacramento City Unified	Rosemont High	
Sacramento City Unified	Sacramento Charter High	1
Sacramento City Unified	Sam Brannan Middle	1
Sacramento City Unified	School of Engineering & Sciences	
Sacramento City Unified	Sequoia Elementary	
Sacramento City Unified	Sol Aureus College Preparatory	
Sacramento City Unified	St. HOPE Public School 7 (PS7)	
Sacramento City Unified	Susan B. Anthony Elementary	
Sacramento City Unified	Tahoe Elementary	
Sacramento City Unified	The Language Academy of Sacramento	
Sacramento City Unified	The MET	
Sacramento City Unified	Theodore Judah Elementary	
Sacramento City Unified	Thomas Jefferson Elementary	
Sacramento City Unified	Washington Elementary	
Sacramento City Unified	West Campus	1
Sacramento City Unified	Will C. Wood Middle	
Sacramento City Unified	William Land Elementary	
Sacramento City Unified	Woodbine Elementary	
Sacramento County Office of E	Carson Creek Jr./Sr. High	
Sacramento County Office of E	El Centro Jr./Sr. High	
Sacramento County Office of E	Elinor Lincoln Hickey Jr./Sr. High	1
Sacramento County Office of E	Esperanza Jr./Sr. High	
Sacramento County Office of E	Gerber Jr./Sr. High	
Sacramento County Office of E	North Area Community	
San Juan Unified	Cameron Ranch Elementary	

San Juan Unified	Carmichael Elementary		
San Juan Unified	Cottage Elementary		
San Juan Unified	Dyer-Kelly Elementary	1	
San Juan Unified	Encina Preparatory High		
San Juan Unified	Greer Elementary	1	
San Juan Unified	Howe Avenue Elementary	1	
San Juan Unified	Jonas Salk High-Tech Academy	1	
San Juan Unified	Kingswood Elementary		
San Juan Unified	La Entrada Continuation High		
San Juan Unified	Sierra Nueva High (Continuation)	1	
San Juan Unified	Skycrest Elementary		
San Juan Unified	Thomas Edison Elementary		
San Juan Unified	Whitney Avenue Elementary		
San Juan Unified	Will Rogers Middle	1	
Twin Rivers Unified	Aero Haven Elementary		1
Twin Rivers Unified	California Aerospace Academy		
Twin Rivers Unified	Community Outreach Academy		
Twin Rivers Unified	Creative Connections Arts Academy	1	
Twin Rivers Unified	D. W. Babcock Elementary		
Twin Rivers Unified	Del Paso Heights Elementary	1	
Twin Rivers Unified	Dry Creek Elementary	1	
Twin Rivers Unified	Fairbanks Elementary	1	
Twin Rivers Unified	Foothill Farms Junior High	1	
Twin Rivers Unified	Foothill High	1	
Twin Rivers Unified	Foothill Oaks Elementary	1	
Twin Rivers Unified	Fred K. Robinson Community Day		
Twin Rivers Unified	Frederick Joyce Elementary	1	
Twin Rivers Unified	Frontier Elementary	1	
Twin Rivers Unified	Futures High		
Twin Rivers Unified	Garden Valley Elementary	1	
Twin Rivers Unified	Grant Union High	1	
Twin Rivers Unified	Hagginwood Elementary	1	
Twin Rivers Unified	Harmon Johnson Elementary		
Twin Rivers Unified	Hazel Strauch Elementary		
Twin Rivers Unified	Higher Learning Academy		
Twin Rivers Unified	Highlands Academy of Arts and Design		
Twin Rivers Unified	Hillsdale Elementary	1	
Twin Rivers Unified	Kohler Elementary	1	
Twin Rivers Unified	Larchmont Elementary	1	
Twin Rivers Unified	Madison Elementary	1	
Twin Rivers Unified	Martin Luther King Jr. Technology Academ	1	

Twin Rivers Unified	Michael J. Castori Elementary			
Twin Rivers Unified	Morey Avenue Early Childhood Development	1		
Twin Rivers Unified	Noralto Elementary			
Twin Rivers Unified	North Avenue Elementary		1	
Twin Rivers Unified	Northwood Elementary	1		
Twin Rivers Unified	Norwood Junior High			
Twin Rivers Unified	Nova Community Day			
Twin Rivers Unified	Oakdale Elementary	1		
Twin Rivers Unified	Orchard Elementary	1		
Twin Rivers Unified	Pacific Career and Technology High			
Twin Rivers Unified	Pathways Community Day			
Twin Rivers Unified	Pioneer Elementary	1		
Twin Rivers Unified	Regency Park Elementary	1		
Twin Rivers Unified	Ridgepoint Elementary	1		
Twin Rivers Unified	Rio Linda Elementary	1		
Twin Rivers Unified	Rio Linda High	1	1	
Twin Rivers Unified	Rio Linda Junior High			
Twin Rivers Unified	Rio Tierra Junior High			
Twin Rivers Unified	Sierra View Elementary	1		
Twin Rivers Unified	Smythe Academy of Arts and Sciences	1	1	
Twin Rivers Unified	Village Elementary	1		
Twin Rivers Unified	Vista Nueva Career and Technology High	1		
Twin Rivers Unified	Warren A. Allison Elementary			
Twin Rivers Unified	Westside Elementary	1		
Twin Rivers Unified	Westside Preparatory Charter	1		
Twin Rivers Unified	Woodlake Elementary			
Twin Rivers Unified	Woodridge Elementary	1		

**TOTAL**

**35 SEVA      29 Digital Journalist      58 SECC Production/Assistance**

REPRESENTING  
Sacramento County  
and the Cities of:  
Citrus Heights  
Elk Grove  
Folsom  
Galt  
Rancho Cordova  
Sacramento



# SACRAMENTO METROPOLITAN



ROBERT A. DAVISON  
EXECUTIVE DIRECTOR

901 H STREET, SUITE 206 • SACRAMENTO, CA 95814 • PHONE (916) 874-6661 • FAX (916) 447-1450

WWW.SACMETROCABLE.TV

---

## AGENDA ITEM NO. 4

**DATE:** March 4, 2010

**TO:** Honorable Board of Directors

**FROM:** Robert A. Davison, Executive Director

**SUBJECT:** **AUDIT OF FRANCHISE FEES REMITTED TO SMCTC BY AT&T, INC. FOR CALENDAR YEARS 2007 & 2008**

---

### **RECOMMENDATION:**

It is recommended the Board receive and file the audit of the franchise fees remitted to the Sacramento Metropolitan Cable Television Commission (SMCTC) by AT&T, Inc. for Calendar Years 2007 & 2008.

