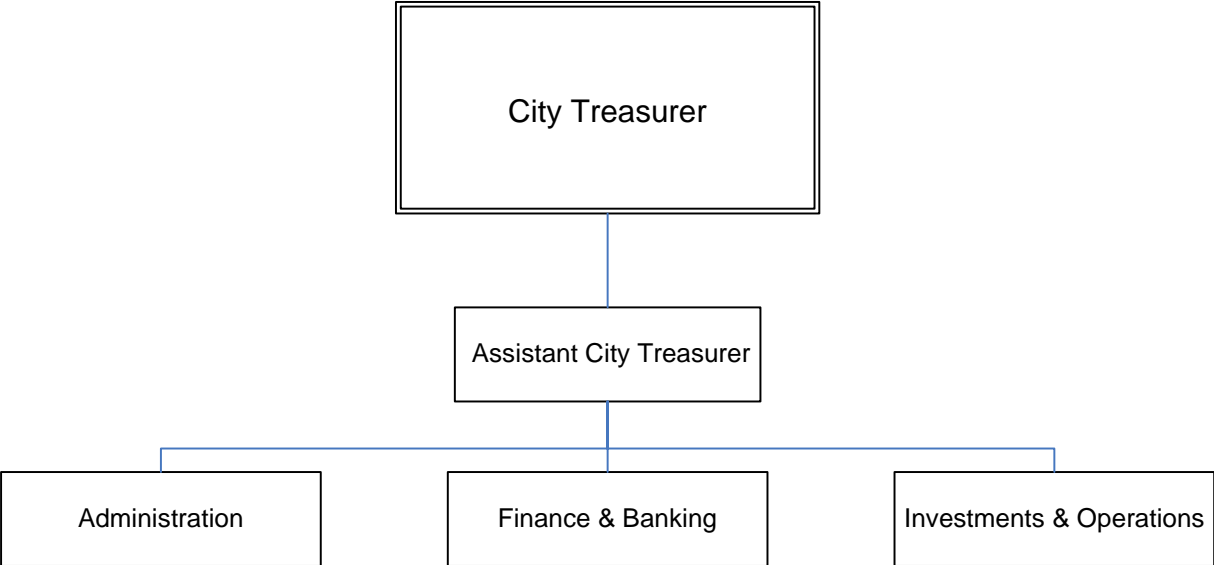


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**SECTION – 9**  
**CITY TREASURER**





CITY TREASURER'S OFFICE

*Provide exceptional banking, financing, and investment services for the City Council, citizens and employees of the City of Sacramento in a professional manner.*

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## DESCRIPTION

The City Treasurer is responsible for the receipt, investment, disbursement and safekeeping of all City funds. Additionally, City Council has prescribed that the City Treasurer shall also provide public finance and debt issuance services for the City. Typical functions of the department include:

- Management of all investments for the City, Sacramento Housing and Redevelopment Agency (SHRA), various trust funds, as well as the Sacramento City Employees' Retirement System (SCERS).
- Accountability of City, SCERS, SHRA and other trust funds between the bank and City, and compliance with State investment reporting requirements.
- Banking services for all City departments.
- Management of all bond financing related duties, such as bond structures, covenants, creation of financing authorities and financial analysis.
- Maintenance and coordination of activities related to outstanding City bond issues to include: investor relations, rating agencies, compliance with State and Federal regulations, and monitoring of bond construction proceeds for arbitrage and cash flow purposes.

## MORE INFORMATION

Please see the following for more information about the Office of the City Treasurer:

**Web site** - <http://www.cityofsacramento.org/treasurer/>

### Key Contacts -

**Office of the City Treasurer**

Thomas P. Friery  
City Treasurer  
915 I Street  
Historic City Hall, 3<sup>rd</sup> Floor  
Sacramento, CA 95814  
(916) 808-5168  
[tfriery@cityofsacramento.org](mailto:tfriery@cityofsacramento.org)

Thomas S. Berke  
Assistant City Treasurer  
915 I Street  
Historic City Hall, 3<sup>rd</sup> Floor  
Sacramento, CA 95814  
(916) 808-5811  
[tberke@cityofsacramento.org](mailto:tberke@cityofsacramento.org)

**Investment Services**

Lydia Abreu  
Investment & Operations Manager  
915 I Street  
Historic City Hall, 3<sup>rd</sup> Floor  
Sacramento, CA 95814  
(916) 808-5168  
[labreu@cityofsacramento.org](mailto:labreu@cityofsacramento.org)

