

## AGENDA SUBMITTAL

**To:** GCSD Board of Directors  
**From:** GCSD Staff  
**Date:** August 1, 2016  
**Subject:** Restricted Reserve Money Market Account Action Required

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**Attachment:**

1. Money Market Investment Options

**Summary:**

The District currently has two Restricted Reserve Money Market accounts held by BNY Mellon for the 2014 Water Debt Service (formerly called 2007 Water Debt Service) and the 2014 Wastewater Debt Service (formerly called the 2007 Wastewater Debt Service). Due to changes made by the United States Securities and Exchange Commission the District must select a different Money Market Account for these Restricted Reserves. The current Money Market Accounts are invested in a Prime fund which due to the changes could result in a loss in value which is prohibited by the Bond Debt Service contracts. Stated simply the District cannot invest in a fund that could lose money.

U.S. Securities and Exchange Commission has adopted money market reform rules intended to strengthen the resiliency of money market funds during periods of severe market stress. These new rules go into effect on October 14, 2016 and will require institutional prime and tax-exempt money market funds to implement the following changes:

**Floating Net Asset Value (FNAV):** Funds will price and transact their shares at a FNAV. As a result, share price may fluctuate, or “float,” because funds will determine their FNAV based on the market price of the underlying fund’s holdings multiple times or once per day. The FNAV will be rounded to four decimal places (i.e., \$1.0000), instead of the current two decimal places (i.e., \$1.00).

**Liquidity Fees and Redemption Gates:** If the weekly liquid assets of a fund fall below 30% of the fund’s total assets, the fund’s board of directors may impose liquidity fees of up to 2% of redemption proceeds or temporarily suspend (gate) redemptions. In addition, if a fund’s weekly liquid assets fall below 10% of its total assets, the fund must impose a 1% liquidity fee on redemption proceeds unless the fund’s board determines that a lower or higher fee (not to exceed 2%), or no fee, is in the best interest of the fund. The board may terminate a fee or gate at any time if the board believes that it would be in the best interest of the fund to do so. In addition, a fee or gate will terminate automatically if the fund’s weekly liquid assets reach 30% of its total assets. A gate may only remain in effect for up to 10 business days within a 90-day period.

In connection with these reforms, institutional prime funds are currently expected to close no later than 3:00 p.m. ET on each business day.

**Termination of Sweep Availability:** As a result of these changes and operational complexities, when institutional prime and tax-exempt money market funds begin to implement FNAVs, BNY Mellon will no longer offer automated sweep functionality, other than for the Dreyfus Cash Management Fund and the Dreyfus Tax Exempt Cash Management Fund (1) (both funds are currently expected to determine their FNAVs once each business day). We will otherwise continue to offer a broad suite of institutional prime and tax-exempt money market funds, in a non-sweep capacity.

**Status of Existing Investment Instructions:** Once institutional prime and tax-exempt money market mutual funds begin to implement FNAVs there will NOT be an automated sweep of cash balances or sale of fund shares to satisfy a cash disbursement (other than for the Dreyfus Cash Management Fund and the Dreyfus Tax Exempt Cash Management Fund (1)). As a result, any cash balances that would otherwise be swept into such funds will remain un-invested unless you instruct us to purchase and any disbursement of cash cannot occur until you instruct the redemption of an equivalent value of such fund shares. Please note that there may be manual processing fees when BNY Mellon assists you in this process. There are no such fees related to funds that have a sweep function where these processes are automated - such as a government or Treasury money market mutual fund or the Dreyfus Cash Management Fund and the Dreyfus Tax Exempt Cash Management Fund (1).

Please note that money market funds with a floating NAV may not be permitted under certain contractual arrangements or internal investment guidelines. You should review your transaction documents and permitted investment guidelines to ensure investment in FNAV funds are permitted.

The bottom line is that the District is currently invested in a Prime fund, and starting October 14, Prime funds will no longer have a \$1 per share net asset value. Instead, the value will be floating.