### **DISCUSSION:**

The attached review of franchise fees remitted to the SMCTC by AT&T, Inc. for the period January 1, 2007 through December 31, 2008 was performed by Alan A. Matre, Sacramento County's Chief of Audits. The agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report.

The SMCTC is the first entity in the nation to audit AT&T on U-Verse. The audit was performed under the authority of the Digital Infrastructure and Video Competition Act (DIVCA) of 2006.

AT&T is in agreement with the findings outlined in Attachment I of the audit and provided the following comments, as detailed in their response letter (attached):

*Finding related to Shopping Commissions:* AT&T has set up a process to remit franchise fees on revenue relating to shopping commissions and continues to be current on their filings and remittances. AT&T concur that once revenues are received from the Home Shopping Network, the SMCTC will receive the appropriate franchise fees.

*Finding related to Franchise Fee Calculations:* AT&T does its best to implement all fees and taxes as appropriate to remit to SMCTC in a timely manner.

**AUDIT OF FRANCHISE FEES REMITTED TO SMCTC BY AT&T, INC.**

**Page 2**

A summary of AT&T's total gross revenue and the franchise fees paid to the SMCTC in Calendar Years 2007 & 2008 appears on Schedule I of the attached audit.

Staff recommends audits of franchise and PEG fees remitted by AT&T, Inc. to SMCTC in future calendar years are conducted on a bi-annual basis, with a concentrated focus on the timely reporting and remittance of proper amounts, to include shopping and advertising revenues.

Respectfully submitted,

A handwritten signature in black ink that reads "Robert A. Davison". The signature is written in a cursive style and is positioned above a horizontal line.

Robert A. Davison, Executive Director

Attachments:

Audit of AT&T's Franchise Fees Remitted to SMCTC for CYs 2007 & 2008  
AT&T, Inc.'s February 23, 2010 Response Letter on Audit Findings

**Audit of AT&T's Franchise Fees**  
**Remitted to SMCTC for CYs 2007 & 2008**



**Internal Services Agency**  
**Department of Finance**  
**Auditor-Controller Division**  
Julie Valverde,  
Assistant Auditor-Controller

**County of Sacramento**

Steven C. Szalay, Interim County Executive  
Mark Norris, Agency Administrator  
Dave Irish, CPA, Department Director

February 1, 2010

**RECEIVED**

FEB 11 2010

SACRAMENTO METROPOLITAN  
CABLE TELEVISION COMMISSION

Board of Commissioners  
c/o Robert A. Davison  
Sacramento Metropolitan Cable Television Commission  
901 H Street, Suite 206  
Sacramento, California 95814

Dear Commission Members:

Enclosed is your report of the review of the franchise fees remitted to the Sacramento Metropolitan Cable Television Commission by AT&T, Inc. for the period January 1, 2007 through December 31, 2008.

This audit was the first in a series of planned, periodic compliance reviews performed on behalf of the Sacramento Metro Cable Television Commission.

We wish to once again thank you and your staff for the cooperation and assistance that has been provided during our review.

Sincerely,

DAVE IRISH  
DIRECTOR OF FINANCE

By: Alan A. Matré  
Chief of Audits

Attachments



Internal Services Agency

Department of Finance

Auditor-Controller Division

Julie Valverde,  
Assistant Auditor-Controller



## County of Sacramento

Terry Schutten, County Executive  
Mark Norris, Agency Administrator  
Dave Irish, CPA, Department Director

December 10, 2009

Board of Commissioners  
Sacramento Metropolitan Cable Television Commission  
901 H Street, Suite 206  
Sacramento, California 95814

Dear Commission Members:

We have performed the procedures enumerated below for the review of the franchise fees remitted to the Sacramento Metropolitan Cable Television Commission (the Commission) by AT&T, Inc. (AT&T) for the period January 1, 2007 through December 31, 2008. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings were as follows:

1. Reviewed and tested the gross revenue as reported by AT&T and recomputed the franchise fees due.

Finding: AT&T was properly reporting the correct gross revenue amounts to the Commission. See also *Findings and Recommendations* on Attachment I.

2. Reviewed and recalculated the Pasadena Pass-Through amount to determine if AT&T customers were being charged the proper rate.

Finding: AT&T was not charging any Pasadena Pass-Through amounts to their customers at this time.

A summary of total gross revenue and the franchise fees paid the Commission from AT&T appears on Schedule I.

This review was performed under the authority of the Digital Infrastructure and Video Competition Act (DIVCA) of 2006.

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the financial statements of AT&T. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Commission and AT&T and is not intended to be and should not be used by anyone other than those specified parties.

Sincerely,

DAVE IRISH  
DIRECTOR OF FINANCE

A handwritten signature in black ink, appearing to read 'A. Matré', written over a horizontal line.

By: Alan A. Matré, C.P.A.  
Chief of Audits

Attachments

Sacramento Metropolitan Cable Television Commission  
Review of AT&T, Inc. for the Reporting of Gross Revenue  
In the Computation of License Fees Remitted  
Findings and Recommendations  
For the Period January 1, 2007, through December 31, 2008

**Shopping Commissions**

While reviewing the documentation for the amounts remitted to the Sacramento Metropolitan Cable Television Commission (Commission) by AT&T for their U-verse product, it was noted that there were no shopping commissions included. Upon further discussion with AT&T staff, it was noted that AT&T realized their error in the first quarter of 2009 and remitted all franchise fees for the years 2007 and 2008 with the first quarter remittance in 2009. We examined the information that was provided by AT&T to demonstrate this payment in the first quarter of 2009 and it appears that the documentation provided and the amounts remitted were proper.

Furthermore, it was noted that there was no documentation included for the Home Shopping Channel commissions in the information received from AT&T. AT&T stated that since the u-verse product has started, that they have not received any shopping commissions for the Home Shopping Channel.

**Recommendation**

We recommend that AT&T remit the proper amount due to the Commission on a quarterly basis, which includes shopping channel commissions. We further recommend that AT&T contact the Home Shopping Channel and resolve the issue of not remitting the shopping commissions to AT&T and then AT&T should remit the proper amount of the franchise fees to the Commission at that time.

