

CITY OF ELK GROVE



Request for Proposals

For

Investment Management and Advisory Services

**City Clerk's Office
City of Elk Grove
8401 Laguna Palms Way
Elk Grove, CA 95758**

Proposals Due by 2pm on August 18, 2026

Introduction:

The City of Elk Grove (City) is accepting proposals from qualified Consultants (Consultant(s)) for Investment Management and Advisory Services in accordance with the included specifications, terms, and conditions shown in this Request for Proposals (RFP). Prospective respondents are advised to read this information over carefully prior to submitting a proposal.

Electronic Submission:

Submissions must be submitted electronically in pdf form and emailed to Office of the City Clerk cityclerk@elkgrove.gov by 2:00 p.m. on Tuesday, August 18, 2026. Submissions must be clearly marked as Investment Management and Advisory Services. Submittals in pdf format must be fully ADA compliant. Large files may be sent using a cloud-based system such as Dropbox. Consultants shall be responsible for ensuring that proposals submitted electronically are received by the City Clerk prior to the deadline. Proposals that are not received prior to the deadline shall not be considered by the City, even if the late submission is due to a technical or other error, including, without limitation, the City's inability to open or access the electronic file. If the proposing Consultant does not receive confirmation from the City Clerk that the proposal has been received, Consultant should assume the transmission fails and either resubmit or arrange for another method of delivery. Consultants are also encouraged to contact the City Clerk to confirm receipt of their proposal prior to the deadline. Proposals shall not be accepted by fax.

Questions regarding this RFP are to be directed by e-mail to Marsha Ley, Accounting Manager, mley@elkgrove.gov and Eric Swensen, Senior Accountant at eswensen@elkgrove.gov. Such contact shall be for clarification purposes only. The City must receive all questions no later than July 10, 2026. Material changes, if any, to the scope of services or proposal procedures shall only be transmitted by written addendum and posted to the City web site. Addendums and answers to submitted questions will be available via the City of Elk Grove web site under "Notice" for the RFP announcement.

Schedule:

Request for Proposals Issued	June 22, 2026
Questions Due	July 10, 2026
Responses to Questions Distributed	July 24, 2026
Proposal Date	August 18, 2026
Interview Selection	September 9, 2026
Selection / Contract	October 14, 2026
Commencement Date	November 19, 2026

Number of Selected Investment Advisors and Contract Term:

The City reserves the right to select one or more qualified investment advisory firms under this Request for Proposals. While it is anticipated that a single firm may be selected, the City may, at its sole discretion, award contracts to two (2) investment advisors to best meet its operational and portfolio management needs. Any resulting contract(s) will be for an initial term of five (5) years. The City may, at its discretion and subject to satisfactory performance, extend or renew the agreement in accordance with the terms outlined in the final contract.

Late Proposals:

Proposals arriving after the specified date and time shall not be considered, nor shall late proposals be opened. Each Consultant assumes responsibility for timely submission of its proposal.

Withdrawal or Modifications of Proposals:

Any proposal may be withdrawn or modified by a written request signed by the Consultant and

received by the City Clerk prior to the final time and date for the receipt of proposals. Once the deadline is past, Consultants are obligated to fulfill the terms of their proposal.

Proposal Acceptance and Rejection:

The City reserves the right to accept any proposal, to reject any and all proposals, and to call for new proposals, or dispense with the proposal process in accordance with the Elk Grove Municipal Code.

Proposal Evaluation and Award:

Evaluation shall be made based on the criteria noted in Attachment A: Evaluation and Selection Criteria. A contract may be awarded to the responsible Consultant who best meets the City's needs by demonstrating the competence and professional qualifications necessary for the satisfactory performance of the required services, and shall not necessarily be based on the lowest priced proposal, except as otherwise provided by law, taking into consideration adherence to the included specifications. A contract may be awarded to the next responsible Consultant if the successful Consultant refuses or fails to execute the contract. All Consultants that were not selected by the City shall be notified in writing. Nothing herein shall obligate the City to award a contract to any responding Consultant. Any contract awarded will be non-exclusive, and the City reserves the right to seek services from other sources, in the City's sole discretion.

Register with the California Secretary of State:

Unless Consultant is a sole proprietorship, Consultant must be registered and in good standing with the California Secretary of State within 14 days following notification of the City's intent to award a contract to Consultant and prior to execution of a final contract. Failure to timely register with the Secretary of State may result in the City awarding the contract to another Consultant. Additional information regarding the registration process may be found on the Secretary of State's website at: <https://businesssearch.sos.ca.gov/>.

Disclosure of Submitted Materials:

After selection and execution of the contract(s), (or prior thereto if required by law) all information and materials provided in each submittal received is subject to disclosure through a public records request pursuant to the California Public Records Act, or otherwise as may be required by law. The City, in its sole discretion, may release any submitted materials, regardless of whether such materials are marked by respondents as confidential or otherwise as protected.

Waiver of Irregularities:

The City retains the right, in its sole discretion, to waive any irregularities in proposals that do not comply with the strict requirements of this RFP, and the City reserves the right to award a contract to a Consultant submitting any such non-compliant proposal, all in the City's sole discretion.

Validity of Pricing:

Consultants are required to provide a fee structure including the hourly rate of the principals to be assigned to the matter, and proposed cost (line item descriptions and pricing), and expense reimbursements levels, and total costs. No cost increases shall be passed onto the City after the proposal has been submitted. No attempt shall be made to tie any item or items contained in this RFP with any other business with the City; each proposal must stand on its own.

No Guarantee of Usage:

Any quantities listed in this RFP are estimated or projected and are provided for tabulation and information purposes only. No guarantee of quantities is given or implied by the City. Consultant must furnish the City's needs as they arise.

Demonstrations:

When required, the City may request full demonstrations prior to award. When such demonstrations are requested, the Consultant shall respond promptly and arrange a demonstration at a convenient location. Failure to provide a demonstration as specified by the City may result in

rejection of a proposal.

Use of Other Governmental Contracts:

The City reserves the right to reject any part or all of any proposals received and utilize other available governmental contracts.

Qualification/Inspection:

Proposals will only be considered from Consultants normally engaged in providing the types of services specified herein. By responding to this RFP, the Consultant consents to the City's right to inspect the Consultant's facilities, personnel, and organization at any time, or to take any other action necessary to determine Consultant's ability to perform. The City reserves the right to reject proposals where evidence or evaluation is determined to indicate inability to perform. The City reserves the right to interview any or all responding Consultants and/or to award a contract without conducting interviews.

Other Governmental Entities:

If the Consultant is awarded a contract as a result of this RFP, the Consultant shall, if the Consultant has sufficient capacity, provide to other governmental agencies, so requesting, the services awarded in accordance with the terms and conditions of the RFP.

Payment Terms:

Payment shall be made as set forth in the contract attached hereto as Attachment B. In submitting proposals under these specifications, Consultants should take into account all discounts, both trade and time, allowed in accordance with the payment terms.

Performance:

It is the intention of the City to acquire services as specified herein from a Consultant that will give prompt and convenient service.

Term of Contract:

The term of the contract will be for a specific period of time, commencing upon execution. The City anticipates the contract to be for a term of five years. The City reserves the right to set the term for a period deemed to be in the best interest of the City, and terminate the contract as set forth therein.

Amendments:

If, in the course of the performance of the contract, Consultant or the City proposes changes to the services provided, and informal consultation with the other party indicates that a change in the terms and conditions of the contract may be warranted, Consultant or the City may request a change in the contract. The parties to the contract will meet to discuss and negotiate the required documents. Upon completion of those negotiations, the negotiated documents will be submitted to the City for approval. Upon approval by the City, an amendment to the contract will be approved by all parties for the change to be implemented. An amendment shall not render ineffective or invalidate any unaffected portions of the Contract. Nothing in this section obligates the City to agree to any change order or other amendment, and the City may withhold such agreement in its sole discretion.

Service and support:

Consultants shall explain how all on-going service and support shall be handled by the Consultant and the City of Elk Grove.

Records:

The Consultant shall maintain complete and accurate records with respect to labor costs, material expenses, and other such information required by City that relates to the performance of services under the contract. The Consultant shall maintain adequate records of services provided in

sufficient detail to permit an evaluation of the services. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible and in a form acceptable to the City, which the City may specify and change from time to time. The Consultant shall provide free access to the representatives of City or its designees, at reasonable times, to such books and records, shall give City the right to examine and audit said books and records, shall permit City to make transcripts there from as necessary, and shall allow inspection of all work, data, documents, proceedings, and activities related to the contract. Such records, together with supporting documents, shall be maintained for City's inspection for a period of at least three (3) years after receipt of final payment.

(See next page for Guidelines for Proposal)

Guidelines for Proposal

The following guidelines are provided for standardizing the preparation and submission of proposals. The intent is to assist respondents in the preparation of their submissions and to assist the City by simplifying the review process providing standards for comparison of submissions.

Statements submitted in response to this RFP shall include a complete response to the requirements in this section in the order presented. Statements should be a straightforward delineation of the respondent's capability to satisfy the intent and requirements of this RFP, and should not contain redundancies and conflicting statements.

Proposals shall be printed double sided, submitted on 8-1/2" x 11" recycled paper, with easy to read font size and style. Pages shall be numbered, tabbed, and bound (spiral / comb / three ring binder). Tabbed dividers should separate and identify the response items described below.

Proposals shall contain the following information in the order listed:

1. Introductory letter

The introductory letter should be addressed to:

Marsha Ley
Accounting Manager
City of Elk Grove
8401 Laguna Palms Way
Elk Grove, CA 95758

The letter shall include the Consultant's name submitting the proposal, their mailing address, telephone number, and the name of the individual who will be the primary contract person. The letter shall address the Consultant's understanding of the project based on this RFP and any other information the Consultant has gathered. Include a statement discussing the Consultant's interest and qualifications for this type of work. A principal of the firm authorized to legally bind the firm shall sign the letter.

2. Table of Contents

The Consultant shall insert a comprehensive table of contents denoting sections three through nine of the proposal as indicated below.

3. Qualifications and Experience

Describe the Consultant's capability for actually undertaking and performing the work, including any professional licenses and certificates held by the Consultant. List types and locations of similar work performed by the Consultant in the last five (5) years that best characterizes the quality and past performance. List the name, address, telephone number, and email of references from at least five (5) current clients similar in size and scope to the City. Include a brief description of the work provided for each reference. California municipal, county or special districts are preferred. References may be contacted as part of the selection Process. Include in this section, responses to A, B, C and D in section 5 of the Scope of Work.

4. Work Plan

The work plan must state the Consultant's ability to meet each specification as outlined in this document. The work plan should address the items of work as described in this RFP. The plan should be simple, easy to read and follow, and address and satisfy the objectives and specifications as listed in the Scope of Work in this RFP. Include in this section, responses to E and F in section 5 of the Scope of Work.

5. Conflict of Interest Statement

Any activities or relationships of the Consultant that might create a conflict of interest for the Consultant or the City, and, if such activities or relationships exist, a description of the facts, legal implications, and possible

effects sufficient to permit the City to appreciate the significance of the conflict and to grant any conflict waiver, if appropriate and necessary.

6. Supportive Information/References

This section may include graphs, charts, photos, resumes, references, and any other relevant information in support of the Consultant's qualifications. Include in this section, responses to G in section 5 of the Scope of Work.

7. Fee

This section should include the cost for requested services outlined in the Scope of Work. Consultants shall clearly describe and outline fees for the services to be provided for each task of the project. Fees should be linked to the tasks of the work plan as provided in Section 4, Work Plan. Upon completion of each task, the Consultant will notify the City and request payment for the products and services by submitting an invoice and a brief description of work performed during the billing period. Upon receipt of the invoice, the City will review in a timely manner the products and services noted, verify completion, and authorize payment. No cost increases shall be passed onto the City after the proposal has been submitted. No attempt shall be made to tie any item or items contained in this RFP with any other business with the City. Include in this section, response to H in section 5 of the Scope of Work.

8. Secretary of State

Consultant shall acknowledge their understanding of needing to be registered with the California Secretary of State as noted in the RFP language above.

9. Professional Services Contract:

Attached to the RFP (Attachment B) is a copy of the City's standard Professional Services Contract (Contract). The City's standard Contract may be modified, in the City's sole discretion, to address the specific provisions of this RFP and Consultants should note that any specifications or other requirements specific to this RFP shall be included in the Contract and Contract's exhibits following an award of the Contract. Please review the Contract carefully and note in your proposal any exceptions or alterations to the Contract. Alterations or changes to the Contract that are not in the Consultant's response shall not be allowed after the selection of the Consultant. This includes alterations, exceptions, or changes to the insurance and indemnity provisions. By requiring these requests up front, the City can compare all respondents on an equal basis. However, the City reserves the right, in its sole discretion, to accept or reject any and all proposed changes to the City's standard Contract. For reference, the insurance amounts that appear in the attached Contract are summarized below.

TYPE	SINGLE LIMIT / OCCURRENCE	AGGREGATE	ENDORSEMENTS***
General Liability	\$1,000,000	\$1,000,000	Additional Insured
Auto Liability	Non-Commercial Acceptable		
Work Comp Employer's Liability	Statutory \$1,000,000 each		Waiver of Subrogation
Professional Liability	\$5,000,000	\$5,000,000	Requires one-year coverage past contract expiration
Crime Insurance, Employee Dishonesty, or Fidelity Bond	\$5,000,000	\$5,000,000	Loss Payee

***Must be actual endorsements. Typed statements on Certificates of Liability are unacceptable. This is a summary only. Please refer to the insurance section and/or exhibit of this Agreement for specific requirements.