**Recommended Action:**

Direct staff to transfer the 2014 Water Debt restricted reserve and the 2014 Wastewater Restricted Reserve Accounts into Board of Directors selected Money Market Fund of

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# MONEY MARKET FUND ANALYSIS

FUND NAME	RATINGS (M/S&P/F)	CUSIP	NASDAQ	EXPENSE RATIO (%) (30-JUN-2016)	7-DAY YIELD (%) (12-JUL-2016)	MONTHLY YIELD (%) (30-JUN-2016)	PORTFOLIO ASSETS (MM) (30-JUN-2016)	WAM (DAYS) (12-JUL-2016)	% MATURING IN 7 DAYS (12-JUL-2016)
BlackRock Liquidity:Treas Tr Inst	Aaa-mf/AAA-m/	09248U551	TTTTXX	0.16	0.18	0.19	18,541.2	50	100 %
Dreyfus Treas Secs Cash Mgmt/Inst	Aaa-mf/AAA-m/	261941108	DIRXX	0.18	0.17	0.16	35,123.8	46	100 %
Federated US Treas Cash Res/Inst	Aaa-mf/AAA-m/	60934N682	UTIXX	0.21	0.16	0.17	15,591.1	43	99 %
Fidelity Inv Treas Only/CI I	Aaa-mf/AAA-m/	233809300	FSIXX	0.18	0.16	0.17	12,903.2	46	99 %
Goldman Sachs FS Treas Instr/Inst	Aaa-mf/AAA-m/	38142B500	FTIXX	0.20	0.20	0.19	52,081.9	41	100 %
JPMorgan 100% US Treas Secs MMF/Ins	Aaa-mf/AAA-m/	4812A2835	JTSXX	0.21	0.14	0.14	20,363.0	45	100 %
Morgan Stanley ILF/TreasSec/Inst	Aaa-mf/AAA-m/	61747C525	MSUXX	0.18	0.19	0.20	19,060.2	46	-

## HISTORICAL YIELDS (%)

	Jun 2016	May 2016	Apr 2016	Mar 2016	Feb 2016	Jan 2016	Dec 2015	Nov 2015	Oct 2015	Sep 2015	Aug 2015	Jul 2015
BlackRock Liquidity:Treas Tr Inst	0.19	0.17	0.17	0.15	0.12	0.05	0.00	0.00	0.00	0.00	0.00	0.00
Dreyfus Treas Secs Cash Mgmt/Inst	0.16	0.15	0.16	0.17	0.13	0.05	0.01	0.00	0.00	0.00	0.00	0.00
Federated US Treas Cash Res/Inst	0.17	0.14	0.14	0.17	0.14	0.07	0.03	0.00	0.00	0.00	0.00	0.00
Fidelity Inv Treas Only/CI I	0.17	0.15	0.16	0.17	0.13	0.08	0.02	0.01	0.01	0.01	0.01	0.01
Goldman Sachs FS Treas Instr/Inst	0.19	0.16	0.15	0.20	0.18	0.13	0.09	0.00	0.00	0.00	0.00	0.00
JPMorgan 100% US Treas Secs MMF/Ins	0.14	0.14	0.14	0.15	0.11	0.02	0.00	0.00	0.00	0.00	0.00	0.00
Morgan Stanley ILF/TreasSec/Inst	0.20	0.16	0.16	0.18	0.15	0.09	0.02	0.01	0.01	0.01	0.01	0.01

## PORTFOLIO HOLDINGS (%) (12-JUL-2016)

Fund Name	Treas	US Other	Repos	TDs	D.B.O	F.B.O	GP-1	GP-2	FRNS
BlackRock Liquidity:Treas Tr Inst	100	0	0	0	0	0	0	0	0
Dreyfus Treas Secs Cash Mgmt/Inst	100	0	0	0	0	0	0	0	0
Federated US Treas Cash Res/Inst	100	0	0	0	0	0	0	0	0
Fidelity Inv Treas Only/CI I	100	0	0	0	0	0	0	0	0
Goldman Sachs FS Treas Instr/Inst	100	0	0	0	0	0	0	0	0
JPMorgan 100% US Treas Secs MMF/Ins	100	0	0	0	0	0	0	0	0
Morgan Stanley ILF/TreasSec/Inst	100	0	0	0	0	0	0	0	0

Treas=US Treasury; US Other= US Other & Agencies; Repos=Repurchase Agreements; TDs= Time Deposits; D.B.O=Domestic Bank Obligations; F.B.O=Foreign Bank Obligations; GP-1=First Tier Commercial Paper; GP-2=Second Tier Commercial Paper; FRNS=Floating Rate Notes

Notes: Yields are net, simple and annualized

**Disclaimer:** An investment in a money market fund is not insured or guaranteed by any government or government agency and is not a bank deposit. Although the fund seeks to preserve the value of your investment, it is possible to lose money by investing in a money market fund. Money market fund yields will vary. This material must be preceded or accompanied by a prospectus which should be reviewed carefully. Money market fund ratings are subject to change and do not remove market risk. Yield quotations more closely reflect the current earnings of the money market fund than total quotations.