**Franchise Fee Calculations**

We selected a total of 80 customer accounts to determine if the franchise fees were being properly calculated on the correct. Of the 80 accounts sampled, one account had no franchise fees calculated and another account the amount of the franchise fees could not be properly calculated. It was decided to select another 80 accounts to review and in this sample, there were no errors noted. Furthermore, AT&T was finally able to explain why the franchise fees calculated on the one account was different.

**Recommendation**

We recommend that AT&T ensure that every customer account is charged the proper franchise fee amounts. Since it appears that the one customer account with no franchise fees charged was an isolated account, no further recommendations are made at this time.

Sacramento Metropolitan Cable Television Commission  
 AT&T, Inc.  
 Schedule of Gross Revenue Audited and Franchise Fees Due  
 For the Years Ended December 31, 2007 & 2008

	Gross Revenue Reported by AT&T	Gross Revenue Audited	Franchise Rate	Recomputed Franchise Fee Due	Franchise Fee Paid <sup>1</sup>	Additional Fees Now Due/ (Overpaid)
October 2007	<sup>2</sup> \$ 44,122	44,122	5.00%	2,206		
November 2007	62,781	62,781	5.00%	3,139		
December 2007	139,619	139,619	5.00%	6,981	12,326	0
January 2008	179,738	179,738	5.00%	8,987		
February 2008	216,437	216,437	5.00%	10,822		
March 2008	248,415	248,415	5.00%	12,421	32,230	0
April 2008	209,300	209,300	5.00%	10,465		
May 2008	381,044	381,044	5.00%	19,052		
June 2008	312,066	312,066	5.00%	15,603	45,120	0
July 2008	425,946	425,946	5.00%	21,297		
August 2008	434,123	434,123	5.00%	21,706		
September 2008	446,937	446,937	5.00%	22,347	65,350	0
October 2008	672,202	672,202	5.00%	33,610		
November 2008	614,170	614,170	5.00%	30,708		
December 2008	902,193	902,193	5.00%	45,110	109,428	0
	<u>\$ 5,289,093</u>	<u>5,289,093</u>		<u>264,454</u>	<u>264,454</u>	<u>0</u>

<sup>1</sup> Franchise fees are paid quarterly.

<sup>2</sup> AT&T U-verse operations began in Sacramento County during October of 2007, we could not find any information to show that operations started and customers were invoiced any earlier than this date.

**AT&T, Inc.'s  
February 23, 2010 Response Letter on  
Audit Findings**

Elizabeth Creager  
Director - Transaction Tax

1010 N. St. Mary's Street  
Room 9-019  
San Antonio, Texas 78215

210.474.7700 Phone  
210.886.3419 Fax  
[ec4671@att.com](mailto:ec4671@att.com)



February 23, 2010

Robert Davison  
Sacramento Metropolitan Cable Television Commission  
901 H Street, Suite 206  
Sacramento, CA 95814

Dear Mr. Davison:

We are in receipt of your letter related to your review of AT&T California's remittances of franchise fees to the Sacramento Metropolitan Cable Television Commission . Below is a summary of the two findings with our comments.

The first finding related to shopping commissions. As you know, AT&T has set up a process to remit franchise fees on revenue relating to shopping commissions and continues to be current on their filings and remittances. We also concur that once we begin receiving revenue from the Home Shopping Network, the Commission will receive the appropriate franchise fees.

The second finding related to assurance that AT&T properly bill and remit the franchise fee on the appropriate revenue for all customers. AT&T does it's best to implement all fees and taxes as appropriate and remit them timely.

We agree with the findings and appreciate the manner in which Alan Matre conducted this review. He was extremely courteous, professional and knowledgeable throughout this process.

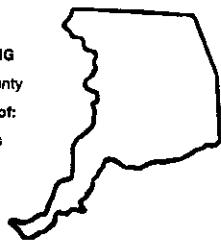
If you have any questions or concerns, feel free to contact me at 210-474-7700 or Christopher Knapp at 210-474-7747.

Sincerely,

A handwritten signature in cursive script that reads "Elizabeth Creager".

Elizabeth Creager  
Tax Director

REPRESENTING  
Sacramento County  
and the Cities of:  
Citrus Heights  
Elk Grove  
Folsom  
Galt  
Rancho Cordova  
Sacramento



SACRAMENTO METROPOLITAN  
Cable Television  
Commission

ROBERT A. DAVISON  
EXECUTIVE DIRECTOR

901 H STREET, SUITE 206 • SACRAMENTO, CA 95814 • PHONE (916) 874-6661 • FAX (916) 447-1450  
WWW.SACMETROCABLE.TV

**AGENDA ITEM NO. 5**

**DATE:** March 4, 2010  
**TO:** Honorable Board of Directors  
**FROM:** Robert A. Davison, Executive Director  
**SUBJECT:** SACRAMENTO COUNTY'S CALENDAR YEAR 2010 INVESTMENT POLICY FOR THE POOLED INVESTMENT FUND

**RECOMMENDATION:**

It is recommended the Board receive and file the attached Calendar Year 2010 Investment Policy for the Pooled Investment Fund for the County of Sacramento.

**DISCUSSION:**

On December 8, 2009, the Sacramento County Board of Supervisors approved the County's Annual Investment Policy for the Pooled Investment Fund for Calendar Year 2010.

As a Pooled Investment Fund participant, it is recommended the SMCTC Board receive and file the policy at its next regular meeting. Your action to receive and file the policy constitutes consideration at a public meeting, as recommended by Government Code Section 53646(a)(2). The investment policy is also available on the Department of Finance – Investment Division webpage at [www.finance.saccounty.net/investments](http://www.finance.saccounty.net/investments).

Respectfully submitted,

Robert A. Davison, Executive Director

**Attachment:**

County of Sacramento's Calendar Year 2010 Investment Policy for the Pooled Investment Fund

Internal Services Agency

Department of Finance

Dave Irish, CPA, Director



County of Sacramento

Terry Schutten, County Executive  
Mark Norris, Agency Administrator

RECEIVED

FEB - 1 2010

SACRAMENTO METROPOLITAN  
CABLE TELEVISION COMMISSION

December 31, 2009

To: Pooled Investment Fund Participant Agency Board Chairs

Subject: **CALENDAR YEAR 2010 INVESTMENT POLICY FOR THE POOLED INVESTMENT FUND**

Since 1987, the Director of Finance has submitted a statement of investment policy to the Sacramento County Board of Supervisors for consideration and adoption. The Board of Supervisors approved the enclosed calendar year 2010 investment policy on December 8, 2009.

There are no major changes to the investment policy. All changes were grammatical corrections and did not affect the intent of the policy.