SCOPE OF WORK

1. Background

The City of Elk Grove (City) is soliciting proposals from investment advisory firms for portfolio management services. The City's Treasurer is currently handling the day-to-day administration of investments. The City's current managed portfolio is \$430M but the total city portfolio is \$692M. We can have more managed by the advisor in the future.

The City incorporated under California law on July 1, 2000, as a general-law city, is located 15 miles south of Sacramento, California, with a population of approximately 182,842. The City operates under the City Council/Manager form of City government. The City Council is a five-member body with a Mayor and four Council Members. The elected mayor currently serves a two-year term and is elected citywide (at-large). The four Council Member positions serve a four-year term.

2. Investment Program

The funds are invested pursuant to the objectives and requirements set forth in the City's investment policy (Attachment C). The City's investment policy has three objectives: (1) safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner which seeks to ensure the preservation of principal in the overall portfolio (2) the City's investment portfolio shall remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated. This goal shall be achieved by maintaining a prudent portion of the City's portfolio in liquid, short-term instruments which can readily be converted to cash if necessary, and (3) the City's investment portfolio shall be designed with the objective of attaining a sound rate of return throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio. In accordance with California Government Code Section 53607, the Elk Grove City Council has authorized the City Treasurer to invest on behalf of the City, to manage the City's investment program consistent with this investment policy, and to maintain a system of internal controls to regulate the activities of subordinate officials. It is the City's full intent, at the time of purchase, to hold all investments until maturity to ensure the return of all invested principal dollars. However, the City will explore the added value of not holding investments until maturity if there is a strong benefit and only if the City is able to adhere to the first two objectives. Responsibility of the investment program is assigned to the Treasurer. While the City may choose to also independently invest City funds, this approach may change over time. Attachment D contains the City's investment report for the month of June 2026.

3. Purpose

The City is seeking proposals from qualified firms to:

- a. Provide discretionary investment advisory services to help manage the City's current managed investment portfolio, currently valued at approximately \$430M.
- b. As deemed by the Treasurer, the amount of the portfolio that will be managed by the City and by the firm may be modified over time.

4. Scope

Specific services, although not all-inclusive, are to be performed as follows:

- a. Assist the City with maturity analysis
- b. Provide credit analysis of investment instruments in portfolio of the investment firms portfolio
- c. Provide monthly, quarterly and annual reporting on all managed funds
- d. Attend periodic Audit Committee meetings
- e. Evaluate market risk and develop strategies that adhere to the investment policy's three objectives
- f. Provide assurance of portfolio compliance with applicable policies, laws, the City's investment strategy, and the City's Investment Policy
- g. Establish an appropriate performance benchmark for the funds they are investing
- h. Full understanding of Investment Policy
- i. Ensure portfolio structure matches City objectives
- j. Provide the City with analysis and reasoning for investment selection on a quarterly basis
- k. Coordinate investment/maturity strategy to complement City investments, whether managed by

Consultant or by the City.

5. Proposal Submission Requirements and Response Format

The Consultant is responsible for preparing an effective, clear, and concise proposal. In order to be considered for selection, vendors must submit a complete response to this *Request for Proposal* that includes the following mandatory information and/or requirements. Responses must state acceptance of, modifications or additions to, or a statement of the inability to provide, the listed services. Failure to provide any of the information requested below may be cause for the proposal to be rejected. For purposes of this RFP, “you” and “your” refer to Consultant’s firm.

A. Firm Background and Organization

- 1) Describe your organization, date founded, and ownership of your firm. Has your firm experienced a material change in organizational structure, ownership or management during the past three years and, if so, please describe?
- 2) Describe any other business affiliations. Describe your firm’s policy on soft dollars.
- 3) Describe the firm’s sources of revenue, categorized by retail and institutional accounts.
- 4) Is your firm a registered investment advisor under the Investment Advisor’s Act of 1940 as amended?
- 5) Describe any Securities and Exchange Commission (“SEC”), Financial Industry Regulatory Authority (“FINRA”), or regulatory censure or litigation involving your firm and/or its employees within the past three years.
- 6) Did you, or will you, pay a finder’s fee to any third party for business related to this account? Identify the recipient(s) of any fee.
- 7) Outline the errors and omissions (professional liability) and fidelity bond coverage your firm carries. Provide a valid, current Certificate of Insurance.
- 8) If you are hired, will your firm serve as a fiduciary in your role as an investment adviser to the City while providing the investment management services the City is seeking? If no, describe your objections or limitations.
- 9) Does your firm provide education for public agencies? If yes, does it qualify for Continuing Professional Education (CPE)?

B. Experience

- 1) Describe your firm’s experience in managing fixed income portfolios for public funds and governmental entities.
- 2) What is your firm’s experience in developing policies and portfolio management guidelines for government portfolios?
- 3) How is your firm compensated for the services it provides? Does your firm act as a broker/dealer, or receive any other form of additional compensation (including soft dollars) for the client transactions aside from the direct fee paid by clients?
- 4) Provide the number and types of accounts, total asset value, and composition of portfolios currently being managed by your firm.

C. Personnel

- 1) Identify and provide background information on the key person or personnel (portfolio managers, analysts, and researchers) who take the primary and secondary active role(s) in the administration and management of the firm, and also for those that will be assigned to provide services to the City in the event a contract is awarded to your firm.
- 2) Identify the investment professionals (portfolio managers, analysts, and researchers) employed by

your firm, by classification, and specify the average number of accounts handled by portfolio managers. Are there any established limits on accounts or assets under management?

- 3) Provide resumes and biographical information on key investment professionals (portfolio managers, analysts, and researchers) that will be directly involved in the decision-making process for the City's portfolio. Include the number of years at your firm, total years of experience, and professional licenses and designations. Include the number of accounts managed and any limits.
- 4) Describe your firm's training and education efforts to keep portfolio managers, analysts, and researchers informed of developments relevant to government investment managers.
- 5) Has there been any turnover of professional staff in the firm in the last three years who were assigned to public sector clients?

D. Assets Under Management

- 1) Summarize your institutional investment assets under management by category as shown below for your latest reporting period:

	Governmental	Number of Governmental Clients	Non-Governmental	Number of Non-Governmental Clients
Operating/Bond Funds	\$		\$	
Pension Funds	\$		\$	
Foundations/Endowments	\$		\$	
Equity Funds	\$		\$	
Other (specify)	\$		\$	
Total	\$		\$	

- 2) Summarize your assets under management (institutional only) over the past five years and average assets per client.
- 3) Provide relevant performance statistics on a comparable portfolio and compare with industry averages or benchmarks for the last one, three, five, ten year periods and/or since inception. Note whether these performance statistics are reported based on GIPS (Global Investment Performance Standards) formerly known as AIMR (Association for Investment Management and Research).
- 4) How many accounts have you gained in the last 12 months? How many accounts have been lost in the last 12 months and why?

E. Investment Management Approach and Discipline

- 1) Briefly describe your firm's investment management philosophy, including your approach to managing governmental portfolios.
- 2) How frequently do you formulate and review fixed income strategy? How is that carried out and who is involved?
- 3) What are the primary strategies for adding value to portfolios (e.g., market timing, credit research, trading)?

- 4) How are portfolios managed (e.g. by team, individual manager)? What is the back-up when the manager is away?
- 5) What oversight is provided to portfolio managers?
- 6) Describe your firm's in-house technical and research capabilities. Are outside sources used by the firm on a regular basis? Describe your credit review process.
- 7) What percentage of your research is conducted in-house? Describe your research capability.
- 8) What technical analysis (if any) do you use?
- 9) What role does interest-rate forecasting play in your portfolio management strategy?
- 10) How will you handle fluctuating cash?
- 11) Describe the ongoing daily investment procedures proposed for the City of Elk Grove, including procedures for trades, security choice, controls, etc., and how you will provide liquidity.
- 12) Who will attend the Audit Committee meetings?
- 13) Will you have your own custodial bank, or will you will be using the City's custodial bank?

F. Reporting

- 1) Describe the investment accounting and reporting system used by your firm. Please provide any relevant System and Organization Controls (SOC) reports.
- 2) What performance benchmarks would you suggest for this portfolio? Provide recommendations regarding performance benchmarks for a portfolio similar to that of the City of Elk Grove. What experience does the firm have in developing benchmarks for public portfolios?
- 3) Describe the frequency and format of reports that would be provided to the City. Do your reports contain all information needed for State reporting standards? Provide any sample reports the City can expect to receive.
- 4) How will you keep City staff apprised of investment activity? Are confirmations of investment transactions sent directly by the broker/dealer to the City?
- 5) If investing in derivatives, describe your firm's investment accounting department, the firm's investment accounting and reporting system, and its ability to assist the City with investment accounting in accordance with Governmental Accounting Standards Board (GASB) requirements.

G. Additional Information

- 1) Briefly describe any additional features, attributes, or conditions which the City should consider in selecting your firm. Describe any other services your firm can provide.
- 2) Provide a copy of your firm's most recent ADV Form Part II as on file with the SEC which is the Uniform Application for Investment Adviser Registration and Report by Exempt Reporting Advisors.
- 3) Provide any contract language your firm requests or requires to be included in a contract for this service. The City reserves the right, in its sole discretion, to accept, reject, or modify all proposed contract language.
- 4) Describe your firm's business continuity plan, how often it is updated, and what assistance would still be available to the City in the event of a system breakdown or other emergency. Indicate how often these systems are tested and the hours for the technical support hotline.
- 5) Does your firm have a portfolio minimum size?

H. Fees

- 1) Provide the complete fee schedule that would apply to this account. Are fees charged in arrears?
- 2) What additional expenses not covered through the fee structure will be expected in order to implement your investment advisory services?
- 3) Provide a complete fee schedule that would apply to this portfolio to accomplish the requirements of the Scope of Services.
- 4) How are the fees paid to you, list all fees you will charge for the services provided under this RFP, and state the minimum annual fee, if any?
- 5) Since the City is currently performing its portfolio management in house, describe what you would bring to the City that would make up for the fees that the City will incur from your services?

6. Attachments

Attachment C - City of Elk Grove 2026-27 Investment Policy

Attachment D- City of Elk Grove's April Treasury Report

(See next page for Attachments)

ATTACHMENTS

Attachment A: Evaluation and Selection Criteria

Evaluation Criteria

The following represent the principle selection criteria, which will be considered during the evaluation process:

Firms Qualifications, Experience, and References: Experience in performing work of a closely similar nature and size; experience working with public agencies; strength, stability, experience, and technical competence; assessment by client references.

Qualifications and Experience of Personnel and Staffing: Qualifications and experience of proposed personnel for requested services.

Work Plan: Depth of Consultants understanding of City's requirements; overall quality and logic of work plan.

Quality and Responsiveness of the Proposal: Completeness of response in accordance with the RFP instructions.

Rates and Fees: Reasonableness and competitiveness of the rates and fees proposed; adequacy of data in support of figures quoted, basis on which rates and fees are quoted.

Review and Selection Process

Staff will evaluate the merits of the proposals received in accordance with the evaluation factors stated in this RFP and formulate a recommendation. For each evaluation criteria, proposals will be evaluated on their relative strengths, deficiencies, and weaknesses.

As part of the evaluation and selection process, interviews may be conducted at the discretion of the City.

CITY OF ELK GROVE



CONSULTANT CONTRACT FOR

Consultant Name

Consultant Services Provided

CONTRACT FOR SERVICES

THIS CONTRACT is made on _____, 2026, by and between City of Elk Grove, a municipal corporation (the “City”) and _____, a _____ (the “Consultant”), collectively referred to as the “Parties.”

WITNESSETH

WHEREAS, Consultant has presented a proposal to provide services, which services are identified in the Scope of Work attached hereto and incorporated herein by this reference as **Exhibit A**, and by reason of its qualifications, experience, and facilities, is duly authorized to perform the type of services contemplated herein; and,

WHEREAS, City desires to hire Consultant to perform the Scope of Work pursuant to the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual promises set forth herein, City and Consultant agree to as follows:

SCOPE OF SERVICES

Consultant shall do all work, attend all meetings, produce all reports and carry out all activities necessary to complete the services described in the Scope of Work. This Contract and its exhibits shall be known as the “Contract Documents.” Terms set forth in any exhibits shall be deemed to be incorporated in all Contract Documents as if set forth in full therein. In the event of conflict between terms contained in these Contract Documents, the more specific term shall control.

Consultant agrees it has satisfied itself by its own investigation and research regarding the conditions affecting the work to be done and labor and materials needed, and that its decision to execute this Contract is based on such independent investigation and research.

TERM OF CONTRACT

This Contract shall be effective as of the date executed by the Parties and approved as to form by the City Attorney and shall terminate at 11:59 p.m. on _____, unless earlier terminated pursuant to Section 11 of this Contract. Notwithstanding any other provision of this Contract, the City Manager shall be authorized to modify the Scope of Work and/or extend the termination date of this Contract (including, as necessary, modification of the Scope of Work and/or Schedule of Performance as to time of performance) by a writing signed by the City Manager and the Consultant prior to the initial termination or any extended termination date.