**Finance Services**

Janelle Gray  
Public Finance & Banking Manager  
915 I Street  
Historic City Hall, 3<sup>rd</sup> Floor  
Sacramento, CA 95814  
(916) 808-8296  
[jgray@cityofsacramento.org](mailto:jgray@cityofsacramento.org)

**Administration**

Carol Jones (CJ)  
Staff Services Administrator  
915 I Street  
Historic City Hall, 3<sup>rd</sup> Floor  
Sacramento, CA 95814  
(916) 808-8455  
[cajones@cityofsacramento.org](mailto:cajones@cityofsacramento.org)

### **OBJECTIVES FOR FY2007/08**

- Earn an investment rate of return that exceeds Local Agency Investment Fund (LAIF) or other appropriate indices or custom targets established for each distinct class of funds while maintaining a prudent level of risk and safety.
  - Public Trust Mutual Fund – the plan is currently invested to be able to generate \$100,000 annually in dividend and interest earnings to assist the indigent and needy citizens of Sacramento.
  - Ethel Hart Endowment Fund – Manage a permanent endowment of \$1,000,000.
  - George H. Clark Memorial Scholarship – be able to provide four scholarships of \$10,000 to worthy and deserving high school seniors to help assist in the cost of their college education.
- For Sacramento City Employees' Retirement System (SCERS), earn a rate of return exceeding actuarial earnings assumption through prudent investment policy and guidelines approved for current investment strategy. Continue to analyze investment options in an effort to maintain superior investment performance while maintaining a prudent level of risk. Work with AIFM board to periodically reallocate assets among investment portfolios as necessary to achieve or exceed actuarial earnings assumptions.
- Work closely with other City departments or other parties (i.e., non-profit organizations, etc.) in order to develop and market financing strategies effectively and efficiently in an effort to bring access to public and private markets at a low cost of borrowing with a prudent level of risk.
- Continue dissemination and release of proper disclosure as mandated by City Code and California State law (i.e. continuing disclosure reports, material events notices, investment earnings reports, etc.).
- Continue efforts in fully organizing physical documents into the document retention system.
- Provide prudent fiscal advice relative to special projects and matters considered by City Council.

### **ACCOMPLISHMENTS IN FY2006/07**

- For Fiscal Year ending June 30, 2006, as a result of superior investment performance and cost efficiencies, the Treasurer's office generated approximately \$12.2 million more than would have been earned had these services been performed by outside managers. With the Treasurer's entire budget for Fiscal Year 2006 at nearly \$2.2 million, the cost benefit to the City, SCERS and others that the Treasurer provides services to is approximately \$7.36 to \$1. In other words, the Treasurer's Office benefited the City, SCERS and others approximately \$7.36 for each dollar budgeted for the operation of the Treasurer's Office.
  - Since Fiscal Year 1980, the City Treasurer's Office produced nearly \$291 million more than would have been earned had these services been performed by external managers. With the entire amount of the Treasurer's budgets since 1980 totaling \$26 million, the cost benefit to the City General Fund, SCERS and others for this period was \$8.12 to \$1.
- The Treasurer's office prudently managed all investments in-house with a market value of \$1.452 billion, generating investment income during fiscal year-end June 2006 of \$56.498 million. The investment portfolios consist of City's Pool 'A' cash account, SCERS Fund, SHRA, Capital Area Development Authority (CADA), and various endowment funds such as the Public Trust Memorial

Fund (to benefit indigents), Hart Trust Fund (to benefit seniors), George Clark Scholarship Fund and United Way Fund.