I recommend that the legislative body of your agency receive and file the enclosed Sacramento County Annual Investment Policy of the Pooled Investment Fund — Calendar Year 2010 at its next regular meeting. Your action to receive and file the policy constitutes consideration at a public meeting as recommended by Government Code section 53646(a)(2). The investment policy is also available on the Department of Finance – Investment Division webpage at [www.finance.saccounty.net/investments](http://www.finance.saccounty.net/investments).

The following investment-related reports are also available on the Investment Division webpage:

- Pooled Investment Fund Monthly Review;
- Quarterly Pooled Investment Fund Report; and
- Non-Pooled Investment Funds Portfolio Reports.

If you have any questions about the investment policy or management of the Pooled Investment Fund portfolio, please call me at (916) 874-5791 or Acting Chief Investment Officer Bernard Santo Domingo at (916) 874-7320.

Sincerely,

A handwritten signature in cursive script, appearing to read "Dave Irish".

**Dave Irish**  
Director of Finance

Enclosure

cc: Treasury Oversight Committee  
Bernard Santo Domingo





**SACRAMENTO COUNTY**

**Annual Investment Policy  
of the Pooled Investment Fund**

**CALENDAR YEAR 2010**

*Approved by the  
Sacramento County Board of Supervisors*

**December 8, 2009  
Resolution No. 2009-0945**

**RECEIVED**

**FEB - 1 2010**

**SACRAMENTO METROPOLITAN  
CABLE TELEVISION COMMISSION**

# Table of Contents

I.	Authority .....	1
II.	Policy Statement.....	1
III.	Standard of Care.....	1
IV.	Investment Objectives.....	1
	A. Safety of Principal.....	1
	B. Liquidity.....	1
	C. Public Trust .....	2
	D. Maximum Rate of Return.....	2
V.	Pooled Investment Fund Investors.....	2
VI.	Implementation .....	2
VII.	Internal Controls .....	2
VIII.	Sacramento County Treasury Oversight Committee .....	3
IX.	Investment Parameters .....	4
	A. Investable Funds .....	4
	B. Authorized Investments .....	5
	C. Prohibited Investments.....	5
	D. Credit Requirements .....	5
	E. Maximum Maturities.....	6
	F. Maximum Concentrations.....	7
	G. Repurchase Agreements.....	8
	H. Community Reinvestment Act Program .....	8
	I. Criteria and Qualifications of Brokers/Dealers and Direct Issuers.....	8
	J. Investment Guidelines, Management Style and Strategy .....	9
	K. Approved Lists.....	9
	L. Calculation of Yield and Costs.....	9
X.	Reviewing, Monitoring and Reporting of the Portfolio.....	10
XI.	Withdrawal Requests for Pooled Fund Investors.....	10
XII.	Limits on Honoraria, Gifts and Gratuities .....	10
XIII.	Terms and Conditions for Outside Investors.....	11
	Appendix A – Comparison and Interpretation of Credit Ratings.....	12

SACRAMENTO COUNTY

**Annual Investment Policy  
of the Pooled Investment Fund**

CALENDAR YEAR 2010

**I. Authority**

Under the Sacramento County Charter, the Board of Supervisors established the position of Director of Finance and by ordinance will annually review and renew the Director of Finance's authority to invest and reinvest all the funds in the County Treasury.

**II. Policy Statement**

This Investment Policy (Policy) establishes cash management and investment guidelines for the Director of Finance, who is responsible for the stewardship of the Sacramento County Pooled Investment Fund. Each transaction and the entire portfolio must comply with California Government Code and this Policy. All portfolio activities will be judged by the standards of the Policy and its investment objectives. Activities that violate its spirit and intent will be considered contrary to the Policy.

**III. Standard of Care**

The Director of Finance is the Trustee of the Pooled Investment Fund and therefore, a fiduciary subject to the prudent investor standard. The Director of Finance, employees involved in the investment process, and members of the Sacramento County Treasury Oversight Committee (Oversight Committee) shall refrain from all personal business activities that could conflict with the management of the investment program. All individuals involved will be required to report all gifts and income in accordance with California state law. When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, the Director of Finance shall act with care, skill, prudence, and diligence to meet the aims of the investment objectives listed in Section IV, Investment Objectives.

**IV. Investment Objectives**

The Pooled Investment Fund shall be prudently invested in order to earn a reasonable return, while awaiting application for governmental purposes. The specific objectives for the Pooled Investment Fund are ranked in order of importance.

**A. Safety of Principal**

The preservation of principal is the primary objective. Each transaction shall seek to ensure that capital losses are avoided, whether they be from securities default or erosion of market value.

**B. Liquidity**

As a second objective, the Pooled Investment Fund should remain sufficiently flexible to enable the Director of Finance to meet all operating requirements that may be reasonably anticipated in any depositor's fund.

**C. Public Trust**

In managing the Pooled Investment Fund, the Director of Finance and the authorized investment traders should avoid any transactions that might impair public confidence in Sacramento County and the participating local agencies. Investments should be made with precision and care, considering the probable safety of the capital as well as the probable income to be derived.

**D. Maximum Rate of Return**

As the fourth objective, the Pooled Investment Fund should be designed to attain a market average rate of return through budgetary and economic cycles, consistent with the risk limitations, prudent investment principles and cash flow characteristics identified herein. For comparative purposes, the State of California Local Agency Investment Fund (LAIF) will be used as a performance benchmark. The Pooled Investment Fund quarterly performance benchmark target has been set at or above LAIF's yield. This benchmark was chosen because LAIF's portfolio structure is similar to the Pooled Investment Fund.

**V. Pooled Investment Fund Investors**

The Pooled Investment Fund investors are comprised of Sacramento County, school and community college districts, districts directed by the Board of Supervisors, and independent special districts whose treasurer is the Director of Finance. Any local agencies not included in this category are subject to California Government Code section 53684 and are referred to as outside investors.

**VI. Implementation**

In order to provide direction to those responsible for management of the Pooled Investment Fund, the Director of Finance has established this Policy and will provide it to the Oversight Committee and render it to legislative bodies of local agencies that participate in the Pooled Investment Fund. In accordance with California Government Code section 53646, et seq., the Board of Supervisors shall review and approve this Policy annually.

This Policy provides a detailed description of investment parameters used to implement the investment process and includes the following: investable funds; authorized instruments; prohibited investments; credit requirements; maximum maturities and concentrations; repurchase agreements; Community Reinvestment Act Program; criteria and qualifications of broker/dealers and direct issuers; investment guidelines, management style and strategy; Approved Lists; and calculation of yield and costs.