SCHEDULE FOR PERFORMANCE

City and Consultant agree that time is of the essence and Consultant agrees that services shall be undertaken and completed in accordance with the schedule of performance (the “Schedule of Performance”), attached hereto and incorporated herein by reference as **Exhibit B**. Deviations from the time schedule stated in the Schedule of Performance may be made with the written approval of City Manager, or the City Manager’s authorized representative. Consultant’s failure to complete work in

accordance with the Schedule of Performance may result in delayed compensation as described in Section 4.

COMPENSATION

Consultant shall be paid as set forth in **Exhibit C**, “Compensation and Method of Payment,” attached hereto and incorporated herein by reference, for the actual fees, costs and expenses for the time and materials required and expended, and approved by City, but in no event shall total compensation under this Contract exceed [REDACTED] (\$ [REDACTED]), without City’s prior written approval. Said amount shall be paid upon submittal of an invoice showing completion of the tasks, including the services rendered, the costs incurred for materials, the person(s) rendering performed services, the amount of time spent by such person(s), and the applicable hourly rate.

If Consultant’s performance is not in conformity with the Scope of Work or Schedule of Performance, payments may be delayed or denied, unless otherwise agreed to by City in writing.

If the work is halted at the request of City, compensation shall be based upon the proportion that the work performed bears to the total work required by this Contract, subject to Section 11.

NOTICES

Consultant shall transmit invoices and any notices to City, with copy (excepting invoices) to City Attorney, as follows:

City of Elk Grove
Attn: Finance Department
8401 Laguna Palms Way
Elk Grove, California 95758

City of Elk Grove
Attn: City Attorney’s Office
8401 Laguna Palms Way
Elk Grove, California 95758

Consultant shall serve the City notice in writing by certified mail prior to a change of address. The notice shall include the new address where notices and communications related to the Agreement may be sent, the point of contact for the Agreement, and include the point of contact’s phone number and email address.

City shall transmit payments on invoiced amounts, and any notices required by this Contract to Consultant as follows:

[REDACTED]

PROFESSIONAL SERVICES

Consultant agrees that services shall be performed and completed in the manner and according to the professional standards observed by a competent practitioner of the profession in which Consultant and its subcontractors or agents are engaged. Consultant shall not, either during or after the term of this Contract, make public any reports or articles, or disclose to any third party any information, confidential

or otherwise, relative to the work of City or the operations or procedures of City without the prior written consent of City.

Consultant further agrees that it shall not, during the term of this Contract, take any action that would affect its impartiality or professionalism due to City whether perceived or actual.

INDEPENDENT CONTRACTOR

It is understood and agreed that Consultant (including Consultant's employees) is an independent contractor, and that no relationship of employer-employee exists between the Parties hereto.

Consultant's assigned personnel shall not be entitled to any benefits payable to employees of City.

City is not required to make any deductions or withholdings from the compensation payable to Consultant under the provisions of the Contract and is not required to issue W-2 Forms for income and employment tax purposes for any of Consultant's assigned personnel.

Consultant, in the performance of its obligation hereunder, is only subject to the control or direction of City as to the designation of tasks to be performed and the results to be accomplished.

Any third-party person(s) employed by Consultant shall be entirely and exclusively under the direction, supervision, and control of Consultant.

Consultant hereby indemnifies and holds City harmless from any and all claims that may be made against City based upon any contention by any third party that an employer-employee relationship exists by reason of this Contract.

AUTHORITY OF CONSULTANT

Consultant shall possess no authority with respect to any City decision and no right to act on behalf of City in any capacity whatsoever as agent, or to bind City to any obligations whatsoever.

CONFLICT OF INTEREST

Consultant certifies that it has disclosed to City any actual, apparent, or potential conflicts of interest that may exist relative to the services to be provided pursuant to this Contract. Consultant agrees to advise City of any actual, apparent or potential conflicts of interest that may develop subsequent to the date of execution of this Contract. Consultant further agrees to complete any statements of economic interest if required by either City ordinance or State law.

AMENDMENTS, CHANGES OR MODIFICATIONS

Amendments, changes or modifications in the terms of this Contract may be made at any time by mutual written agreement between the Parties hereto and shall be signed by the persons authorized to bind the Parties.

TERMINATION

This Contract may be terminated by City, provided that City gives not less than thirty (30) calendar days' written notice (delivered by certified mail, return receipt requested) of intent to terminate. Upon termination, City shall be entitled to all work, including but not limited to, reports, investigations, appraisals, inventories, studies, analyses, drawings and data estimates performed to that date, whether completed or not, and in accordance with Section 15, Property of City.

City may temporarily suspend this Contract, at no additional cost to City, provided that Consultant is given written notice (delivered by certified mail, return receipt requested) of temporary suspension. If City gives such notice of temporary suspension, Consultant shall immediately suspend its activities under this Contract. A temporary suspension may be issued concurrent with the notice of termination provided for in subsection A of this section.

Notwithstanding any provisions of this Contract, Consultant shall not be relieved of liability to City for damages sustained by City by virtue of any breach of this Contract by Consultant, and City may withhold any payments due to Consultant until such time as the exact amount of damages, if any, due City from Consultant is determined.

In the event of termination, Consultant shall be compensated as provided for in this Contract, except as provided in Section 11C. Upon termination, City shall be entitled to all work, including but not limited to, reports, investigations, appraisals, inventories, studies, analyses, drawings and data estimates performed to that date, whether completed or not, and in accordance with Section 15, Property of City.

FUNDING

Consultant agrees and understands that renewal of this Contract in subsequent years is contingent upon action by City Council consistent with the appropriations limits of Article XIII B of the California Constitution and that the City Council may determine not to fund this Contract in subsequent years.

NOTICE TO PROCEED

Prior to commencing work under this Contract, Consultant shall receive a written "Notice to Proceed" from City. A Notice to Proceed shall not be issued until all necessary bonds and insurances have been received. City shall not be obligated to pay Consultant for any services prior to issuance of the Notice to Proceed.

EXTENSIONS OF TIME

Consultant may, for good cause, request extensions of time to perform the services required hereunder. Such extensions must be authorized in advance by City, in writing, and at City's sole discretion. Such extensions, if authorized, shall be incorporated in written amendments to this Contract or the attached Scope of Work in the manner provided in Section 10.

PROPERTY OF CITY

It is mutually agreed that all materials prepared by Consultant under this Contract shall become the property of City, and Consultant shall have no property right therein whatsoever. Immediately upon

termination, City shall be entitled to, and Consultant shall deliver to City, reports, investigations, appraisals, inventories, studies, analyses, drawings and data estimates performed to that date, whether completed or not, and other such materials as may have been prepared or accumulated to date by Consultant in performing this Contract which is not Consultant's privileged information, as defined by law, or Consultant's personnel information, along with all other property belonging exclusively to City which is in Consultant's possession. Publication of the information derived from work performed or data obtained in connection with services rendered under this Contract must be approved in writing by City.

Additionally, it is agreed that the Parties intend this to be a contract for services and each considers the products and results of the services to be rendered by Consultant hereunder to be work made for hire. Consultant acknowledges and agrees that the work (and all rights therein, including, without limitation, copyright) belongs to and shall be the sole and exclusive property of City without restriction or limitation upon its use or dissemination by City.

Nothing herein shall constitute or be construed to be any representation by Consultant that the work product is suitable in any way for any other project except the one detailed in this Contract. Any reuse by City for another project or project location shall be at City's sole risk.

COMPLIANCE WITH LAW

Consultant shall comply with all applicable laws, ordinances, and codes of federal, State and local governments, and shall commit no trespass on any public or private property in performing any of the work authorized by this Contract.

REPRESENTATIONS

Consultant agrees and represents that it is qualified to properly provide the services set forth herein, in a manner which is consistent with the generally accepted standards of Consultant's profession.

Consultant agrees and represents that the work performed under this Contract shall be in accordance with applicable federal, State and local law.

Consultant shall designate a project manager who at all times shall represent Consultant before City on all matters relating to this Contract. The project manager shall continue in such capacity unless and until he or she is removed at the request of City, is no longer employed by Consultant, or is replaced with the written approval of City, which approval shall not be unreasonably withheld.

Consultant shall provide corrective services without charge to City for services which fail to meet the above professional and legal standards, and which are reported to Consultant in writing within sixty (60) calendar days of discovery. Should Consultant fail or refuse to perform promptly its obligations, City may render or undertake performance thereof and Consultant shall be liable for any expenses thereby incurred.

APPROVAL OF STAFF MEMBERS

Consultant shall make every reasonable effort to maintain the stability and continuity of Consultant's staff assigned to perform the services required under this Contract. Consultant shall notify City of any changes in Consultant's staff to be assigned to perform the services required under this

Contract and shall obtain the approval of the City Manager of a list of all proposed staff members who are to be assigned to perform services under this Contract prior to any such performance.

ASSIGNMENT AND SUBCONTRACTING

Except as expressly authorized herein, Consultant's obligations under this Contract are not assignable or transferable, and Consultant shall not subcontract any work, without the prior written approval of City. However, claims for money due or which become due to Consultant from City under this Contract may be assigned to a financial institution or to a trustee in bankruptcy, without such approval. Notice of any assignment or transfer whether voluntary or involuntary shall be furnished promptly to City.

Consultant shall be as fully responsible to City for the negligent acts and omissions of its contractors and subcontractors, and of persons either directly or indirectly employed by them, in the same manner as persons directly employed by Consultant.

MATERIALS CONFIDENTIAL

All of the materials prepared or assembled by Consultant pursuant to performance of this Contract are confidential and Consultant agrees that they shall not be made available to any individual or organization without the prior written approval of City or except by court order. If Consultant or any of its officers, employees, or subcontractors does voluntarily provide information in violation of this Contract, City has the right to reimbursement and indemnity from Consultant for any damages caused by Consultant releasing the information, including, but not limited to, City's attorney's fees and disbursements, including without limitation experts' fees and disbursements.

LIABILITY OF CONSULTANT—NEGLIGENCE

Consultant shall be responsible for performing the work under this Contract in a manner which is consistent with the generally-accepted standards of Consultant's profession and shall be liable for its own negligence and the negligent acts of its employees, agents, contractors and subcontractors. City shall have no right of control over the manner in which the work is to be done but only as to its outcome and shall not be charged with the responsibility of preventing risk to Consultant or its employees, agents, contractors or subcontractors.

INDEMNITY AND LITIGATION COSTS

To the fullest extent permitted by law, Consultant shall indemnify, protect, defend, and hold harmless City, its officers, officials, agents, employees and volunteers from and against any and all claims, damages, demands, liability, costs, losses and expenses, including without limitation, court costs and reasonable attorneys' and expert witness fees, arising out of any failure to comply with applicable law, any injury to or death of any person(s), damage to property, loss of use of property, economic loss or otherwise arising out of the performance of the work described herein, to the extent caused by a negligent act or negligent failure to act, errors, omissions, recklessness or willful misconduct incident to the performance of this Contract on the part of Consultant, except such loss or damage which was caused by the sole negligence, or willful misconduct of City, as determined by a Court of competent jurisdiction. Unless and until such judicial determination is made, or as otherwise agreed by the parties, Consultant shall remain obligated to defend, indemnify, and hold harmless City, its officers, officials, employees,

volunteers, and agents pursuant to this Contract. The provisions of this section shall survive termination or suspension of this Contract.

In any contract that Consultant enters into with any subcontractor in any capacity related to any and all duties under this Contract, there must be an indemnification provision identical to the one provided in this Section applicable to the subcontractor requiring the subcontractor to assume the defense, indemnify and save harmless City to the same extent as Consultant. Consultant's failure to include such an indemnification provision in any contract with a subcontractor shall constitute a material breach of this Contract. In the event Consultant fails to obtain such indemnity obligations from others as required herein, Consultant agrees to be fully responsible and indemnify, and save harmless City as prescribed under this Section.

EVIDENCE OF INSURANCE COVERAGE

Prior to commencement of any work under this Contract, Consultant shall provide and maintain in effect during the term of this Contract evidence of insurance coverage as set forth in **Exhibit D**, attached hereto and incorporated herein by reference. These insurance requirements are summarized as follows:

INSERT INSURANCE SUMMARY

Furthermore, Consultant shall certify its compliance with Labor Code Section 3700 in the form attached hereto and incorporated by reference, as **Exhibit E**.

EVIDENCE OF INSURANCE COMPLIANCE

Consultant or its insurance broker shall deliver the required proof of insurance compliance, consisting of Insurance Services Office (ISO) endorsement forms or their equivalent and the ACORD form 25-S certificate of insurance (or its equivalent), evidencing all required coverage to City. City may designate an insurance certificate processor ("Processor") to accept and process Consultant's proof of insurance. Consultant shall deliver copies of the actual insurance policies, renewals, or replacements directly to City or Processor upon their request.

EMPLOYMENT PRACTICES

Consultant, by execution of this Contract, certifies that it does not discriminate against any person upon the basis of race, color, creed, national origin, age, sex, disability or marital status in its employment practices.