# MONEY MARKET FUND ANALYSIS

FUND NAME	RATINGS (M/S&P/F)	CUSIP	NASDAQ	EXPENSE RATIO (%) (30-JUN-2016)	7-DAY YIELD (%) (12-JUL-2016)	MONTHLY YIELD (%) (30-JUN-2016)	PORTFOLIO ASSETS (MM) (30-JUN-2016)	WAM (DAYS) (12-JUL-2016)	% MATURING IN 7 DAYS (12-JUL-2016)
BlackRock Liquidity:FedFund Inst	Aaa-mf/AAA-mf-	09248U700	TFDXX	0.15	0.29	0.29	23,677.7	35	62 %
Dreyfus Govt Cash Mgmt/Instit	Aaa-mf/AAA-mf-	262006208	DGCXX	0.18	0.23	0.22	28,410.6	22	58 %
Federated Govt Oblig Fund/Instit	Aaa-mf/AAA-mf/AAA-mmff	60934N104	GOIXX	0.20	0.22	0.23	42,736.4	44	59 %
Fidelity Inv Government/CI I	Aaa-mf/AAA-mf-	316175108	FIGXX	0.18	0.25	0.26	59,138.1	43	53 %
Goldman Sachs FS Govt Fund/Inst	Aaa-mf/AAA-mf-	38141W273	FGTXX	0.18	0.27	0.26	59,287.7	33	48 %
Invesco Govt & Agency Port/Instit	Aaa-mf/AAA-mf/AAA-mmff	825252885	AGPXX	0.16	0.26	0.27	6,933.3	43	65 %
Morgan Stanley ILF/Govt/Inst	Aaa-mf/AAA-mf-	61747C707	MVRXX	0.18	0.26	0.26	39,525.4	34	-
Wells Fargo Govt MMF/Inst	Aaa-mf/AAA-mf-	94975P405	GVIXX	0.20	0.24	0.21	36,116.9	42	62 %

## HISTORICAL YIELDS (%)

	Jun 2016	May 2016	Apr 2016	Mar 2016	Feb 2016	Jan 2016	Dec 2015	Nov 2015	Oct 2015	Sep 2015	Aug 2015	Jul 2015
BlackRock Liquidity:FedFund Inst	0.29	0.25	0.24	0.22	0.20	0.16	0.07	0.00	(0.02)	0.01	0.01	0.01
Dreyfus Govt Cash Mgmt/Instit	0.22	0.20	0.21	0.20	0.18	0.15	0.05	0.01	0.01	0.01	0.01	0.01
Federated Govt Oblig Fund/Instit	0.23	0.21	0.21	0.19	0.18	0.15	0.05	0.01	0.01	0.01	0.01	0.01
Fidelity Inv Government/CI I	0.26	0.24	0.23	0.22	0.20	0.16	0.05	0.01	0.01	0.01	0.01	0.01
Goldman Sachs FS Govt Fund/Inst	0.26	0.25	0.26	0.24	0.24	0.21	0.12	0.03	0.03	0.03	0.01	0.01
Invesco Govt & Agency Port/Instit	0.27	0.26	0.27	0.26	0.25	0.17	0.09	0.04	0.04	0.04	0.04	0.04
Morgan Stanley ILF/Govt/Inst	0.26	0.25	0.25	0.25	0.23	0.20	0.10	0.04	0.04	0.04	0.04	0.04
Wells Fargo Govt MMF/Inst	0.21	0.17	0.17	0.17	0.16	0.11	0.04	0.01	0.01	0.01	0.01	0.01

## PORTFOLIO HOLDINGS (%) (12-JUL-2016)

Fund Name	Treas	US Other	Repos	TDs	D.B.O	F.B.O	CP-1	CP-2	FRNS
BlackRock Liquidity:FedFund Inst	2	25	41	0	0	0	0	0	32
Dreyfus Govt Cash Mgmt/Instit	0	21	50	0	0	0	0	0	29
Federated Govt Oblig Fund/Instit	5	47	48	0	0	0	0	0	0
Fidelity Inv Government/CI I	14	24	35	0	0	0	0	0	27
Goldman Sachs FS Govt Fund/Inst	0	10	53	0	0	0	0	0	37
Invesco Govt & Agency Port/Instit	7	23	52	0	0	0	0	0	18
Morgan Stanley ILF/Govt/Inst	2	15	47	0	0	0	0	0	36
Wells Fargo Govt MMF/Inst	3	24	50	0	0	0	0	0	23

Treas=US Treasury; US Other= US Other & Agencies; Repos=Repurchase Agreements; TDs=Time Deposits; D.B.O=Domestic Bank Obligations; F.B.O=Foreign Bank Obligations; CP-1=First Tier Commercial Paper; CP-2=Second Tier Commercial Paper; FRNS=Floating Rate Notes

Notes: Yields are net, simple and annualized.