**VII. Internal Controls**

The Director of Finance shall establish internal controls to provide reasonable assurance that the investment objectives are met and to ensure that the assets are protected from loss, theft, or misuse. To assist in implementation and internal controls, the Director of Finance has established an Investment Group and a Review Group.

The Investment Group, which is comprised of the Director of Finance and his/her designees, is responsible for maintenance of the investment guidelines and Approved Lists. These guidelines and lists can be altered daily, if needed, to adjust to the ever-changing financial markets. The guidelines can be more conservative or match the policy language. In no case can the guidelines override the Policy.

The Review Group, which is comprised of the Director of Finance and his/her designees, is responsible for the monthly review and appraisal of all the investments purchased by the Director of Finance and staff. This review includes bond proceeds, which are invested separately from the Pooled Investment Fund and are not governed by this Policy.

The Director of Finance shall establish a process for daily, monthly, quarterly, and annual review and monitoring of the Pooled Investment Fund activity. The following articles, in order of supremacy, govern the Pooled Investment Fund:

1. California Government Code
2. Annual Investment Policy
3. Current Investment Guidelines
4. Approved Lists (see page 9, Section IX.K)

The Director of Finance shall review the daily investment activity and corresponding bank balances.

Monthly, the Review Group shall review all investment activity and its compliance to the corresponding governing articles and investment objectives.

Quarterly, the Director of Finance will provide the Oversight Committee with a copy of the Pooled Investment Fund activity and its compliance to the annual Policy and California Government Code.

Annually, the Oversight Committee shall cause an annual audit of the activities within the Pooled Investment Fund to be conducted to determine compliance to the Policy and California Government Code. This audit will include issues relating to the structure of the investment portfolio and risk.

All securities purchased, with the exception of time deposits, LAIF and Wells Fargo's overnight investment fund, shall be delivered to the independent third-party custodian selected by the Director of Finance. This includes all collateral for repurchase agreements. All trades, where applicable, will be executed by delivery versus payment by the designated third-party custodian.

### **VIII. Sacramento County Treasury Oversight Committee**

In accordance with California Government Code section 27130 et seq., the Board of Supervisors, in consultation with the Director of Finance, has created the Sacramento County Treasury Oversight Committee (Oversight Committee). Annually, the Director of Finance shall prepare an Investment Policy that will be forwarded to and monitored by the Oversight Committee and rendered to Boards of all local agency participants. The Board of Supervisors shall review and approve the Policy during public session. Quarterly, the Director of Finance shall provide the

Oversight Committee a report of all investment activities of the Pooled Investment Fund to ensure compliance to the Policy. Annually, the Oversight Committee shall cause an audit to be conducted on the Pooled Investment Fund. The meetings of the Oversight Committee shall be open to the public and subject to the Ralph M. Brown Act.

A member of the Oversight Committee may not be employed by an entity that has contributed to the campaign of a candidate for the office of local treasurer, or contributed to the campaign of a candidate to be a member of a legislative body of any local agency that has deposited funds in the county treasury, in the previous three years or during the period that the employee is a member of the Oversight Committee. A member may not directly or indirectly raise money for a candidate for local treasurer or a member of the Sacramento County Board of Supervisors or governing board of any local agency that has deposited funds in the county treasury while a member of the Oversight Committee. Finally, a member may not secure employment with, or be employed by bond underwriters, bond counsel, security brokerages or dealers, or financial services firms, with whom the treasurer is doing business during the period that the person is a member of the Oversight Committee or for one year after leaving the committee.

The Oversight Committee is not allowed to direct individual investment decisions, select individual investment advisors, brokers or dealers, or impinge on the day-to-day operations of the Department of Finance treasury and investment operations.

## **IX. Investment Parameters**

### **A. Investable Funds**

Total Investable Funds (TIF) for purposes of this Policy are all Pooled Investment Fund moneys that are available for investment at any one time, including the estimated bank account float. Included in TIF are funds of outside investors, if applicable, for which the Director of Finance provides investment services. Excluded from TIF are all bond proceeds.

The Cash Flow Horizon is the period in which the Pooled Investment Fund cash flow can be reasonably forecasted. This Policy establishes the Cash Flow Horizon to be one (1) year.

Once the Director of Finance has deemed that the cash flow forecast can be met, the Director of Finance may invest funds with maturities beyond one year. These securities will be referred to as the Core Portfolio.

### **B. Authorized Investments**

Authorized investments shall match the general categories established by the California Government Code sections 53601 et seq. and 53635 et seq. Authorized investments shall include, in accordance with California Government Code section 16429.1, investments into LAIF. Authorization for specific instruments within these general categories, as well as narrower portfolio concentration and maturity limits, will be established and maintained by the Investment Group as part of the Investment Guidelines. As the California Government Code is amended, this Policy shall likewise become amended.

**C. Prohibited Investments**

No investments shall be authorized that have the possibility of returning a zero or negative yield if held to maturity. These shall include inverse floaters, range notes, and interest only strips derived from a pool of mortgages.

All legal investments issued by a tobacco-related company are prohibited. A tobacco-related company is defined as an entity that makes smoking products from tobacco used in cigarettes, cigars, or snuff or for smoking in pipes. The tobacco-related issuers restricted from any investment are Alliance One, Altria Group, Inc., British American Tobacco PLC, Lorillard, Philip Morris International, Reynolds American, Inc., Universal Corp., and Vector Group, Ltd. Annually the Director of Finance and/or his designee will update the list of tobacco-related companies.

**D. Credit Requirements**

Except for municipal obligations and Community Reinvestment Act (CRA) bank deposits and certificates of deposit, the issuer's short-term credit ratings shall be at or above A-1 by Standard & Poor's, P-1 by Moody's, and, if available, F1 by Fitch, and the issuer's long-term credit ratings shall be at or above A by Standard & Poor's, A2 by Moody's, and, if available, A by Fitch. There are no credit requirements for Registered State Warrants. All other municipal obligations shall be at or above a short-term rating of SP-1 by Standard & Poor's, MIG1 by Moody's, and, if available, F1 by Fitch. In addition, domestic banks are limited to those with a Fitch Individual bank rating of B or better. The Investment Group is granted the authority to specify approved California banks with Fitch Individual bank ratings of B/C or C but they must have a Support rating of 1 where appropriate. Foreign banks with domestic licensed offices must have a Fitch Sovereign rating of AAA and a Fitch Individual bank rating of B or better; however, a foreign bank may have a rating of B/C or C but they must have a Support rating of 1. Domestic savings banks must be rated B or better or may have a rating of B/C or C but they must have a Support rating of 1.