UNAUTHORIZED ALIENS

Consultant hereby promises and agrees to comply with all of the provisions of the federal immigration and nationality act (8 U.S.C.A. § 1101 et seq.), as amended; and in connection therewith, shall not employ unauthorized aliens as defined therein. Should Consultant so employ such unauthorized aliens for the performance of work and/or services covered by this Contract, and should the federal government impose sanctions against City for such use of unauthorized aliens, Consultant hereby agrees to, and shall, reimburse City for the cost of all such sanctions imposed, together with any and all costs, including attorneys' fees, incurred by City in connection therewith.

LICENSES, PERMITS, AND OTHER APPROVALS

Consultant represents and warrants to City that it has all licenses, permits, qualifications and approvals of whatsoever nature legally required for Consultant to practice its profession and perform the work described herein. Consultant represents and warrants to City that Consultant shall, at its sole cost and expense, obtain and/or keep in effect at all times during the term of this Contract any licenses, permits, and approvals which are legally required for Consultant to practice its profession at the time the services are performed.

RECORDS AND INSPECTION

Consultant shall maintain records, books, documents and other evidence directly pertinent to the performance of work under this Contract in accordance with generally accepted accounting principles and practices. City shall have the right to access and examine such records, without charge, during normal business hours. City shall further have the right to audit such records, to make transcripts therefrom and to inspect all program data, documents, proceedings, and activities.

MISCELLANEOUS PROVISIONS

Attorneys' Fees: In the event an action or proceeding is instituted by either party for the breach or enforcement of any provision of this Contract, the prevailing party shall be entitled to reasonable attorneys' fees and all litigation expenses, including, but not limited to expert's fees and disbursements.

Venue: This Contract shall be deemed to be made in, and the rights and liabilities of the Parties, and the interpretation and construction of the Contract governed by and construed in accordance with the laws of the State of California. Any legal action arising out of this Contract shall be filed in and adjudicated by a court of competent jurisdiction in the County of Sacramento, State of California.

Enforceability: If any term or provision of this Contract is found to be void, voidable, invalid or unenforceable by a court of competent jurisdiction under the laws of the State of California, any and all of the remaining terms and provisions of this Contract shall remain binding.

Time: All times stated herein or in any other Contract Documents are of the essence.

Binding: This Contract shall bind and inure to the heirs, devisees, assignees and successors in interest of Consultant and to the successors in interest of City in the same manner as if such parties had been expressly named herein.

Survivorship: Any responsibility of Consultant for warranties, insurance, indemnity, record-keeping or compliance with laws with respect to this Contract shall not be invalidated due to the expiration, termination or cancellation of this Contract.

G. Construction and Interpretation: Consultant and City agree and acknowledge that the provisions of this Contract have been arrived at through negotiation and that each party has had a full and fair opportunity to revise the provisions of this Contract and to have such provisions reviewed by legal counsel. Therefore, any ambiguities in construing or interpreting this Contract shall not be resolved against the drafting party. The titles of the various sections are merely informational and shall not be construed as a substantive portion of this Contract.

H. Waiver: The waiver at any time by any party of any of its rights with respect to a default

or other matter arising in connection with this Contract shall not be deemed a waiver with respect to any subsequent default or other matter.

I. Severability: The invalidity, illegality or unenforceability, of any provision of this Contract shall not render the other provisions invalid, illegal or unenforceable.

J. No Third-Party Beneficiary: It is expressly understood and agreed that the enforcement of these terms and conditions shall be reserved to City and Consultant. Nothing contained in the agreement shall give or allow any claim or right of action whatsoever by any third party. It is the express intent of City and Consultant that any such person or entity, other than City or Consultant, receiving benefits or services under this agreement shall be deemed as incidental beneficiary.

K. Non-Discrimination/Non-Preferential Treatment Statement: In performing this Contract, the parties shall not discriminate or grant preferential treatment on the basis of race, sex, color, age, religion, sexual orientation, disability, ethnicity, or national origin, and shall comply to the fullest extent allowed by law, with all applicable local, state, and federal laws relating to nondiscrimination.

L. Authority to Execute: The person or persons executing this Contract on behalf of Consultant warrant and represent that they have the authority to execute this Contract on behalf of their agency and further warrant and represent that they have the authority to bind Consultant to the performance of its obligations hereunder.

M. Dispute Resolution: Prior to either party commencing any legal action under this Contract, the parties agree to try in good faith, to settle any dispute amicably between them. If a dispute has not been settled after forty-five (45) days of good-faith negotiations and as may be otherwise provided herein, then either party may pursue available legal and equitable remedies against the other.

N. Force Majeure: Neither party shall be in default by reason of any failure in the performance of this Contract if such failure arises out of causes beyond its reasonable control. Such causes may include, but are not limited to, acts of God, acts of the public enemy, acts of government in either its sovereign or contractual capacity, acts of the party whose performance is not sought to be excused, fires, flood, weather, epidemics, quarantine restrictions, strikes, freight embargoes, failure of transmission or power supply, mechanical difficulties with equipment which could not have been reasonably forecasted or provided for, or other causes beyond its sole control. The party so affected will resume performance as soon as practicable after the force majeure event terminates.

ENTIRE AGREEMENT

This instrument and any attachments hereto constitute the entire Contract between City and Consultant concerning the subject matter hereof and supersedes any and all prior oral and written communications between the Parties regarding the subject matter hereof.

AGREED to this _____ day of _____, 20 ____, by the Parties as follows:

Approved to as form:

CONSULTANT

By: _____
Attorney for Consultant

By: _____

Approved as to form:

CITY OF ELK GROVE

By: _____
Jonathan P. Hobbs, City Attorney

By: _____
Jason Behrmann, City Manager

Attest to:

By: _____
Jason Lindgren, City Clerk

Dated: _____

EXHIBIT A
Scope of Work

EXHIBIT B

Schedule of Performance

EXHIBIT C

Compensation and Method of Payment

EXHIBIT D

Insurance Requirements

Prior to commencement of any work under this Contract, Consultant shall provide to the City proof of, and maintain in full force and effect at all times during the term of the Contract, at its sole cost and expense, policies of insurance as set forth herein. Consultant shall comply with all reporting and other provisions of the policies of insurance as set forth herein including, but not limited to, timely reporting of claims and suits. Further, should Consultant maintain any programs of self-insurance, Consultant shall comply with the applicable fulfillment of any self-insured retentions.

1. General Liability:

- a. Comprehensive general liability insurance including, but not limited to, protection for claims of bodily injury and property damage liability.
- b. Coverage shall be at least as broad as Insurance Services Office Commercial General Liability coverage form CG 0001 (occurrence).
- c. Claims-made coverage is not acceptable.
- d. The limits of liability shall not be less than:

Each occurrence:	One Million Dollars (\$1,000,000)
Aggregate:	One Million Dollars (\$1,000,000)
- e. The City, its officials, employees, agents and authorized volunteers shall be covered and specifically named as additional insured as respects liability arising out of activities performed by or on behalf of Consultant, products and completed operations of Consultant, and premises owned, occupied, or used by Consultant on a separate endorsement acceptable to the City.
- f. The insurer shall agree to waive all rights of subrogation against the City, its officials, employees, agents, and authorized volunteers for losses arising from work performed by Consultant.
- g. The policy shall contain no special limitations on the scope of coverage afforded to the City, its officials, employees, agents, or authorized volunteers.
- h. Provision or endorsement stating that for any claims related to this contract, Consultant's insurance coverage shall be primary insurance as respects the City, its officials, employees, agents, and authorized volunteers to the extent the City is an additional insured. Any insurance or self-insurance maintained by the City, its officials, employees, agents, or authorized volunteers shall be in excess of Consultant's insurance and shall not contribute with it, to the payment or satisfaction of any defense expenses, loss or judgment.

2. Automobile Liability:

- a. Automobile liability insurance providing protection against claims of bodily injury and property damage arising out of ownership, operation, maintenance, or use of automobiles.
- b. Non-commercial policies are acceptable.

3. Workers' Compensation:
 - a. Workers' Compensation Insurance, with coverage as required by the State of California (unless Consultant is a qualified self-insurer with the State of California or is not required by California law to carry workers' compensation coverage), and Employers Liability coverage. Consultant shall execute a certificate in compliance with Labor Code Section 1861, on the form provided in Exhibit E.
 - b. Employer's Liability Coverage shall not be less than \$1,000,000.
 - c. If an injury occurs to any employee of Consultant for which the employee or his dependents, in the event of his death, may be entitled to compensation from the City under the provisions of the Acts, for which compensation is claimed from the City, there will be retained out of the sums due Consultant under this Contract, an amount sufficient to cover such compensation as fixed by the Acts, until such compensation is paid or it is determined that no compensation is due. If the City is required to pay such compensation, the amount so paid will be deducted and retained from such sums due, or to become due to Consultant.
 - d. The insurer shall agree to waive all rights of subrogation against the City, its officials, employees, agents, and authorized volunteers for losses arising from work performed by Consultant.

4. Errors and omissions:
 - a. Errors and omissions, malpractice, or professional liability insurance sufficiently broad to respond to the duties and obligations as is undertaken by Consultant in this Contract.
 - b. The limits of liability shall not be less than:

Each occurrence or claim:	Five Million Dollars (\$5,000,000)
Aggregate:	Five Million Dollars (\$5,000,000)
 - c. Both occurrence and claims-made policies are acceptable. For claims-made policies, upon termination of this Contract the same insurance requirements in Section 4 of this Exhibit will apply for a one (1) year period following such termination. A "tail" policy may be purchased as an alternative to satisfy this requirement.

5. Crime Insurance; Employee Dishonesty Insurance; Fidelity Bond.
 - a. Insurance coverage or fidelity bond protecting City funds or securities from theft, including employee theft, computer fraud, funds transfer loss, cyber extortion, and impersonation fraud. Policy(s) must cover Consultant's officials, agents, and employees with access to, and/or control over, funds received and/or controlled by Consultant.
 - b. Coverage shall not be less than Five Million Dollars (\$5,000,000) per occurrence.
 - c. City shall be named as loss payee as its interests appear.

6. Acceptability of Insurers: Insurance is to be placed with insurers with a **Bests' rating of no less than A:VII**.

7. Any deductibles, aggregate limits, pending claims or lawsuits that may diminish the

aggregate limits, or self-insured retention(s), must be declared to, and approved by, the City.

8. Consultant shall furnish the City with certificates of insurance and original endorsements or insurance binders, signed by a person authorized by the insurer to bind coverage on its behalf, evidencing the coverage required by this Contract. At the written request of the City, Consultant agrees to furnish a duplicate original or certified copy of each required policy including the declaration pages, conditions, provisions, endorsements, and exclusions.
9. The City, due to unforeseen risk or exhaustion, failure, or dilution of Consultant's insurance coverage, at its discretion, may increase the amounts and types of insurance coverage required hereunder at any time during the term of the contract by giving 30 days written notice.
10. Consultant shall serve the City notice, in writing by certified mail, within 2 days of any notices received from any insurance carriers providing insurance coverage under this Agreement that concern the suspension, voidance, cancellation, termination, reduction in coverage or limits, non-renewal, or material changes of coverage proposed or otherwise.
11. If Consultant fails to procure or maintain insurance as required by this section, and any Supplementary Conditions, or fails to furnish the City with proof of such insurance, the City, at its discretion, may procure any or all such insurance. Premiums for such insurance procured by the City shall be deducted and retained from any sums due Consultant under the contract.
12. Failure of the City to obtain such insurance shall in no way relieve Consultant from any of its responsibilities under the contract.
13. The making of progress payments to Consultant shall not be construed as relieving Consultant or its Sub-Consultants or agents of responsibility for loss or direct physical loss, damage, or destruction occurring prior to final acceptance by the City.
14. The failure of the City to enforce in a timely manner any of the provisions of this section shall not act as a waiver to enforcement of any of these provisions at any time during the term of the contract.
15. The requirement as to types, limits, and the City's approval of insurance coverage to be maintained by Consultant are not intended to, and shall not in any manner, limit or qualify the liabilities and obligations assumed by Consultant under the Contract.

EXHIBIT E

Certificate of Compliance With Labor Code § 3700, Release and Indemnification

The undersigned, on behalf of and as the duly certified representative of Consultant, certifies as follows:

1. Consultant is aware of the provisions of Section 3700 of the Labor Code which require every employer to be insured against liability for workers' compensation or to undertake self-insurance in accordance with the provisions of that code, and Consultant has complied or will comply with such provisions before commencing the performance of the work of this contract. (Cal. Labor Code §§1860, 1861.)
2. Should Consultant fail to secure Workers' Compensation coverage as required by the State of California, Consultant shall release, hold harmless, defend and indemnify City of Elk Grove from and against any damage, liability, claim, cause of action and any other loss, including without limitation, court costs, reasonable attorney's fees and costs resulting from any failure to take and/or maintain Workers' Compensation insurance as required by law. The provisions of this Exhibit shall survive termination, suspension and/or completion of this Contract. It is further understood and agreed that this release and assumption of risk is to be binding on Consultant's successors, heirs and assigns.

CONSULTANT

By: _____

Date: _____

Name: _____

Title: _____

CITY OF ELK GROVE



INVESTMENT POLICY

Fiscal Year 2026-27

CITY OF ELK
GROVE
INVESTMENT
POLICY

I. PURPOSE

This statement is intended to provide guidelines for the prudent investment of the City's surplus money in its treasury (hereinafter "Investment Cash") and to outline policies for maximizing the efficiency of the City's Investment Cash management system. The ultimate goal is to enhance the City's economic status while protecting its pooled Investment Cash.