- Sacramento Housing and Redevelopment Agency – earned an average yield of 4.09% for FYE June 30, 2006, which outperformed LAIF by 24 basis points (or 0.24%), thus producing \$448,000 of additional superior earnings for SHRA.
  - Public Trust Mutual Fund – since inception in 1914, has earned over \$6 million in investment earnings, of which \$3.9 million has been paid to the indigent and needy citizens of Sacramento.
  - Ethel Hart Endowment Fund – Transferred \$400,000 for seniors.
  - George H. Clark Memorial Scholarship – has earned over \$170,000 in interest, dividends and capital gains, of which \$90,000 was paid out for scholarships.
- As a result of prudent investment management, the Treasurer’s office earned 3.66 percent thus producing \$3.5 million in superior earnings for the General Fund and other Pool A participants. Additionally, the Treasurer’s office generated \$2.723 million in revenues for fiscal year-end June 2006 from investment management fees and offsets. Since Fiscal Year ending June 30, 1981, Pool A has outperformed LAIF by an annual average of 108 basis points (or 1.08%).
  - 14 new investment portfolios were created, bringing a total of daily accountability to 40 actively managed portfolios at fiscal year end.
  - Investment & Operations unit processed over \$9.6 billion in investment activity equivalent to more than 7,100 transactions. The unit also recorded over \$1.6 billion in daily banking activity equivalent to more than 500 transactions.
  - Issued \$173.925 million in refunding bonds in July 2005 to refund portions of outstanding bonds of the 1999, 2000, 2001 and 2002 Capital Improvement Revenue Bonds. Refunding bond issuance resulted in net present value savings of \$8.043 million.
  - Issued \$19.025 million in refunding bonds in May 2006 to refund outstanding bonds in two assessment districts – North Natomas 88-03 and Willowcreek 96-01. Refunding bond issuance resulted in net present value savings of \$1.6 million for 1,758 homeowners in the assessment district.
  - Issued \$151.135 million in Capital Improvement Revenue Bonds in June 2006 to finance public capital improvements and redevelopment projects within the City of Sacramento and related working capital expenditures. Those projects included among others, the financing of a bridge loan for the Crocker Art Museum, and the financing of numerous redevelopment projects for the Sacramento Housing and Redevelopment Agency.
  - Entered into two small equipment lease financings totaling \$1.5 million to finance the acquisition cost of 20,000 greenwaste containers and 20,000 trash/recycling containers for the City’s Solid Waste Division.
  - Managed \$2.028 billion in outstanding City bond debt including the completion of 28 continuing disclosure reports, analysis and on-time payment of debt service, and completion of general fund liability projections for cash flow purposes.
  - Standard and Poor’s Rating Services affirmed the City of Sacramento’s “AA-” rating on the Sacramento City Financing Authority, California’s lease revenue bonds issued for the City of
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Sacramento, and its "AA" rating on the City's Issuer rating. Moody's Investor Services affirmed the City of Sacramento's "Aa3" rating on the Sacramento City Financing Authority, California lease revenue bonds for the City of Sacramento, and its "Aa2" rating on the City's Issuer rating. This reflects the general creditworthiness of Sacramento as obligor, and the City's covenant to budget and appropriate lease payments.

- Completed necessary analysis related to the Sacramento Port District. The City of Sacramento no longer has responsibilities associated with the Port District; however when assets are sold, the City will receive the benefit of \$50 million.
- Completed predatory lending educational videos in an effort to inform the community.
- Administration unit made great strides in updating, organizing and documenting records related to financings, continuing disclosure, asset management and banking documents in an effort to improve the document retention system. Efforts thus far have helped to save considerable staff time looking for files that were previously misplaced or unorganized.
- In partnership with the City Manager's Office and Economic Development Department, began efforts towards the creation and establishment of the City of Sacramento Economic Development Assistance Corporation (CSEDAC). CSEDAC to be formed as a non-profit organization would enable greater public-private partnerships in the area of financings.
- Issued \$218.205 million in new money and refunding bonds in December 2006. New money component was used to finance the acquisition of 300 Richard Blvd. building. Refunding components resulted in a net present value savings of \$15.531 million.
- Provided necessary assistance related to banking services associated with the acquisition financing of the UP Railyard in December 2006. Further economic development of the City, including new restaurants, shops and other businesses in the now vacant UP Railyard will create more jobs and increase the tax revenue base for the City's general fund. Additionally, the building of an Inter-modal transportation hub would enable Amtrak passenger trains, Sacramento Regional Transit Light Rail trains and buses to transport greater amounts of individuals more efficiently in the downtown area.
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## **PROPOSED BUDGET/STAFFING CHANGES**

### Organizational Changes

None

### Augmentations

None

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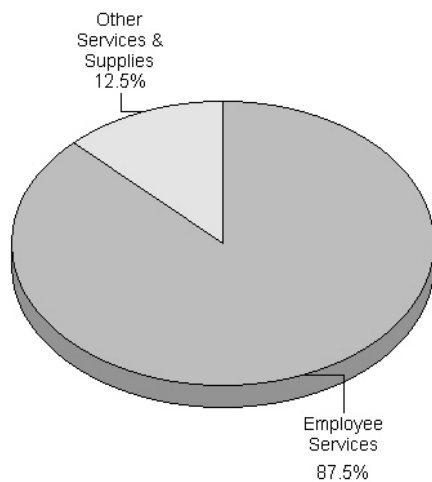
**Department Budget Summary**