**Community Reinvestment Act Program Credit Requirements**

Maximum Amount	Minimum Requirements
Up to \$100,000	<b>Banks</b> — FDIC Insurance Coverage
	<b>Credit Unions</b> — NCUSIF Insurance Coverage <i>Credit unions are limited to a maximum deposit of \$100,000 since they are not rated by nationally recognized rating agencies and are not required to provide collateral on public deposits.</i>
Over \$100,000 To \$10 million  Collateral is required	(Any 2 of 3 ratings) S&P:           A-2 Moody's:       P-2 Fitch:           F-2

Eligible banks and savings banks must have Community Reinvestment Act performance ratings of “satisfactory” or “outstanding” from each financial institution’s regulatory authority. In addition, deposits greater than \$100,000 must be collateralized. Banks must place securities worth between 110% and 150% of the value of the deposit with the Federal Reserve Bank of San Francisco, the Home Loan Bank of San Francisco, or a trust bank.

Since credit unions do not have Community Reinvestment Act performance ratings, they must demonstrate their commitment to meeting the community reinvestment lending and charitable activities, which are also required of banks.

All commercial paper and medium-term note issues must be issued by corporations operating within the United States and having total assets in excess of one billion dollars (\$1,000,000,000).

The Investment Group may raise these credit standards as part of the Investment Guidelines and Approved Lists. Appendix A provides a Comparison and Interpretation of Credit Ratings by Standard & Poor’s, Moody’s, and Fitch.

**E. Maximum Maturities**

Due to the nature of the invested funds, no investment with limited market liquidity should be used. Appropriate amounts of highly liquid investments, such as Treasury and Agency securities, should be maintained to accommodate unforeseen withdrawals.

The maximum maturity, determined as the term from the date of ownership to the date of maturity, for each investment shall be established as follows:



U.S. Treasury Notes and Agency Obligations .....	5 years
Bonds issued by local agencies .....	5 years
Registered State Warrants and Municipal Notes.....	5 years
Bankers Acceptances.....	180 days
Commercial Paper.....	270 days
Negotiable Certificates of Deposit.....	180 days
CRA Bank Deposit/Certificates of Deposit.....	1 year
Repurchase Agreements.....	1 year
Reverse Repurchase Agreements .....	92 days
Medium Term Corporate Notes.....	180 days
Shares of a Money Market Mutual Fund .....	90 days <sup>1</sup>
Collateralized Mortgage Obligations .....	180 days

The Investment Group may reduce these maturity limits to a shorter term as part of the Investment Guidelines and the Approved Lists.

The ultimate maximum maturity of any investment shall be five (5) years. The dollar-weighted average maturity of all securities shall be equal to or less than three (3) years.

#### F. Maximum Concentrations

No more than 80% of the portfolio may be invested in issues other than United States Treasuries and Government Agencies. The maximum allowable percentage for each type of security is set forth as follows:

U.S. Treasury and Agency Securities.....	100%
Bonds issued by local agencies .....	80%
Registered State Warrants and Municipal Notes.....	80%
Bankers Acceptances.....	40%
Commercial Paper.....	40%
Negotiable or CRA Bank Deposit/Certificates of Deposit.....	30%
Repurchase Agreements.....	30%
Reverse Repurchase Agreements .....	20%
Medium Term Corporate Notes.....	30%
Shares of a diversified Money Market Mutual Fund.....	20%
Collateralized Mortgage Obligations .....	20%
Local Agency Investment Fund (LAIF).....	(per State limit) <sup>2</sup>

The Investment Group may reduce these concentrations as part of the Investment Guidelines and the Approved Lists.

No more than 10% of the portfolio, except Treasuries and Agencies, may be invested in securities of a single issuer including its related entities.

<sup>1</sup> Money Market mutual funds are regulated by the Securities and Exchange Commission under §270.2a-7 and are required to maintain a dollar-weighted average portfolio maturity of 90 days or less.

<sup>2</sup> LAIF current maximum allowed is \$40 million.

Where a percentage limitation is established above, for the purpose of determining investment compliance, that maximum percentage will be applied on the date of purchase.

### **G. Repurchase Agreements**

Under California Government Code section 53601, paragraph (j) and section 53635, the Director of Finance may enter into Repurchase Agreements and Reverse Repurchase Agreements. The maximum maturity of a Repurchase Agreement shall be one year. The maximum maturity of a reverse repurchase agreement shall be 92 days, and the proceeds of a reverse repurchase agreement may not be invested beyond the expiration of the agreement. The reverse repurchase agreement must be "matched to maturity" and meet all other requirements in the code.

All repurchase agreements must have an executed Sacramento County Master Repurchase Agreement on file with both the Director of Finance and the Broker/Dealer. Repurchase Agreements executed with approved broker-dealers must be collateralized with either: (1) U.S. Treasuries or Agencies with a market value of 102% for collateral marked to market daily; or (2) money market instruments which are on the Approved Lists of the County and which meet the qualifications of the Policy, with a market value of 102%. Since the market value of the underlying securities is subject to daily market fluctuations, investments in repurchase agreements shall be in compliance if the value of the underlying securities is brought back up to 102% no later than the next business day. Use of mortgage-backed securities for collateral is not permitted. Strictly for purposes of investing the daily excess bank balance, the collateral provided by the Sacramento County's depository bank can be Treasuries or Agencies valued at 110%, or mortgage-backed securities valued at 150%.

### **H. Community Reinvestment Act Program**

The Director of Finance has allocated within the Pooled Investment Fund, a maximum of \$90 million for the Community Reinvestment Act Program to encourage community investment by financial institutions, which includes community banks and credit unions, and to acknowledge and reward local financial institutions which support the community's financial needs. The Director of Finance may increase this amount, as appropriate, while staying within the investment policy objectives and maximum maturity and concentration limits. The eligible banks and savings banks must have Community Reinvestment Act performance ratings of "satisfactory" or "outstanding" from each financial institution's regulatory authority. The minimum credit requirements are located on page 5 of Section IX.D.

### **I. Criteria and Qualifications of Brokers/Dealers and Direct Issuers**

All transactions initiated on behalf of the Pooled Investment Fund and Sacramento County shall be executed through either government security dealers reporting as primary dealers to the Market Reports Division of the Federal Reserve Bank of New York or direct issuers that directly issue their own securities which have been placed on the Approved List of brokers/dealers and direct issuers. Further, these firms must have an investment grade rating from at least two national rating services, if available.