II. POLICY

It is the policy of the City of Elk Grove to invest public funds in a manner that will provide a sound investment return with maximum security while meeting the City's daily cash flow demands and conforming to all state and local statutes governing the investment of public funds. The City of Elk Grove's investment policy has three objectives: (1) protect principal, (2) provide for liquidity needs, and (3) obtain the most reasonable rate of return possible within the first two objectives. The City operates its investment activities under the "prudent investor" standard (see discussion below). This affords a broad spectrum of investment opportunities so long as the investment is deemed prudent and permissible under current state and local law.

III. SCOPE

This investment policy applies to all liquid financial assets of the City of Elk Grove and investment activities under the direct authority of the City, as outlined in the State Government Code, Sections 53600 et seq., with the following exceptions:

- Proceeds of debt issuance shall be invested following the City's general investment philosophy as outlined in this policy; however, such proceeds are to be invested according to the permitted investment provisions of their specific bond indentures.
- The City's OPEB funds shall be invested per its separate investment policy.

IV. PRUDENT INVESTOR STANDARD

The City Council and all persons authorized to make investment decisions on behalf of the City are trustees and, therefore, fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, prudence, and diligence under the circumstances then prevailing, including but not limited to the general economic conditions and the anticipated needs of the City, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the City. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.

The City recognizes that market prices of securities will vary depending on economic and interest rate conditions at any point in time. It is further recognized that in a well-diversified

investment portfolio, occasional sales and measured gains or losses may be inevitable and must be considered within the context of the overall investment program objectives and the resultant long-term rate of return.

The City Treasurer and other individuals assigned to manage the investment portfolio, acting within the intent and scope of the investment policy and other written procedures and exercising due diligence, shall be relieved of personal responsibility and liability for an individual security's credit risk or market price changes, provided deviations from expectations are reported promptly, and appropriate action is taken to control adverse developments.

V. OBJECTIVES

The City's cash management system is designed to monitor and forecast expenditures and revenues accurately, thus enabling the City to invest Investment Cash to the fullest extent possible. The City strives to obtain the most reasonable return possible as long as investments meet the criteria for safety and liquidity.

Safety

The foremost objective of the investment program is the safety of principal. Accordingly, City investments shall be undertaken to ensure the preservation of principal in the overall portfolio. To attain this objective, diversification is required so that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

Liquidity

The City's investment portfolio shall remain sufficiently liquid to enable the City to meet all reasonably anticipated operating requirements. This goal shall be achieved by maintaining a prudent portion of the City's portfolio in liquid, short-term instruments that can readily be converted to cash if necessary.

Return on Investment

The City's investment portfolio shall be designed to attain a market rate of return throughout budgetary and economic cycles commensurate with the City's investment risk constraints and the portfolio's cash flow characteristics. Accordingly, the City will attempt to obtain the most reasonable return possible when selecting an investment, provided the criteria for safety and liquidity are met.

VI. DELEGATION OF AUTHORITY

California Government Code, Sections 41006 and 53600 et seq., gives the City authority to manage its investment program.

The City Council is responsible for managing the City's funds, including administering this investment policy. Per California Government Code Section 53607, the Elk Grove City Council

has authorized the City Treasurer to invest on behalf of the City, to manage the City's investment program consistent with this investment policy, and to maintain a system of internal controls to regulate the activities of subordinate officials. Such procedures will include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer.

The City may engage the services of one or more external investment advisers registered under the Investment Advisers Act of 1940 to assist in managing its investment portfolio in a manner consistent with its objectives. Following this investment policy, external investment advisers may be granted discretion to purchase and sell investment securities.

VII. PUBLIC TRUST

All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust. In a diversified portfolio, occasional measured losses are inevitable and must be considered within the context of the overall portfolio's investment return, provided that adequate diversification has been implemented.

VIII. ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that conflicts with the proper execution of the investment program or impairs their ability to make impartial investment decisions. Officers and employees shall disclose to the City Treasurer any material interests in financial institutions with which they conduct business. They shall further disclose any significant personal financial/investment positions that could be related to the investment portfolio's performance. Officers and employees shall also refrain from undertaking any personal investment transactions with the same individual with whom business is conducted on behalf of the City. Additionally, the City Treasurer (Finance Director) and other key finance personnel must annually file applicable financial disclosures as required by the Fair Political Practices Commission (FPPC).

IX. QUALIFIED FINANCIAL INSTITUTIONS, DEPOSITORIES, AND BROKER/DEALERS

To the extent practicable, the City Treasurer shall endeavor to complete investment transactions using a competitive bid process whenever possible. The City Treasurer will determine which financial institutions are authorized to provide investment services to the City. The City shall transact business only with qualified banks, savings and loans, and broker/dealers. The City Treasurer shall maintain procedures for establishing a list of authorized brokers/dealers and financial institutions approved for investment purposes, selected through a process of due diligence as determined by the City Treasurer. Due inquiry shall assess whether such authorized

broker/dealers, and the individuals covering the City are reputable and trustworthy, knowledgeable and experienced in Public Agency investing, and able to meet all their financial obligations. These institutions may include “primary” dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15c3-1 (uniform net capital rule).

Per Section 53601.5, institutions eligible to transact investment business with the City include:

- Institutions licensed by the state as a broker-dealer.
- Institutions that are members of a federally regulated securities exchange.
- Primary government dealers as designated by the Federal Reserve Bank and non-primary government dealers.
- Savings association or federal association (as defined in Section 5102 of the Financial Code).
- Nationally or state-chartered banks.
- The Federal Reserve Bank.
- Direct issuers of securities eligible for purchase.

The selection of financial institutions and brokers/dealers authorized to engage in transactions will be at the sole discretion of the City, except where the City utilizes an external investment adviser, in which case the City may rely on the adviser for selection. The City shall send a copy of the current investment policy to all broker/dealers approved to do business with the City. Confirmation of receipt of this policy shall be considered evidence that the dealer understands the City's investment policies and intends to sell the City only appropriate investments authorized by this investment policy.

Public deposits will be made only in qualified public depositories established by State law. Deposits will be insured by the Federal Deposit Insurance Corporation or, to the extent that the amount exceeds the insured maximum, collateralized per State law.

The selection of brokers/dealers used by an external investment adviser retained by the City will be at the sole discretion of the adviser. Where possible, transactions with broker/dealers shall be selected competitively, and their bid or offering prices shall be recorded. If there is no other available competitive offering, best efforts will be made to document quotations for comparable or alternative securities. When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities at the same original issue price.

X. AUTHORIZED INVESTMENTS

Investment of City funds is governed by the California Government Code Sections 53600 et. seq. Within the context of code limitations, the following investments and their respective additional limitations are authorized as listed below. If a discrepancy between this policy and the Code is found, the more restrictive parameters will take precedence. Percentage holding limits and minimum credit criteria listed in this section apply when the security is purchased.

Any investment currently held when the policy is adopted that does not meet the new policy guidelines can be held until maturity and shall be exempt from the current policy. At the time of the investment's maturity or liquidation, such funds shall be reinvested only as provided in the current policy.

Purchasing high-quality, liquid, and marketable securities shall maintain an appropriate risk level. In addition, the portfolio shall be diversified by security type and institution to avoid incurring unreasonable and avoidable risks regarding specific security types or individual issuers.

1. United States Treasury Bills, Bonds, and Notes are those for which the full faith and credit of the United States are pledged to pay principal and interest. There is no dollar amount or percentage limitation of the portfolio that can be invested in this category, provided that the maximum maturity is seven (7) years.

2. Federal Agency or United States government-sponsored enterprise obligations, participations, or other instruments, such as but not exclusively issued by the Government National Mortgage Association (GNMA), the Federal Farm Credit System (FFCB), the Federal Home Loan Bank Board (FHLB), the Federal National Mortgage Association (FNMA), and the Federal Home Loan Mortgage Association (FHLMC) whose principal and interest are fully guaranteed by federal agencies or United States government-sponsored enterprises. There is no dollar amount or percentage limitation of the portfolio that can be invested in this category, provided that no more than 30% of the portfolio may be invested in any single Agency/GSE issuer. The maximum maturity does not exceed seven (7) years. The maximum percent of agency callable securities in the total portfolio will be 20%.

3. Local Agency Investment Fund (LAIF), a State of California-managed investment pool, may be used as permitted by California State Government Code, Title 2, Division 4, Part 2, Chapter 2, Article 11, commencing with section 16429.1. The City may invest up to the maximum amount permitted by LAIF. LAIF's investments in instruments prohibited by or not specified in the City's policy do not exclude the investment in LAIF itself from the City's list of authorized investments, provided LAIF's reports allow the Treasurer to adequately judge the risk inherent in LAIF's portfolio.

4. Shares of Beneficial Interest issued by a Joint Powers Authority. Investments in any one fund or in the aggregate of this investment type shall not exceed 30% of the City's total portfolio at the time of purchase.

Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions (a) to (r), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares shall have retained an investment adviser that meets all of the following criteria:

(1) The adviser is registered or exempt from registration with the United States Securities and Exchange Commission.

(2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive.

(3) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

5. Bills of exchange or time drafts drawn on and accepted by commercial banks, otherwise known as Bankers' Acceptances, provided that they are issued by institutions that have short-term debt obligations rated "A-1" or its equivalent or better by at least one nationally recognized statistical rating organization (NRSRO); or long-term debt obligations which are rated in a rating category of "A" or its equivalent or better by at least one NRSRO. Bankers' acceptances purchased may not exceed 180 days to maturity or 40% of the City's total portfolio at the time of purchase. Additionally, no more than 5% of the portfolio may be invested in any single issuer.

6. Commercial paper provided that the securities are issued by an entity that meets all of the following conditions in either paragraph (a) or (b) and other requirements specified below:

a) Securities issued by corporations:

- i. A corporation organized and operating in the United States with over \$500 million in assets.
- ii. The securities are rated "A-1" or its equivalent or better by at least one NRSRO.
- iii. If the issuer has other debt obligations, they must be rated in a rating category of "A" or its equivalent or better by at least one NRSRO.

b) Securities issued by other entities:

- i. The issuer is organized within the United States as a special purpose corporation, trust, or limited liability company.
- ii. The securities must have program-wide credit enhancements including, but not limited to, over-collateralization, letters of credit, or a surety bond.

- iii. The securities are rated “A-1” or its equivalent or better by at least one NRSRO.

Purchases of commercial paper may not exceed 25% of the City’s Investment Cash. Under a provision sunsetting on January 1, 2031, no more than 40% of the total portfolio may be invested in Commercial Paper if the Agency’s investment assets under management are greater than \$100,000,000, nor may those purchases exceed 397 days to maturity. In addition, investment in any one institution may not exceed more than 5% of the City’s total portfolio at the time of purchase.

7. Negotiable certificates of deposit issued by nationally or state-chartered banks, a savings association or federal association, a state or federal credit union, or by a federally-licensed or state-licensed branch of a foreign bank. The amount of the NCD insured up to the FDIC limit does not require any credit ratings. However, any amount above the FDIC-insured limit must be issued by institutions that have short-term debt obligations rated “A-1” or its equivalent or better by at least one NRSRO or long-term obligations rated in a rating category of “A” or its equivalent or better by at least one NRSRO. Purchases of negotiable certificates of deposit may not exceed 30% of the City’s total portfolio at the time of purchase. Investment in any one institution may not exceed more than 5% of the City’s total portfolio at the time of purchase. The maximum maturity may not exceed five (5) years.

8. Repurchase agreements that specify terms and conditions may be transacted with banks and broker/dealers. Repurchase agreements must be collateralized with securities authorized under the California Government Code. Investment in repurchase agreements may not exceed 20% of the City’s total portfolio at the date entered into. The maturity of the repurchase agreements shall not exceed 90 days. The market value of the securities used as collateral for the repurchase agreements shall be monitored by the investment staff and shall not be allowed to fall below 102% of the value of the repurchase agreement. A Master Repurchase Agreement must be executed with the bank or dealer before *investing* in a Repurchase Agreement.

9. Time deposits, non-negotiable and collateralized per the California Government Code, may be purchased through banks or savings and loan associations. Since time deposits are not liquid, no more than 25% of the total portfolio may be invested in this type of investment. Investment in any one institution may not exceed more than 5% of the City’s total portfolio at the time of purchase. The maximum maturity may not exceed five (5) years.

10. Medium Term Corporation Notes, provided that the issuer is a corporation organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. The maximum maturity may not exceed five (5) years. Securities eligible for investment shall be rated in a rating category of “A” or its equivalent or better by at least one NRSRO. Purchase of medium-term notes may not exceed 30% of the City’s total portfolio at the time of purchase, and no more than 5%

of the City's total portfolio at the time of purchase may be invested in notes issued by any single issuer.

11. Shares of beneficial interest issued by diversified management companies that are mutual funds and money market mutual funds that are registered with the Securities and Exchange Commission under the Investment Company Act of 1940, provided that:

A. Mutual Funds that invest in the securities and obligations as authorized under California Government Code, Section 53601 (a) to (k) and (m) to (q) inclusive and that meet either of the following criteria:

- i. Attained the highest ranking or the highest letter and numerical rating provided by not less than two (2) NRSROs or
- ii. Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with at least five years experience investing in the securities and obligations authorized by California Government Code, Section 53601, and with assets under management over \$500 million.

