



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 3/12/2019

Agenda Placement: 60

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors

FROM: JAMES HUDAK - Treasurer-Tax Collector
Treasurer-Tax Collector

REPORT BY: Bret Prebula, Assistant Treasurer-Tax Collector - 707-299-1710

SUBJECT: Delegation of investment authority to County Treasurer and Approval of proposed County Statement of Investment Policy

RECOMMENDATION

Treasurer-Tax Collector requests the following actions regarding the County's investments:

1. Adoption of a resolution renewing the delegation of investment/reinvestment authority to the Treasurer-Tax Collector for an additional one-year period beginning April 1, 2019 pursuant to California Government Code Sections 53607 and 27000.1; and
2. Approval of the Napa County Statement of Investment Policy in accordance with California Government Code Section 53646(a)(1).

EXECUTIVE SUMMARY

Renew Delegation of Investment Authority

The Legislature has enacted a detailed statutory scheme for the deposit and investments of local agency surplus funds. Since the County is a local agency, the County's Board of Supervisors is empowered to make investment decisions on the County's behalf. However, the Board of Supervisors may delegate its investment authority to the county treasurer pursuant to California Government Code Sections 53607 and 27000.1. If the delegation of investment/reinvestment authority occurs, the Treasurer-Tax Collector takes full responsibility for investments and reinvestments of local agency surplus funds until the Board of Supervisors either revokes its overall delegation of authority by ordinance, or decides not to renew the annual delegation.

Since the adoption of the ordinance in 1996, the Board of Supervisor's delegation of authority to the Treasurer-Tax Collector to invest/reinvest has been renewed every year. The current annual delegation period is scheduled to expire at the end of March. Therefore, the Treasurer-Tax Collector is requesting the Board of Supervisors adopt a

resolution delegating its authority to invest/reinvest local agency surplus funds held in the County Treasury.

Approve Napa County Statement of Investment Policy

The County's investment policy is presented annually to the Napa County Treasury Oversight Committee ("TOC") for review and monitoring in accordance with California Government Code Sections 27133 and 53646 (a)(1). The TOC approved the policy on March 4, 2019. The investment policy is then submitted to the Board of Supervisors for review and approval, pursuant to California Government Code Section 53646(a)(1). The following are the proposed changes to the investment policy:

- | Remove Commercial Paper as an acceptable investment;
- | Add Money Market and Mutual Funds as an acceptable investment;
- | Remove glossary terms that do not specifically apply to the policy.

The County's Treasurer-Tax Collector recommends approval of the attached 2019 Statement of Investment Policy.

FISCAL IMPACT

Is there a Fiscal Impact? No

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

Renew Delegation of Investment Authority

The Legislature has enacted a detailed statutory scheme for the deposit and investments of local agency surplus funds. Since the County is a local agency, the County's Board of Supervisors is empowered to make investment decisions on the County's behalf. However, the Board of Supervisors may delegate its investment authority to the county treasurer pursuant to California Government Code Sections 53607 and 27000.1. If the delegation of investment/reinvestment authority occurs, the Treasurer-Tax Collector takes full responsibility for investments and reinvestments of local agency surplus funds until the Board of Supervisors either revokes its overall delegation of authority by ordinance, or decides not to renew the annual delegation.

In 1996, the Board of Supervisors adopted an ordinance delegating investment authority of local agency surplus funds to the Napa County Treasurer-Tax Collector. Government Code Section 53607 requires that the Board of Supervisor's delegation of authority to invest/reinvest local agency surplus funds be reviewed and approved annually. Since the adoption of the ordinance in 1996, the Board of Supervisor's delegation of authority to the Treasurer-Tax Collector to invest/reinvest has been renewed every year. The current annual delegation period is scheduled to expire at the end of March. Therefore, the Treasurer-Tax Collector is requesting the Board of Supervisors adopt a resolution delegating its authority to invest/reinvest local agency surplus funds held in the County Treasury.

Approve Napa County Statement of Investment Policy

In accordance with California Government Code Section 27133, the Treasurer-Tax Collector annually prepares/updates the County's Statement of Investment Policy which is then reviewed and monitored for compliance by the Treasury Oversight Committee (TOC) pursuant to California Government Code Section 27131. The Statement of Investment Policy, including any change, is subsequently brought to the Board of Supervisors for its review and approval in accordance with California Government Code Section 53646(a)(1).

Aside from County funds, the County Treasury's pool consists of deposits from other jurisdictions including School Districts, Special Districts and other fiduciary relationships. The investment policy guides the investment of excess funds (those not needed immediately for daily operations) held in the County Treasury.

The 2019 Statement of Investment Policy has the following proposed changes:

- | Remove Commercial Paper as an acceptable investment. Commercial Paper is unsecured corporate debt and due to its unsecured nature the risk profile does not fit the overall portfolio objectives. Although these investment are allowed by Government Code the Repurchase Agreements, outlined in section F of the revised policy, have a similar investment return profile with less risk.
- | Add Money Market and Mutual Funds as acceptable investments. This instrument invests in securities that are allowed within the Government Code, as outlined in the Napa County Statement of Investment Policy, and provide an additional investment option that can increase the overall yield of the portfolio without decreasing the overall liquidity as these investments can be liquidated in less than a week, similar to the State Local Agency Investment Fund (LAIF).
- | Removed glossary terms that do not specifically apply to the policy.

The proposed investment policy was reviewed and approved by the TOC at its March 4, 2019 special meeting.

SUPPORTING DOCUMENTS

- A . Delegation of Investment Authority
- B . Tracked 2019 Statement of Investment Policy
- C . Clean 2019 Statement of Investment Policy

CEO Recommendation: Approve

Reviewed By: Helene Franchi