<b>City Treasurer</b> Budget Summary	FY 2005/06 Actual	FY 2006/07 Approved	FY 2006/07 Amended	FY 2007/08 Proposed	Change More/(Less) Proposed/Amended
Positions (FTE)	17.00	17.00	17.00	17.00	0.00
<b>Budgeted Expenditures</b>					
CIP & Grant Offsets	0	0	0	0	0
Employee Services	1,874,295	1,992,211	1,992,211	1,962,090	(30,121)
Equipment	0	0	0	0	0
Other Services & Supplies	716,882	281,082	866,412	281,186	(585,226)
Transfers	0	0	12,500	0	(12,500)
<b>Total:</b>	<b>2,591,177</b>	<b>2,273,293</b>	<b>2,871,123</b>	<b>2,243,276</b>	<b>(627,847)</b>

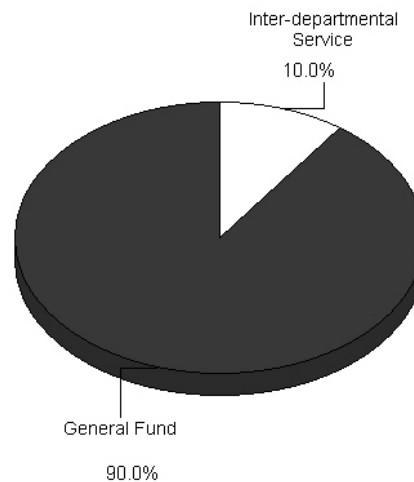
**Funding Summary by Fund/Special District**

General Fund	2,516,135	2,129,652	2,565,452	2,019,711	(545,741)
Inter-departmental Service	75,042	143,641	143,641	223,565	79,924
N Natomas CFD	0	0	162,030	0	(162,030)
<b>Total:</b>	<b>2,591,177</b>	<b>2,273,293</b>	<b>2,871,123</b>	<b>2,243,276</b>	<b>(627,847)</b>

**Budgeted Expenditures - FY08**



**Funding Summary - FY08**



FY2007/08 Proposed Budget

Division Budget Summary

<b>City Treasurer</b> Division Budgets	FY 2005/06 Actual	FY 2006/07 Approved	FY 2006/07 Amended	FY 2007/08 Proposed	Change More/(Less) Proposed/Amended
City Treasurer	2,591,177	2,273,293	2,871,123	2,243,276	(627,847)
<b>Total:</b>	<b>2,591,177</b>	<b>2,273,293</b>	<b>2,871,123</b>	<b>2,243,276</b>	<b>(627,847)</b>

Staffing Levels

<b>City Treasurer</b> Division FTEs	FY 2005/06 Actual	FY 2006/07 Approved	FY 2006/07 Amended	FY 2007/08 Proposed	Change More/(Less) Proposed/Amended
City Treasurer	17.00	17.00	17.00	17.00	0.00
<b>Total:</b>	<b>17.00</b>	<b>17.00</b>	<b>17.00</b>	<b>17.00</b>	<b>0.00</b>

Performance Trend Measures

**Activity: Debt Management**

Type of Measure: Outcome

FY 03/04	FY 04/05	FY 05/06	FY 06/07	FY 07/08
AA / Aa2	AA / Aa2	AA / Aa2	AA / Aa2	-

Measure: City Bond Rating

Baseline Measure: AA/Aa2

Service Level Standard: AA / Aa2

Definition: The City's bond rating S&P/Moody's.

Type of Measure: Outcome

FY 03/04	FY 04/05	FY 05/06	FY 06/07	FY 07/08
7.61%	13.22%	12.46%	7.88%	-

Measure: Net Debt per General Fund

Baseline Measure: 10.29%

Service Level Standard: TBD

Definition: The percent of outstanding General Fund secured debt.

**Activity: Investment and Operations**

Type of Measure: Outcome

FY 03/04	FY 04/05	FY 05/06	FY 06/07	FY 07/08
Greater than LAIF	Greater than LAIF	Less than LAIF	Less than LAIF	-

Measure: Investment Pool Yield Exceeds LAIF on Annual, 5-year, 10-year Averages

Baseline Measure: Greater than LAIF

Service Level Standard: Greater than LAIF

Definition: The city's performance against LAIF.

FY2007/08 Proposed Budget

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**Activity: Treasury Operations Management**

Type of Measure: Efficiency

<u>FY 03/04</u>	<u>FY 04/05</u>	<u>FY 05/06</u>	<u>FY 06/07</u>	<u>FY 07/08</u>
5.71	3.01	7.36	-	-

**Measure:** Treasury Services  
**Baseline Measure:** 5.53  
**Service Level Standard:** 2.00  
**Definition:** The ratio of cost benefit to treasury cost.