- No more than 10% of the total portfolio may be invested in shares of any mutual fund.

B. Money Market Mutual Funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 and issued by diversified management companies and meet either of the following criteria:

- i. Have attained the highest ranking or the highest letter and numerical rating provided by not less than two (2) NRSROs or
- ii. Have retained an investment adviser registered or exempt from registration with the Securities and Exchange Commission with at least five years experience managing money market mutual funds with assets under management over \$500 million.

- No more than 20% of the total portfolio may be invested in the shares of any one money market mutual fund. In addition, only funds holding U.S. Treasury or government agency obligations can be utilized.

- Investments in money market and mutual funds combined may not exceed 20% of the City's total portfolio at the time of purchase.

12. Municipal Securities issued by the State of California, and any local agency within the State of California, including bonds, notes, warrants, or other indebtedness, provided the

securities are rated in a rating category of “A” or its equivalent or better by at least one NRSRO. The City may also purchase its issued debt but may not resell it before maturity without obtaining a tax-exempt redetermination opinion from legal counsel. Purchases of Municipal Securities in the aggregate shall not exceed 30% of the City’s total portfolio at the time of purchase. Investment in any one issuer shall not exceed 5% at the time of purchase. Maturity shall be limited to a maximum of seven (7) years from the date of purchase.

13. Municipal Securities that are registered treasury notes or bonds of the other 49 states in addition to California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of the State of California, or any of the other 49 states, in addition to California, provided the securities are rated in a rating category of “A” or its equivalent or better by at least one NRSRO. Investment in any one issuer shall not exceed 5% at the time of purchase. Purchases of Municipal Securities in the aggregate shall not exceed 30% of the City’s total portfolio at the time of purchase. Maturity shall be limited to a maximum of seven (7) years from the date of purchase.

14. Supranationals, United States dollar-denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, Inter-American Development Bank, or the International Finance Corporation, with a maximum remaining maturity of five years or less, and eligible for purchase and sale within the United States. Investments under this subdivision shall be rated in a rating category of “AA” or its equivalent or better by one NRSRO. No more than 30% of the City’s total portfolio may be invested in these securities. No more than 10% of the City’s total portfolio may be invested in any issuer.

15. Asset-Backed, Mortgage-Backed, Mortgage Passthrough Securities, and Collateralized Mortgage Obligations from issuers not defined in Sections 1 and 2 of the Authorized Investments Section of this policy, provided that:

- The securities are rated in a “ AA “ rating category or its equivalent or better by an NRSRO.
- No more than 20% of the total portfolio may be invested in these securities.
- No more than 5% of the total portfolio may be invested in any single Asset-Backed or Commercial Mortgage security issuer.
- The maximum legal final maturity does not exceed five (5) years.

XI. Prohibited Investment Vehicles and Practices

- State law notwithstanding, any investments not explicitly described herein are prohibited, including, but not limited to, futures and options.
- Per Government Code, Section 53601.6, investment in inverse floaters, range notes, or

mortgage-derived interest-only strips is prohibited.

- Investment in any security that could result in a zero-interest accrual if held to maturity is prohibited. However, under a provision sunsetting on January 1, 2031, securities backed by the U.S. Government that could result in a zero- or negative-interest accrual if held to maturity are permitted.
- Trading securities for the sole purpose of speculating on the future direction of interest rates is prohibited.
- Purchasing or selling securities on margin is prohibited.
- The use of reverse repurchase agreements, securities lending, or any other form of borrowing or leverage is prohibited.
- The purchase of foreign currency-denominated securities is prohibited.
- Purchasing securities with trade settlement periods longer than 45 days is prohibited.

XII. INVESTMENT POOLS/MUTUAL FUNDS

Government-sponsored pools and money market mutual funds are excellent short-term cash management facilities. These pools/funds can provide safety, liquidity, and yield in a single investment instrument. In addition, these funds provided additional diversity in that each fund share is a composite of the funds of the entire portfolio of various maturity lengths, asset classes, and specific investments. The City Treasurer shall thoroughly investigate any pool or mutual fund before investing and continually after that. The City Treasurer shall develop a questionnaire that will answer the following general questions:

- A description of eligible investment securities and a written statement of investment policy and objectives.
- A description of interest calculations, how they are distributed, and how gains and losses are treated.
- A description of how the securities are safeguarded (including the settlement processes), how often they are priced, and how the program is audited.
- A description of who may invest in the program, how often, and what size deposit and withdrawal are allowed.
- A schedule for receiving statements and portfolio listings.
- Are reserves, retained earnings, etc., utilized by the pool/fund?
- A fee schedule and when and how it is assessed.
- Is the pool/fund eligible for bond proceeds, and will it accept them?

XIII. COLLATERALIZATION

Collateralization shall be required on two types of investments:

1. Certificates of Deposit above the amount federally insured and
2. Repurchase agreements.

The general collateralization level for Certificates of Deposit shall be 110% of the amount invested above the amount federally insured. If the security used for collateral is a mortgage-backed security, the collateralization level shall be 150% of the amount invested (Government Code sec. 53652).

For repurchase agreements, the collateralization level must be at least 102% of the agreement's market value.

The collateral shall be held by an independent third party with whom the entity has a current custodial agreement, and the right of collateral substitution is granted. To conform with the provisions of the Federal bankruptcy code, which provides for the liquidation of securities held as collateral, the only securities acceptable as collateral shall be certificates of deposit, commercial paper, eligible bankers' acceptances, medium-term notes, or securities that are the direct obligations of or are fully guaranteed as to principal and interest by the United States or any agency of the United States.

XIV. SAFEKEEPING AND CUSTODY

All security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a delivery versus payment (DVP) basis and delivered to the City or the City's designated custodian upon receipt of payment by the City.

All securities that may be purchased, including collateral for repurchase agreements, shall be held by a third-party custodian designated by the Treasurer. These securities shall be held in the City's name and control, and safekeeping receipts shall evidence third-party custody. The third-party custodian shall send the City a statement of what is safe-kept every month, which shall be reconciled to the City's record monthly.

XV. DIVERSIFICATION INVESTMENT

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

XVI. MAXIMUM MATURITIES

To the extent possible, the City of Elk Grove shall attempt to match its investments with anticipated cash flow requirements. However, unless matched to a specific cash flow, the City shall not directly invest in securities maturing more than five years from the trade settlement date unless the City Council has granted express authority to make that investment either specifically or as a part of an investment program approved by the City Council no less than three months prior to the investment.

XVII. RISK MANAGEMENT AND DIVERSIFICATION

1. Mitigating Credit Risk in the Portfolio

Credit risk is the risk that a security or a portfolio will lose some or all its value due to an actual or perceived change in the ability of the issuer to repay its debt. The City will mitigate credit risk by adopting the following strategies:

- The diversification requirements in this policy's "Authorized Investments" section are designed to mitigate portfolio credit risk.
- No more than 5% of the total portfolio may be deposited with or invested in securities issued by any single issuer unless otherwise specified in this policy.
- The City may sell a security before its maturity and record a capital gain or loss to manage the portfolio's quality, liquidity, or yield in response to market conditions or the City's risk preferences.
- If a security owned by the City is downgraded to a level below the requirements of this policy, making the security ineligible for additional purchases, the following steps will be taken:
 1. The investment manager's actions related to the downgrade will promptly be communicated to the City Treasurer.
 2. If a decision is made to retain the security, the credit situation will be monitored and reported to the City Council.

2. Mitigating Market Risk in the Portfolio

Market risk is the risk that portfolio value will fluctuate due to changes in the general level of interest rates. The City recognizes that, over time, longer-term portfolios have the potential to achieve higher returns. However, longer-term portfolios also have higher volatility of return. Therefore, the City will mitigate market risk by providing adequate liquidity for short-term cash needs and making longer-term investments only with funds not needed for current cash flow purposes.

The City further recognizes that certain types of securities, including variable rate securities, securities with principal paydowns before maturity, and securities with embedded options, will affect the market risk profile of the portfolio differently in different interest rate environments. The City, therefore, adopts the following strategies to control and mitigate its exposure to market risk:

- The City will maintain a minimum of six months of budgeted operating expenditures in short-term investments to provide sufficient liquidity for expected disbursements.
- The maximum stated final maturity of individual securities in the portfolio will be five (5) years from the date of trade settlement, except as otherwise stated in this policy.

- The portfolio's duration will generally be approximately equal to the duration (typically, plus or minus 20%) of a Market Benchmark, an index selected by the City based on the City's investment objectives, constraints, and risk tolerances.

XVIII. INTERNAL CONTROL

The City Treasurer establishes and maintains an internal control structure to protect the entity's assets from loss, theft, or misuse. The internal control structure shall be designed to reasonably ensure these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management. The City Treasurer shall also conduct an annual review of the investment program. This process may include testing the investment program by the City's external auditor to determine the extent of compliance with the Investment Policy.

All wire transfers initiated by the Finance Department will be confirmed to the appropriate financial institution. For each investment transaction, proper documentation obtained from confirmations and cash disbursement wire transfers is required. In addition, timely bank reconciliations are conducted to ensure the appropriate handling of all transactions.

XIX. PERFORMANCE STANDARDS

The City's investment portfolio shall be designed to attain a sound rate of return throughout budgetary and economic cycles, considering the City's investment risk constraints and the portfolio's cash flow characteristics.

XX. PORTFOLIO MANAGEMENT ACTIVITY

The investment program shall seek to attain returns consistent with the intent of this policy, identified risk limitations, and prudent investment principles. The use of the following strategies shall achieve these objectives:

Active Portfolio Management

Through active fund and cash-flow management, taking advantage of current economic and interest rate trends, the portfolio yield may be enhanced with limited and measurable increases in risk by extending the duration of the City's Investment Cash.

Portfolio Maturity Management

When structuring the maturity composition of the portfolio, the City shall evaluate current and expected interest rate yields and necessary cash flow requirements. It is recognized that in normal market conditions, longer maturities produce higher yields. However, securities with longer maturities also experience greater price fluctuations when interest rates change.

Security Swaps

The City may use security swap opportunities to improve the overall portfolio yield. A swap that enhances the portfolio yield may be selected even if the transactions result in an accounting loss. Swap documentation shall be included in the City's permanent investment file documents.

XXI. PERIODIC TREASURY REPORTS

The City Treasurer shall review and render monthly reports to the City Manager and City Council, including transactions, the par value and cost of the investment, the type of investment, the issuer's name, the coupon rate of interest, the maturity date, and the current market value.

XXII. INTEREST EARNINGS

All interest earned and collected from investments authorized in this policy shall be allocated monthly to all pooled cash funds based on the cash balance in each fund as a percentage of the entire pooled portfolio.

XXIII. LIMITING MARKET VALUE EROSION

It is the general policy of the City to limit the potential effects of erosion in market values by adhering to the following guidelines:

- All immediate and anticipated liquidity requirements shall be addressed before purchasing investments.
- Where possible, investment maturity dates shall coincide with significant cash flow requirements to assist with cash requirements at maturity.
- All securities shall be purchased with the intent to hold all investments to maturity. However, economic or market conditions may change, making it in the City's best interest to sell or trade a security before maturity.

XXIV. STATEMENT OF INVESTMENT POLICY

The City's Investment Policy shall be adopted by a City Council resolution. This policy shall be reviewed at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity, and yield and its relevance to current law and financial and economic trends. Any amendments to the policy shall be forwarded to the City Council for approval.

XXV. GLOSSARY OF TERMS

Bankers' Acceptance (BA) - A draft, bill, or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as does the issuer.

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

Certificate of Deposit – A time deposit with a specific maturity evidenced by a certificate. Large-denomination CDs are typically negotiable and may be eligible for FDIC insurance.

Collateral - Securities, evidence of deposit, or pledges to secure loan repayment. It also refers to securities pledged by a bank to secure deposits of public funds.

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

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

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

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

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

Federal National Mortgage Association (FNMA) - FNMA, like GNMA, was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages.

FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders receive timely principal and interest payment.

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

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

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

Master Repurchase Agreement - A written contract covering all future transactions between the parties to repurchase and/or reverse repurchase agreements that establish each party's rights. A master agreement will specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

Maturity - The date upon which an investment's principal or stated value becomes due and payable.

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

Municipal Securities of Local Agencies – Debt securities issued by states, cities, counties, and other governmental entities to fund day-to-day obligations and finance capital projects. The purchase of municipal securities is a loan to the bond issuer in exchange for regular interest payments and the return of the original investment.

Prudent Investor - An investment standard. In some states, the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state - the so-called legal list. In other states, the trustee may invest in a security if it would be bought by a prudent person of discretion and intelligence seeking a reasonable income and preservation of capital.

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

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

positions. Exception: When the Fed is said to be doing RPs, it is lending money, that is, increasing bank reserves.

Reverse Repurchase Agreement (Reverse REPO) - A transaction where the seller (City) agrees to buy back from the buyer (bank) the securities at an agreed-upon price after a stated period.

Risk - Degree of uncertainty of return on an asset.

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

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

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

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

Yield to Maturity - The rate of income return on an investment, minus any premium or plus any discount, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond, expressed as a percentage.