Brokers/Dealers and direct issuers which have exceeded the political contribution limits, as contained in Rule G-37 of the Municipal Securities Rulemaking Board, within the preceding four year period to the Director of Finance or any member of the governing board of a local agency or any candidate for those offices, are prohibited from the Approved List of brokers/dealers and direct issuers.

Each broker/dealer and direct issuer will be sent a copy of this Policy and a list of those persons authorized to execute investment transactions. Each firm must acknowledge receipt of such materials to qualify for the Approved List of brokers/dealers and direct issuers.

Each broker/dealer and direct issuer authorized to do business with Sacramento County shall, at least annually, supply the Director of Finance with audited financial statements.

#### **J. Investment Guidelines, Management Style and Strategy**

The Investment Group, named by the Director of Finance, shall issue and maintain Investment Guidelines specifying authorized investments, credit requirements, permitted transactions, and issue maturity and concentration limits which are consistent with this Policy.

The Investment Group shall also issue a statement describing the investment management style and current strategy for the entire investment program. The management style and strategy can be changed to accommodate shifts in the financial markets, but at all times they must be consistent with this Policy and its objectives.

#### **K. Approved Lists**

The Investment Group, named by the Director of Finance, shall issue and maintain various Approved Lists. These lists are:

1. Approved Domestic Banks for all legal investments.
2. Approved Foreign Banks for all legal investments.
3. Approved Commercial Paper and Medium Term Note Issuers.
4. Approved Money Market Mutual Funds.
5. Approved Firms for Purchase or Sale of Securities (Brokers/Dealers and Direct Issuers).
6. Approved Banks / Credit Unions for the Community Reinvestment Act Program.

#### **L. Calculation of Yield and Costs**

The costs of managing the investment portfolio, including but not limited to: investment management; accounting for the investment activity; custody of the assets; managing and accounting for the banking; receiving and remitting deposits; oversight controls; and indirect and overhead expenses are charged to the investment earnings based upon actual labor hours worked in respective areas. Costs of these respective areas are accumulated by specific cost accounting projects and charged to the Pooled Investment Fund on a quarterly basis throughout the fiscal year.

The Department of Finance will allocate the net interest earnings of the Pooled Investment Fund quarterly. The net interest earnings are allocated based upon the average daily cash balance of each Pooled Investment Fund participant.

#### **X. Reviewing, Monitoring and Reporting of the Portfolio**

The Review Group will prepare and present to the Director of Finance at least monthly a comprehensive review and evaluation of the transactions, positions, performance of the Pooled Investment Fund and compliance to the California Government Code, Policy, and Investment Guidelines.

Quarterly, the Director of Finance will provide to the Oversight Committee and to any local agency participant that requests a copy, a detailed report on the Pooled Investment Fund. Pursuant to California Government Code section 53646, the report will list the type of investments, name of issuer, maturity date, par and dollar amount of the investment. For the total Pooled Investment Fund, the report will list average maturity, the market value, and the pricing source. Additionally, the report will show any funds under the management of contracting parties, a statement of compliance to the Policy and a statement of the Pooled Investment Fund's ability to meet the expected expenditure requirements for the next six months.

Each quarter, the Director of Finance shall provide to the Board of Supervisors and interested parties a comprehensive report on the Pooled Investment Fund.

Annually, the Director of Finance shall provide to the Oversight Committee the Investment Policy. Additionally, the Director of Finance will render a copy of the Investment Policy to the legislative body of the local agencies that participate in the Pooled Investment Fund.

#### **XI. Withdrawal Requests for Pooled Fund Investors**

The Director of Finance will honor all requests to withdraw funds for normal cash flow purposes that are approved by the Director of Finance at a one dollar net asset value. Any requests to withdraw funds for purposes other than immediate cash flow needs, such as for external investing, are subject to the consent of the Director of Finance. In accordance with California Government Code Sections 27133(h) and 27136, such requests for withdrawals must first be made in writing to the Director of Finance. When evaluating a request to withdraw funds, the Director of Finance will take into account the effect of a withdrawal on the stability and predictability of the Pooled Investment Fund and the interests of other depositors. Any withdrawal for such purposes will be at the market value of the Pooled Investment Fund on the date of the withdrawal.

#### **XII. Limits on Honoraria, Gifts, and Gratuities**

In accordance with California Government Code Section 27133(d), this Policy establishes limits for the Director of Finance; individuals responsible for management of the portfolios; and members of the Investment Group and Review Group who direct individual investment decisions, select individual investment advisors and broker/dealers, and conduct day-to-day investment trading activity. The limits also apply to members of the Oversight Committee. Any individual who receives an aggregate total of gifts, honoraria and gratuities in excess of \$50 in a calendar

year from a broker/dealer, bank or service provider to the Pooled Investment Fund must report the gifts, dates and firms to the designated filing official and complete the appropriate State forms.

No individual may receive aggregate gifts, honoraria, and gratuities in a calendar year in excess of the amount specified in Section 18940.2(a) of Title 2, Division 6 of the California Code of Regulations. This limitation is \$420 for the period January 1, 2009, to December 31, 2010. Any violation must be reported to the State Fair Political Practices Commission.

### **XIII. Terms and Conditions for Outside Investors**

Outside investors may invest in the Pooled Investment Fund through California Government Code Section 53684. Their deposits are subject to the consent of the Director of Finance. The legislative body of the local agency must approve the Sacramento County Pooled Investment Fund as an authorized investment and execute a Memorandum of Understanding. Any withdrawal of these deposits must be made in writing 30 days in advance and will be paid based upon the market value of the Pooled Investment Fund. If the Director of Finance considers it appropriate, the deposits may be returned at any time to the local agency.

