



A Tradition of Stewardship
A Commitment to Service

Agenda Date: 3/8/2016

Agenda Placement: 6X

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors

FROM: Tamie Frasier - Treasurer-Tax Collector
Treasurer-Tax Collector

REPORT BY: Lisa Soder, Asst. Treasurer Tax-Collector - 707-253-4329

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, 2016 pursuant to California Government Code Sections 53607 and 27000.1; and
2. Approve 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.

In 1996, the Board of Supervisors adopted an ordinance delegating investment authority of the 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

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 investment policy is then submitted to the Board of Supervisors for review and approval, pursuant to California Government Code Section 53646(a)(1). As there are no proposed changes to the investment policy this year, it was presented and reviewed by the TOC at its February 10, 2016 meeting with the Treasurer's recommendation the current policy be re-adopted by the Board.

The County's Treasurer-Tax Collector recommends approval of the attached 2016 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

1. Renew Delegation of Investment Authority

State law authorizes Boards of Supervisors to delegate to the county treasurer the authority to invest and/or reinvest County funds, and funds of other depositors in the County Treasury, as permitted by the County's investment policy. Pursuant to California Government Code Sections 53607 and 27000.1, the overall delegation of the Board of Supervisor's investment authority to the County Treasurer may only be accomplished by ordinance, is effective for a one-year period, and is subject to renewal on an annual basis by Board of Supervisor's action. California Government Code Section 27000.1 also provides that a Board of Supervisors may revoke the delegation, by ordinance, at any time.

After the Board of Supervisors approves the delegation of authority, the Treasurer-Tax Collector "assumes full responsibility" for the investment of local agency funds, and is required to make a monthly report of his or her transactions to the Board of Supervisors. If the Board of Supervisors decides not to renew the delegation at the end of the one-year period, the Treasurer-Tax Collector's investment authority expires.

In 1996, the Napa County Board of Supervisors (BOS) adopted Ordinance 1103, delegating its authority to invest and reinvest funds held in the County Treasury to the Napa County Treasurer-Tax Collector. The delegation of investment/reinvestment authority was contingent upon annual renewal of the authority by the BOS. The BOS has renewed the delegation of authority every year since then. The investment/reinvestments are monitored in several

ways:

1. The Treasurer-Tax Collector prepares and provides the BOS a monthly report of the investments made of the funds held in the County Treasury in accordance with the requirements of the Revenue and Taxation Code.
2. The Treasury Oversight Committee (TOC), established by Resolution No. 96-36 and recently reauthorized by Resolution No. 2014-121, reviews and monitors the Treasurer-Tax Collector's investment policy and reporting. Aside from TOC's direct involvement in the review and enhancement of the County's investment policy, the TOC meets twice a year and reviews the status of the investments.
3. The TOC calls for an annual audit of the County's Treasury to determine the County Treasury's compliance with California Government Code Sections 27130-27137 requirements. All members of the TOC including the BOS Member and the BOS Alternate Member of the Committee receive copies of the Committee's reports, meeting minutes and any other Committee correspondence.

The Treasurer-Tax Collector has always adhered and will continue to adhere to the principles delineated in the current Investment Policy. The Treasurer-Tax Collector is requesting the Board of Supervisors renew the delegation of investment/reinvestment authority to her for the twelve months commencing on April 1, 2016.

2. 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 and does not govern either daily banking operations or banking relationships, which are statutorily the responsibility of the County Treasurer.

In accordance with California Government Code Section 27133, a County's investment policy must consist of the following:

- | A list of authorized securities, including the maximum percentage by type of security, and the maximum term of any security purchased;
- | The manner of calculating and apportioning the authorized Treasurer's costs;
- | Limits on the receipt of honoraria, gifts, and gratuities for County Treasury Oversight Committee members;
- | Criteria for selecting brokers and dealers, including prohibition of political contributions;
- | The requirement to provide an investment report to the Treasury Oversight Committee;
- | Voluntary deposit terms and conditions; and
- | Request for withdrawal criteria.

Any additional criteria included in the investment policy beyond these required items are at each County's discretion. The Treasurer is allowed to develop an investment policy that fits his/her county's circumstances; the investment policy can be more restrictive than State law, but cannot expand on allowable investment types outside of the California Government Code. Each county is also allowed to maintain its own philosophy, strategy, procedures, and oversight while adhering to legal standards or restrictions.

Napa County's Statement of Investment Policy was developed to serve as a guideline for the Treasurer's investment activities and is not confined to any particular economic situation, as conditions can change at any time throughout the year. The Investment Policy incorporates activities allowed by California Government Code, but is not written as a procedural document. The Investment Policy document allows enough flexibility to react and adapt to changing circumstances as they arise and does not impinge on the Treasurer's ability to perform daily mandated operations.

The TOC monitors the Treasurer's adherence to the Investment Policy by having independent auditors perform a compliance audit of the Investment Policy. The Compliance Audit for the Year Ending June 30, 2015, found both the Statement of Investment Policy and the County Treasurer's adherence to the principles delineated in the current Investment Policy to be compliant.

As there are no proposed changes to the investment policy this year, it was presented and reviewed by the TOC at its February 10, 2016 meeting with the Treasurer's recommendation the current policy be re-adopted by the Board. A copy of the 2016 Statement of Investment Policy is attached for review and approval.

SUPPORTING DOCUMENTS

- A . 2016 Delegation of Investment Authority Resolution
- B . 2016 Investment Policy

CEO Recommendation: Approve

Reviewed By: Molly Rattigan