(Place on letterhead, sign, and return to City)

Investment Firm Certification Form

As an authorized representative of the undersigned firm, I certify that our firm has received a copy of the City of Elk Grove's Investment Policy, has read it, and will work within the policy's guidelines when conducting business with and providing services to the City.

All employees of the firm dealing with the City of Elk Grove have been and will be routinely informed of the City's investment objectives, policies, risk constraints, and other pertinent factors.

Name of Authorized Representative

Title

Signature

Date

Exhibit D: City of Elk Grove's March Treasury Report

**CITY OF ELK GROVE
SUMMARY OF CASH AND INVESTED FUNDS
FOR THE QUARTER ENDING MARCH 31, 2026**

TYPE OF INVESTMENT	CUSIP/ACCT	Interest Rate	Maturity Date	Par Value	Cost	Market Value	% of portfolio
Cash and Equivalents:							
US BANK GENERAL *	153497048899		Due on Demand	\$ 86,453	\$ 86,453	86,453	0.01%
CASH SWEEP - US BANK *	2-527-0003-4199	3.28%	Due on Demand	60,506,016	60,506,016	60,506,016	8.81%
US BANK FEDERAL ASSET SEIZURE *	153497048907		Due on Demand	589,933	589,933	589,933	0.09%
US BANK STATE ASSET SEIZURE *	153495527340		Due on Demand	105,826	105,826	105,826	0.02%
US BANK EVIDENCE *	153497048915		Due on Demand	178,867	178,867	178,867	0.03%
FIRST AMERICAN TREASURY OBLIGATION MONEY MARKET - US BANK *	31846V807	3.27%	Due on Demand	986,506	986,506	986,506	0.14%
CASH ON HAND	101-0000-103.0000		Due on Demand	5,700	5,700	5,700	0.00%
LOCAL AGENCY INVESTMENT FUND	98-34-274	3.96%	Due on Demand	45,395,874	45,395,874	45,395,874	6.61%
MONEY MARKET - FIVE STAR BANK ***	6500656	3.95%	Due on Demand	12,908,160	12,908,160	12,908,160	1.88%
CAL TRUST LIQUIDITY FUND	20100014310	3.83%	Due on Demand	111,925,584	111,925,584	111,925,584	16.30%
INSURED CASH SWEEP - RIVER CITY BANK ***	75-3540-34-3	3.96%	Due on Demand	126,651	126,651	126,651	0.02%
Total Demand Deposit Accounts				232,815,570	232,815,570	232,815,570	33.91%
Certificates of Deposit							
	CUSIP/ACCT	Interest Rate	Maturity Date	Par Value	Cost	Market Value	% of portfolio
RIVER CITY BANK ***	1031684303	4.00%	08/13/2026	11,324,969	11,324,969	11,324,969	2.50%
RIVER CITY BANK ***	1032806801	3.60%	02/25/2027	9,058,133	9,058,133	9,058,133	2.00%
RIVER CITY BANK ***	1030703835	3.60%	02/25/2027	2,990,420	2,990,420	2,990,420	0.69%
TRI COUNTIES BANK ** / ***	714009206	3.94%	08/21/2026	5,358,830	5,358,830	5,358,830	1.18%
Total Certificates of Deposit				28,732,352	28,732,352	28,732,352	6.33%
Agency Securities:							
	CUSIP/ACCT	Interest Rate	Maturity Date	Par Value	Cost	Market Value	% of portfolio
FEDERAL HOME LOAN BANKS	3130B0TY5	4.75%	04/09/2027	2,860,000	2,852,450	2,888,597	0.63%
FEDERAL HOME LOAN BANKS	3130AT557	4.50%	03/10/2028	3,000,000	3,065,010	3,036,393	0.68%
TENNESSEE VALLEY AUTHORITY	880591EZ1	3.88%	03/15/2028	2,380,000	2,395,108	2,382,530	0.53%
FEDERAL HOME LOAN BANKS	3130A0W0N7	4.38%	06/09/2028	3,000,000	3,013,230	3,033,072	0.69%
FEDERAL HOME LOAN MORTGAGE CORPORATION	3137FKE8	3.92%	09/25/2028	1,400,000	1,317,039	1,392,307	0.29%
FEDERAL HOME LOAN MORTGAGE CORPORATION	3137FKUP9	3.77%	12/25/2028	2,420,239	2,315,394	2,397,528	0.51%
FEDERAL HOME LOAN MORTGAGE CORPORATION **	3137FKZ22	3.69%	01/25/2029	3,995,000	3,932,422	3,947,751	0.87%
FEDERAL HOME LOAN MORTGAGE CORPORATION	3137H5YC5	2.26%	01/25/2029	4,000,000	3,711,875	3,806,228	0.82%
FEDERAL HOME LOAN MORTGAGE CORPORATION	3137H9D71	3.00%	09/25/2029	3,650,000	3,460,371	3,526,667	0.79%
Total Agency Securities				26,705,239	26,062,898	26,411,072	5.74%
US Treasury Notes:							
		Interest Rate	Maturity Date	Par Value	Cost	Market Value	% of portfolio
UNITED STATES	91282CEN7	2.75%	04/30/2027	2,000,000	1,970,078	1,978,338	0.43%
UNITED STATES	91282CEW7	3.25%	06/30/2027	10,000,000	10,092,578	9,930,470	2.22%
UNITED STATES	91282CFM8	4.13%	09/30/2027	4,500,000	4,527,891	4,518,459	1.00%
UNITED STATES	91282CGG9	3.88%	12/31/2027	6,000,000	6,044,375	6,004,218	1.33%
UNITED STATES	91282CGT2	3.63%	03/31/2028	7,000,000	7,013,398	6,974,569	1.55%
UNITED STATES	91282CHE4	3.63%	05/31/2028	6,000,000	5,889,065	5,976,330	1.30%
UNITED STATES	91282CHQ7	4.13%	07/31/2028	8,750,000	8,601,846	8,810,156	1.90%
UNITED STATES	91282CIA0	4.63%	09/30/2028	2,500,000	2,464,258	2,547,853	0.54%
UNITED STATES	91282CJN2	4.38%	11/30/2028	10,000,000	10,090,391	10,138,280	2.22%
UNITED STATES	91282CJR3	3.75%	12/31/2028	10,000,000	9,901,094	9,980,080	2.16%
UNITED STATES	91282CKD2	4.25%	02/28/2029	15,500,000	15,380,293	15,678,002	3.39%
UNITED STATES	91282CKP5	4.63%	04/30/2029	17,750,000	17,871,182	18,152,144	3.94%
UNITED STATES	91282CKX8	4.25%	06/30/2029	12,000,000	12,184,492	12,145,308	2.69%
UNITED STATES	91282CLK5	3.63%	08/31/2029	4,000,000	4,013,125	3,969,376	0.88%
UNITED STATES	91282CLN9	3.50%	09/30/2029	7,500,000	7,307,383	7,409,768	1.61%
UNITED STATES	91282CFY2	3.88%	11/30/2029	10,500,000	10,289,922	10,497,543	2.27%
UNITED STATES	91282CMG3	4.25%	01/31/2030	10,000,000	10,055,859	10,126,560	2.22%
UNITED STATES	91282CMZ1	3.88%	04/30/2030	16,500,000	16,521,543	16,481,949	3.64%
UNITED STATES	91282CHR5	4.00%	07/31/2030	15,000,000	15,138,068	15,047,460	3.34%
UNITED STATES	91282CPA3	3.63%	09/30/2030	8,750,000	8,694,629	8,640,966	1.92%
UNITED STATES	91282CPD7	3.63%	10/31/2030	11,500,000	11,451,641	11,351,305	2.52%
UNITED STATES	91282CPN5	3.50%	11/30/2030	6,000,000	5,947,188	5,889,612	1.31%
UNITED STATES **	91282CJX0	4.00%	01/31/2031	9,000,000	9,044,648	9,018,279	1.99%
UNITED STATES **	91282CQG9	3.88%	03/31/2031	4,000,000	3,980,625	3,987,188	0.88%
Total US Treasury Notes				214,750,000	214,375,586	215,254,213	47.25%
Corporate Securities:							
	CUSIP/ACCT	Interest Rate	Maturity Date	Par Value	Cost	Market Value	% of portfolio
TOYOTA MOTOR CREDIT CORPORATION	892367JK2	1.13%	06/18/2026	2,000,000	1,992,600	1,988,034	0.44%
ROYAL BANK OF CANADA	78016EZT7	1.15%	07/14/2026	2,750,000	2,748,405	2,726,892	0.61%
WALMART INC.	93114ZER0	1.05%	09/17/2026	540,000	538,979	532,869	0.12%
METROPOLITAN LIFE GLOBAL FUNDING I	59217GER6	1.88%	01/11/2027	1,790,000	1,787,959	1,760,336	0.39%
THE CHARLES SCHWAB CORPORATION	808513BY0	2.45%	03/03/2027	880,000	879,050	866,430	0.19%
BERKSHIRE HATHAWAY FINANCE CORPORATION	084664C22	2.30%	03/15/2027	2,080,000	2,079,605	2,047,766	0.46%
AMAZON.COM, INC.	023135CF1	3.30%	04/13/2027	1,500,000	1,497,405	1,488,698	0.33%
MORGAN STANLEY	61772BAB9	1.59%	05/04/2027	1,000,000	893,266	997,224	0.20%
VIRGINIA ELECTRIC AND POWER COMPANY	927804GH1	3.75%	05/15/2027	2,000,000	2,003,884	1,987,658	0.44%
MERCK & CO., INC.	58933YBC8	1.70%	06/10/2027	1,725,000	1,562,039	1,679,752	0.34%
CATERPILLAR FINANCIAL SERVICES CORPORATION	14913R3A3	3.60%	08/12/2027	1,315,000	1,304,278	1,307,574	0.29%
WALMART INC.	93114ZEX7	3.95%	09/09/2027	1,500,000	1,498,225	1,500,477	0.33%
THE TORONTO-DOMINION BANK	89115A2H4	4.69%	09/15/2027	2,375,000	2,375,000	2,387,464	0.52%
TOYOTA MOTOR CREDIT CORPORATION	892367JK3	4.55%	09/20/2027	500,000	487,375	502,840	0.11%
REALTY INCOME CORPORATION	756109AU8	3.65%	01/15/2028	870,000	825,178	859,774	0.18%
JOHN DEERE CAPITAL CORPORATION	24422EWR6	4.75%	01/20/2028	1,500,000	1,516,655	1,519,905	0.33%
BANK OF MONTREAL	06368LGV2	5.20%	02/01/2028	1,000,000	986,190	1,014,998	0.22%
UNITEDHEALTH GROUP INCORPORATED	91324PEP3	5.25%	02/15/2028	1,000,000	1,015,260	1,017,559	0.22%
JOHN DEERE CAPITAL CORPORATION	24422EWV7	4.90%	03/03/2028	1,000,000	983,260	1,016,938	0.22%
COMCAST CORPORATION	20030NCH2	3.55%	05/01/2028	2,000,000	1,894,580	1,971,162	0.42%
JPMORGAN CHASE & CO.	46647PAF3	3.54%	05/01/2028	2,000,000	1,882,445	1,981,434	0.41%
PUBLIC SERVICE ELECTRIC AND GAS COMPANY	74459QB09	3.70%	05/01/2028	1,500,000	1,433,610	1,482,273	0.32%

