

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF THE COUNTY OF SAN BERNARDINO
AND RECORD OF ACTION**

June 23, 2020

FROM

ENSEN MASON, Auditor-Controller/Treasurer/Tax Collector

SUBJECT

Treasurer's Statement of Investment Policy

RECOMMENDATION(S)

1. Renew Treasurer's authority to invest pursuant to Government Code Sections 27000.1 and 53607.
2. Approve the Treasurer's Statement of Investment Policy.
(Presenter: John Johnson, Chief Deputy Treasurer, 382-3002)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally-Responsible and Business-Like Manner.

FINANCIAL IMPACT

Approval of this item will not impact Discretionary General Funding (Net County Cost).

BACKGROUND INFORMATION

California Government Code (CGC) Sections 27000.1 and 53607 provide for an annual renewal by the Board of Supervisors of its delegation of investment authority to the County Treasurer. Approval of Recommendation No. 1 will effectuate this renewal of authority.

On June 16, 2020, the Treasury Oversight Committee reviewed revisions to the County Investment Policy as recommended by the Treasurer, and noted no exceptions to the Treasurer's recommendations. The major changes recommended by the Treasurer are:

- Reformat document layout to better align with the Government Finance Officers Association's best practices.
- Remove the Bank of America Merrill Lynch 6-month Treasury Bill Index "G002" benchmark from Section 22.0 Performance Evaluation.
- Revise the audit requirement for security holdings in Section 25.0 Portfolio Reports/Auditing from quarterly to annually.
- Make the following changes to Section 31.0 Authorized Investments (Schedule I):
 - Bring the language for authorized investments of notes, participations or obligations issued or fully guaranteed as to principal and interest by an agency of the Federal Government or U.S. government-sponsored enterprises in line with Government Code Section 53601(f), which allows for all GSE security types.
 - Increase the maximum maturity limits of negotiable CDs issued by approved banks from 36 months to 38 months in line with corporate notes.

Treasurer's Statement of Investment Policy
June 23, 2020

- Update the purchase restrictions on medium term notes of U.S. corporations and depository institutions and/or corporate or bank notes subject to percentage amounts instead of hard dollar limits.
- Update the purchase restrictions on asset-backed securities subject to percentage amounts instead of hard dollar limits.
- Update the purchase restrictions on JPA Investment Pools authorized under California Government Code Section 53601(p) subject to net asset value instead of hard dollar limits.
- Remove rating requirements for repo counter party from Section 34.0 Selection of Broker Dealers (Schedule IV), as ratings are not a relevant factor for determining guidelines as authorized under California Government Code 53601(j).
- Remove weighted average maturity from Section 35.0 Glossary of Terms.

Approval of Recommendation No. 2 will approve the Treasurer's Statement of Investment Policy, as detailed in the attachment.

PROCUREMENT

N/A

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Robert F. Messinger, Principal Assistant County Counsel, 387-5455) on June 9, 2020; Finance (Carl Lofton, Administrative Analyst, 387-5404) on June 9, 2020; and County Finance and Administration (Robert Saldana, Deputy Executive Officer, 387-5423) on June 9, 2020.

Treasurer's Statement of Investment Policy
June 23, 2020

Record of Action of the Board of Supervisors
County of San Bernardino

APPROVED (CONSENT CALENDAR)

Moved: Josie Gonzales Seconded: Robert A. Lovingood
Ayes: Robert A. Lovingood, Janice Rutherford, Dawn Rowe, Curt Hagman, Josie Gonzales

Lynna Monell, CLERK OF THE BOARD

BY _____
DATED: June 23, 2020



cc: File- Auditor-Controller/Treasurer/Tax Collector w/attach
la 06/25/2020