# Appendix A

## Comparison and Interpretation of Credit Ratings

<b>Long Term Debt &amp; Individual Bank Ratings</b>				
<b>Rating Interpretation</b>	<b>Moody's</b>	<b>S&amp;P</b>	<b>Fitch</b>	<b>Fitch Individual Bank Rating</b>
<i>Best-quality grade</i>	Aaa	AAA	AAA	A
<i>High-quality grade</i>	Aa1	AA+	AA+	A
	Aa2	AA	AA	A/B
	Aa3	AA-	AA-	B
<i>Upper Medium Grade</i>	A1	A+	A+	B
	A2	A	A	B/C
	A3	A-	A-	B/C
<i>Medium Grade</i>	Baa1	BBB+	BBB+	C
	Baa2	BBB	BBB	C/D
	Baa3	BBB-	BBB-	C/D
<i>Speculative Grade</i>	Ba1	BB+	BB+	D
	Ba2	BB	BB	D
	Ba3	BB-	BB-	D
<i>Low Grade</i>	B1	B+	B+	D/E
	B2	B	B	D/E
	B3	B-	B-	D/E
<i>Poor Grade to Default</i>	Caa	CCC+	CCC	D/E
<i>In Poor Standing</i>	-	CCC	-	D/E
	-	CCC-	-	D/E
<i>Highly Speculative Default</i>	Ca	CC	CC	D/E
	C	-	-	E
<i>Default</i>	-	-	DDD	E
	-	-	DD	E
	-	D	D	E

<b>Short Term / Municipal Note Investment Grade Ratings</b>			
<b>Rating Interpretation</b>	<b>Moody's</b>	<b>S&amp;P</b>	<b>Fitch</b>
<i>Superior Capacity</i>	MIG-1	SP-1+/SP-1	F1+/F1
<i>Strong Capacity</i>	MIG-2	SP-2	F2
<i>Acceptable Capacity</i>	MIG-3	SP-3	F3

## Appendix A

### Short Term / Commercial Paper Investment Grade Ratings

Rating Interpretation	Moody's	S&P	Fitch
<i>Superior Capacity</i>	P-1	A-1+/A-1	F1+/F1
<i>Strong Capacity</i>	P-2	A-2	F2
<i>Acceptable Capacity</i>	P-3	A-3	F3

### Fitch Support Ratings (related to Fitch Individual Bank Ratings)

Rating	Interpretation
1	A bank for which there is an extremely high probability of external support. The potential provider of support is very highly rated in its own right and has a very high propensity to support the bank in question. This probability of support indicates a minimum Long-Term Rating floor of 'A-'.
2	A bank for which there is a high probability of external support. The potential provider of support is highly rated in its own right and has a high propensity to provide support to the bank in question. This probability of support indicates a minimum Long-Term Rating floor of 'BBB-'.
3	A bank for which there is a moderate probability of support because of uncertainties about the ability or propensity of the potential provider of support to do so. This probability of support indicates a minimum Long-Term Rating floor of 'BB-'.
4	A bank for which there is a limited probability of support because of significant uncertainties about the ability or propensity of any possible provider of support to do so. This probability of support indicates a minimum Long-Term Rating floor of 'B'.
5	A bank for which external support, although possible, cannot be relied upon. This may be due to a lack of propensity to provide support or to very weak financial ability to do so. This probability of support indicates a Long-Term Rating floor no higher than 'B-' and in many cases no floor at all.

# Appendix A

## Fitch Sovereign Risk Ratings

<i>Rating</i>	<i>Interpretation</i>
AAA	<b>Highest credit quality.</b> 'AAA' ratings denote the lowest expectation of default risk. They are assigned only in cases of exceptionally strong capacity for payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.
AA	<b>Very high credit quality.</b> 'AA' ratings denote expectations of very low default risk. They indicate very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.
A	<b>High credit quality.</b> 'A' ratings denote expectations of low default risk. The capacity for payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to adverse business or economic conditions than is the case for higher ratings.
BBB	<b>Good credit quality.</b> 'BBB' ratings indicate that expectations of default risk are currently low. The capacity for timely payment of financial commitments is considered adequate but adverse business or economic conditions are more likely to impair this capacity.
BB	<b>Speculative.</b> 'BB' ratings indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time.
B	<b>Highly speculative.</b> 'B' ratings indicate that material default risk is present, but a limited margin of safety remains. Financial commitments are currently being met; however, capacity for continued payment is vulnerable to deterioration in the business and economic environment.
CCC	<b>High default risk.</b> Default is a real possibility.
CC	<b>Very high levels of credit risk.</b> Default of some kind appears probable.
C	<b>Exceptionally high levels of credit risk.</b> Default appears imminent or inevitable.
D	<p><b>Default.</b> Indicates a default. Default generally is defined as one of the following:</p> <ul style="list-style-type: none"> <li>• Failure to make payment of principal and/or interest under the contractual terms of the rated obligation;</li> <li>• The bankruptcy filings, administration, receivership, liquidation or other winding-up or cessation of the business of an issuer/obligor; or</li> <li>• The coercive exchange of an obligation, where creditors were offered securities with diminished structural or economic terms compared with the existing obligation.</li> </ul>



**REPRESENTING**

Sacramento County

and the Cities of:

Citrus Heights

Elk Grove

Folsom

Galt

Rancho Cordova

Sacramento



**SACRAMENTO METROPOLITAN**

**Cable**  
**CTC** television  
ommission

**ROBERT A. DAVISON**  
EXECUTIVE DIRECTOR

901 H STREET, SUITE 206 • SACRAMENTO, CA 95814 • PHONE (916) 874-6661 • FAX (916) 447-1450

[WWW.SACMETROCABLE.TV](http://WWW.SACMETROCABLE.TV)

**AGENDA ITEM NO. 6**

**This item is a verbal  
report from staff.**

**REPRESENTING**

Sacramento County

**and the Cities of:**

Citrus Heights

Elk Grove

Folsom

Galt

Rancho Cordova

Sacramento



SACRAMENTO METROPOLITAN



**ROBERT A. DAVISON**  
EXECUTIVE DIRECTOR

901 H STREET, SUITE 206 • SACRAMENTO, CA 95814 • PHONE (916) 874-6661 • FAX (916) 447-1450

WWW.SACMETROCABLE.TV

**AGENDA ITEM NO. 7**

**This item consists of  
verbal reports from  
state video/cable  
franchisees.**

**REPRESENTING**

Sacramento County

**and the Cities of:**

Citrus Heights

Elk Grove

Folsom

Galt

Rancho Cordova

Sacramento



**SACRAMENTO METROPOLITAN**

**Cable**  
**CTC** television  
ommission

**ROBERT A. DAVISON**  
EXECUTIVE DIRECTOR

901 H STREET, SUITE 206 • SACRAMENTO, CA 95814 • PHONE (916) 874-6661 • FAX (916) 447-1450

[WWW.SACMETROCABLE.TV](http://WWW.SACMETROCABLE.TV)

**AGENDA ITEM NO. 8**

**This item consists of  
verbal reports from  
Channel licensees.**