**CITY OF ELK GROVE
SUMMARY OF CASH AND INVESTED FUNDS
FOR THE QUARTER ENDING MARCH 31, 2026**

MERCK & CO., INC.	58933YBH7	4.05%	05/17/2028	1,500,000	1,500,060	1,501,760	0.33%
THE BANK OF NEW YORK MELLON CORPORATION	06406RBG1	3.99%	06/13/2028	2,500,000	2,387,915	2,488,950	0.53%
AMERICAN HONDA FINANCE CORPORATION	02665WEM9	5.13%	07/07/2028	1,500,000	1,501,275	1,515,974	0.33%
THE TORONTO-DOMINION BANK	89115AUJ5	5.52%	07/17/2028	1,500,000	1,509,035	1,537,022	0.33%
ROYAL BANK OF CANADA	78016HZS2	5.20%	08/01/2028	1,000,000	982,310	1,019,816	0.22%
BANK OF MONTREAL	06368LWU6	5.72%	09/25/2028	1,500,000	1,480,320	1,544,592	0.33%
REALTY INCOME CORPORATION	756109BS2	4.70%	12/15/2028	2,377,000	2,347,501	2,390,361	0.52%
BANK OF AMERICA CORPORATION	06051GHD4	3.42%	12/20/2028	1,500,000	1,408,580	1,473,557	0.31%
TOYOTA MOTOR CREDIT CORPORATION	89236TLL7	4.65%	01/05/2029	2,500,000	2,495,175	2,525,240	0.55%
UNITEDHEALTH GROUP INCORPORATED	91324PEU2	4.25%	01/15/2029	1,000,000	984,020	998,223	0.22%
JOHN DEERE CAPITAL CORPORATION	24422EXH7	4.50%	01/16/2029	1,250,000	1,215,688	1,261,915	0.27%
U.S. BANCORP	91159HJK7	4.65%	02/01/2029	1,500,000	1,448,940	1,506,861	0.32%
CISCO SYSTEMS, INC.	17275RBR2	4.85%	02/26/2029	1,615,000	1,614,435	1,644,575	0.36%
CATERPILLAR FINANCIAL SERVICES CORPORATION	14613UAJ9	4.85%	02/27/2029	2,500,000	2,567,125	2,543,925	0.57%
ABBVIE INC.	00287YDS5	4.80%	03/15/2029	2,750,000	2,770,783	2,794,184	0.61%
DUKE ENERGY PROGRESS, LLC	26442UAH7	3.45%	03/15/2029	2,000,000	1,868,620	1,956,388	0.41%
SALESFORCE, INC. **	79466LAR5	4.65%	03/15/2029	945,000	945,066	946,957	0.21%
MORGAN STANLEY	61747YFD2	5.16%	04/20/2029	3,500,000	3,485,866	3,540,313	0.77%
FLORIDA POWER & LIGHT COMPANY	341081GT8	5.15%	06/15/2029	1,500,000	1,514,715	1,538,784	0.33%
THE HOME DEPOT, INC.	437076DC3	4.75%	06/25/2029	2,000,000	1,994,125	2,030,738	0.44%
WELLS FARGO & COMPANY	95000U3E1	5.57%	07/25/2029	3,000,000	3,064,790	3,068,919	0.68%
AMERICAN EXPRESS COMPANY	02581GDH9	5.28%	07/27/2029	1,500,000	1,527,930	1,525,556	0.34%
GUARDIAN LIFE GLOBAL FUNDING	40139LBJ1	4.18%	09/26/2029	2,065,000	2,062,372	2,045,926	0.45%
MASSMUTUAL GLOBAL FUNDING II	57629TBV8	4.95%	01/10/2030	3,000,000	3,003,886	3,032,136	0.66%
JPMORGAN CHASE & CO	46647PEB8	5.01%	01/23/2030	2,000,000	2,013,620	2,027,982	0.44%
BANK OF AMERICA CORPORATION	06051GHQ5	3.97%	02/07/2030	3,000,000	2,912,520	2,958,723	0.64%
ABBVIE INC.	00287YDZ9	4.88%	03/15/2030	1,500,000	1,529,820	1,529,924	0.34%
THE GOLDMAN SACHS GROUP, INC.	38141GA87	5.73%	04/25/2030	2,000,000	2,061,200	2,063,382	0.45%
QUALCOMM INCORPORATED	747525BU6	4.50%	05/20/2030	2,000,000	2,007,380	2,011,662	0.44%
PUBLIC STORAGE OPERATING COMPANY	74464AAC5	4.38%	07/01/2030	1,000,000	994,710	998,668	0.22%
MORGAN STANLEY	61747YFS9	5.04%	07/19/2030	1,000,000	1,027,540	1,011,567	0.23%
BANK OF AMERICA CORPORATION	06051GHV4	3.19%	07/23/2030	1,250,000	1,196,063	1,198,825	0.26%
U.S. BANCORP	91159HJ50	5.10%	07/23/2030	1,500,000	1,545,645	1,526,450	0.34%
CARGILL, INCORPORATED	141781CF9	4.13%	10/23/2030	2,250,000	2,234,880	2,217,407	0.49%
THE GOLDMAN SACHS GROUP, INC.	38141GB80	4.69%	10/23/2030	2,250,000	2,286,360	2,251,762	0.50%
GUARDIAN LIFE GLOBAL FUNDING **	40139LBP7	4.40%	12/11/2030	1,500,000	1,514,505	1,488,291	0.33%
NORTHWESTERN MUTUAL GLOBAL FUNDING **	66815LZ21	4.30%	01/13/2031	2,825,000	2,824,746	2,785,213	0.62%
AMERICAN EXPRESS COMPANY **	02581GDY2	5.09%	01/30/2031	1,500,000	1,540,695	1,525,373	0.34%
AMAZON COM, INC. **	02313DD5	4.25%	03/13/2031	2,170,000	2,156,289	2,154,007	0.48%
Total Corporate Securities				106,572,000	106,711,751	106,819,968	23.30%

Asset-Backed Securities:

	CUSIP/ACCT	Interest Rate	Maturity Date	Par Value	Cost	Market Value	% of portfolio
JOHN DEERE OWNER TRUST 2022-B	47800AAC4	3.74%	02/16/2027	655	655	655	0.00%
HYUNDAI AUTO LEASE SECURITIZATION TRUST 2024-A	448988AD7	5.02%	03/15/2027	159,458	159,428	159,536	0.04%
GM FINANCIAL AUTOMOBILE LEASING TRUST 2024-1	36269FAD8	5.09%	03/22/2027	153,923	153,903	154,020	0.03%
TOYOTA LEASE OWNER TRUST 2024-A	89238GAD3	5.25%	04/20/2027	107,533	107,528	107,622	0.02%
HONDA AUTO RECEIVABLES 2023-1 OWNER TRUST	43815JAC7	5.04%	04/21/2027	66,718	66,706	66,796	0.01%
JOHN DEERE OWNER TRUST 2022-C	47800BAC2	5.09%	06/15/2027	151,222	151,210	151,361	0.03%
GM FINANCIAL AUTOMOBILE LEASING TRUST 2024-2	36269WAD1	5.39%	07/20/2027	603,699	603,664	605,058	0.13%
MERCEDES-BENZ AUTO RECEIVABLES TRUST 2022-1	58768PAC8	5.21%	08/16/2027	217,557	217,514	217,851	0.05%
TOYOTA LEASE OWNER TRUST 2024-B	89194AD4	4.21%	09/20/2027	1,957,181	1,956,952	1,957,985	0.43%
GM FINANCIAL AUTOMOBILE LEASING TRUST 2024-3	38012QAD0	4.21%	10/20/2027	962,255	962,141	962,575	0.21%
BMW VEHICLE LEASE TRUST 2024-2	05613MAD1	4.18%	10/25/2027	1,005,000	1,004,907	1,005,627	0.22%
JOHN DEERE OWNER TRUST 2023	47800CAC0	5.01%	11/15/2027	344,143	344,080	345,130	0.08%
MERCEDES-BENZ AUTO LEASE TRUST 2024-A	58770AD6	5.32%	01/18/2028	781,779	781,688	785,920	0.17%
MERCEDES-BENZ AUTO LEASE TRUST 2024-B	36269GAD5	4.23%	02/15/2028	1,296,709	1,296,491	1,297,202	0.29%
GM FINANCIAL CONSUMER AUTOMOBILE RECEIVABLES TRUST 2023-2	362583AD8	4.47%	02/16/2028	153,452	153,448	153,581	0.03%
GM FINANCIAL AUTOMOBILE LEASING TRUST 2025-1	36271VAD9	4.66%	02/21/2028	1,555,000	1,554,817	1,561,441	0.34%
BMW VEHICLE OWNER TRUST 2023-A	05592XAD2	5.47%	02/25/2028	143,088	143,062	143,815	0.03%
HYUNDAI AUTO LEASE SECURITIZATION TRUST 2025-B	44893DAD1	4.53%	04/17/2028	985,000	984,911	988,836	0.22%
JOHN DEERE OWNER TRUST 2023-C	47787CAC7	5.48%	05/15/2028	1,285,058	1,284,970	1,292,949	0.28%
CHASE ISSUANCE TRUST, SERIES 2023-1	161571HT4	5.16%	09/15/2028	2,780,000	2,779,229	2,795,082	0.61%
BMW VEHICLE LEASE TRUST 2025-2	05594HAD5	3.97%	09/25/2028	2,180,000	2,179,994	2,177,057	0.48%
HONDA AUTO RECEIVABLES 2024-2 OWNER TRUST	437930AC4	5.27%	11/20/2028	857,404	857,299	863,941	0.19%
HYUNDAI AUTO LEASE SECURITIZATION TRUST 2026-A **	448970AD5	3.97%	12/15/2028	1,320,000	1,319,806	1,315,274	0.29%
GM FINANCIAL CONSUMER AUTOMOBILE RECEIVABLES TRUST 2024-1	36268GAD7	4.85%	12/18/2028	263,286	263,213	264,286	0.06%
CHASE ISSUANCE TRUST	161571HV9	4.60%	01/16/2029	1,715,000	1,714,739	1,722,771	0.38%
HYUNDAI AUTO RECEIVABLES TRUST 2024-A	448973AD9	4.99%	02/15/2029	1,039,767	1,039,538	1,045,781	0.23%
BMW VEHICLE OWNER TRUST 2024-A	096919AD7	5.18%	02/26/2029	1,180,360	1,180,181	1,188,137	0.26%
HYUNDAI AUTO RECEIVABLES TRUST 2024-B	448973AD3	4.84%	03/15/2029	940,000	939,858	945,504	0.21%
HONDA AUTO RECEIVABLES 2024-3 OWNER TRUST	43813YAC6	4.57%	03/21/2029	2,019,820	2,019,503	2,027,027	0.45%
BA CREDIT CARD TRUST, SERIES 2024-1	05522RDJ4	4.93%	05/15/2029	1,675,000	1,674,906	1,692,326	0.37%
TOYOTA AUTO RECEIVABLES 2024-D OWNER TRUST	89239TAD4	4.40%	06/15/2029	865,000	864,952	868,154	0.19%
BMW VEHICLE OWNER TRUST 2025-A	096924AD7	4.56%	09/25/2029	2,445,000	2,444,759	2,458,076	0.54%
HYUNDAI AUTO RECEIVABLES TRUST 2025-A	44893CAD3	4.32%	10/15/2029	2,285,000	2,284,663	2,290,342	0.50%
WF CARD ISSUANCE TRUST 2024-2	92970QAE5	4.29%	10/15/2029	2,030,000	2,029,698	2,038,300	0.45%
TOYOTA AUTO RECEIVABLES 2025-B OWNER TRUST	89231HAD8	4.34%	11/15/2029	1,270,000	1,269,927	1,274,751	0.28%
MERCEDES-BENZ AUTO LEASE TRUST 2026-A **	58770YAD3	3.93%	01/15/2030	1,190,000	1,189,764	1,183,192	0.26%
AMERICAN EXPRESS CREDIT ACCOUNT MASTER TRUST, SERIES 2025-02	02582JKP4	4.28%	04/15/2030	3,410,000	3,409,938	3,421,805	0.75%
GM FINANCIAL CONSUMER AUTOMOBILE RECEIVABLES TRUST 2025-2	362549AD9	4.28%	04/16/2030	1,005,000	1,004,852	1,006,884	0.22%
CCCTT_25-A1	17305EHA6	4.30%	06/21/2030	3,240,000	3,239,121	3,249,571	0.71%
T-MOBILE US TRUST 2026-1 **	87269AAA8	4.25%	10/21/2030	1,535,000	1,534,674	1,532,386	0.34%
Total Asset-Backed Securities				47,175,048	47,168,692	47,318,596	10.40%

**CITY OF ELK GROVE
SUMMARY OF CASH AND INVESTED FUNDS
FOR THE QUARTER ENDING MARCH 31, 2026**

<u>Supranationals:</u>		<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Par Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>% of portfolio</u>
INTER-AMERICAN DEVELOPMENT BANK	4581X0DV7	0.88%	04/20/2026	4,200,000	4,180,764	4,193,406	0.92%
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	459058KT9	3.50%	07/12/2028	5,000,000	4,810,094	4,965,800	1.06%
INTERNATIONAL FINANCE CORPORATION	45950KDD9	4.50%	07/13/2028	1,445,000	1,443,396	1,466,181	0.32%
INTER-AMERICAN DEVELOPMENT BANK	4581X0DC9	3.13%	09/18/2028	4,030,000	3,823,946	3,964,436	0.84%
INTER-AMERICAN DEVELOPMENT BANK	4581X0EN4	4.13%	02/15/2029	5,000,000	4,951,150	5,038,315	1.09%
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	459058LN1	3.88%	10/16/2029	5,000,000	4,954,400	5,001,800	1.09%
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT	459058LR2	4.13%	03/20/2030	7,500,000	7,465,875	7,560,728	1.65%
Total Supranationals:				32,175,000	31,629,625	32,190,665	6.97%

INVESTMENTS SUBTOTAL NOT INCLUDING

CASH & EQUIVALENTS **\$ 456,109,639** **\$ 453,680,904** **\$ 456,726,866** **100.00%**

TOTAL ALL INVESTMENTS INCLUDING

CASH & EQUIVALENTS **\$ 686,496,475** **\$ 689,542,437** **100.00%**

* End of quarter bank balances are reflected on this report

** Investments purchased during the quarter

*** Community Bank Investments for the quarter: \$41,767,163

CERTIFICATION

Rajneel Prasad

Rajneel Prasad
Finance Director

Marsha Ley

Marsha Ley
Accounting Manager

The City of Elk Grove's Investment Policy reads in part:

The City of Elk Grove's investment policy has three objectives (1) protect principal, (2) provide for liquidity needs, and (3) obtain the most reasonable rate of return possible within the first two objectives.

This quarterly report shall include a statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

It is the City's full intent, at the time of purchase, to hold all investments until maturity to ensure the return of all invested principal dollars. However, it is realized that market prices of securities will vary depending on economic and interest rate conditions at any point in time. It is further recognized, that in a well diversified investment portfolio, occasional measured losses are inevitable due to economic, bond market or individual security credit analysis. These occasional losses must be considered within the context of the overall investment program objectives and the resultant long term rate-of-return.