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BNY MELLON

# MONEY MARKET FUND ANALYSIS

FUND NAME	RATINGS (M/S&P/F)	CUSIP	NASDAQ	EXPENSE RATIO (%) (30-JUN-2016)	7-DAY YIELD (%) (12-JUL-2016)	MONTHLY YIELD (%) (30-JUN-2016)	PORTFOLIO ASSETS (MM) (30-JUN-2016)	WAM (DAYS) (12-JUL-2016)	% MATURING IN 7 DAYS (12-JUL-2016)
BlackRock Liquidity T-Fund Inst	Aaa-mf/AAA-mf-	09248U718	TSTXX	0.16	0.21	0.22	41,328.9	43	100 %
Dreyfus Treas&Agen Cash Mgmt/Inst	Aaa-mf/AAA-mf-	261908107	DTRXX	0.18	0.21	0.21	18,913.9	32	100 %
Federated Treas Oblig Fund/Inst	Aaa-mf/AAA-mf-	60934N500	TOIXX	0.21	0.21	0.21	27,825.9	41	100 %
Fidelity Inv Treasury/CI I	Aaa-mf/AAA-mf-	316175504	FISXX	0.18	0.19	0.20	20,954.2	39	99 %
Goldman Sachs FS Treas Oblig/Inst	Aaa-mf/AAA-mf-	38141W323	FTOXX	0.20	0.21	0.21	18,329.9	37	98 %
Invesco Treasury Portfolio/Inst	Aaa-mf/AAA-mf/AAAmmf	825252406	TRPXX	0.18	0.23	0.23	16,861.3	42	93 %
Morgan Stanley ILF/Treas/Inst	Aaa-mf/AAA-mf-	61747C582	MISXX	0.18	0.21	0.24	22,324.3	29	-
Wells Fargo Treas Plus MMF/Inst	Aaa-mf/AAA-mf-	94975H296	PISXX	0.20	0.18	0.19	13,702.5	45	97 %

## HISTORICAL YIELDS (%)

	Jun 2016	May 2016	Apr 2016	Mar 2016	Feb 2016	Jan 2016	Dec 2015	Nov 2015	Oct 2015	Sep 2015	Aug 2015	Jul 2015
BlackRock Liquidity T-Fund Inst	0.22	0.21	0.19	0.18	0.16	0.11	0.04	0.00	(0.03)	0.01	0.01	0.01
Dreyfus Treas&Agen Cash Mgmt/Inst	0.21	0.18	0.17	0.18	0.17	0.12	0.04	0.01	0.01	0.01	0.01	0.01
Federated Treas Oblig Fund/Inst	0.21	0.17	0.17	0.17	0.16	0.12	0.04	0.01	0.01	0.01	0.01	0.01
Fidelity Inv Treasury/CI I	0.20	0.18	0.18	0.19	0.17	0.13	0.06	0.01	0.01	0.01	0.01	0.01
Goldman Sachs FS Treas Oblig/Inst	0.21	0.20	0.20	0.21	0.21	0.17	0.08	0.00	(0.01)	0.00	0.01	0.00
Invesco Treasury Portfolio/Inst	0.23	0.24	0.23	0.23	0.21	0.16	0.08	0.02	0.02	0.02	0.02	0.02
Morgan Stanley ILF/Treas/Inst	0.24	0.23	0.22	0.22	0.22	0.19	0.10	0.03	0.03	0.03	0.03	0.03
Wells Fargo Treas Plus MMF/Inst	0.19	0.14	0.13	0.13	0.14	0.13	0.05	0.01	0.01	0.01	0.01	0.01

## PORTFOLIO HOLDINGS (%) (12-JUL-2016)

Fund Name	Treas	US Other	Repos	TDs	D.B.O	F.B.O	CP-1	CP-2	FRNS
BlackRock Liquidity T-Fund Inst	52	0	48	0	0	0	0	0	0
Dreyfus Treas&Agen Cash Mgmt/Inst	50	0	50	0	0	0	0	0	0
Federated Treas Oblig Fund/Inst	47	0	53	0	0	0	0	0	0
Fidelity Inv Treasury/CI I	66	0	34	0	0	0	0	0	0
Goldman Sachs FS Treas Oblig/Inst	46	0	54	0	0	0	0	0	0
Invesco Treasury Portfolio/Inst	43	0	57	0	0	0	0	0	0
Morgan Stanley ILF/Treas/Inst	37	0	63	0	0	0	0	0	0
Wells Fargo Treas Plus MMF/Inst	35	0	65	0	0	0	0	0	0

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