



COUNTY OF SAN MATEO
Inter-Departmental Correspondence
Treasurer-Tax Collector



Date: December 12, 2014
Board Meeting Date: January 27, 2015
Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Sandie Arnott, Treasurer-Tax Collector

Subject: Approving the 2015 San Mateo County Investment Policy Statement

RECOMMENDATION:

Adopt a Resolution approving the 2015 San Mateo County Investment Policy Statement.

BACKGROUND:

Pursuant to Government Code § 53646, the Treasurer may annually render to the Board of Supervisors and any Oversight Committee, a statement of investment policy, which the Board shall review and approve at a public meeting. With the input of PFM Asset Management LLC, an investment advisor retained in 2011, the Treasurer has revised the Investment Policy Statement that was approved by the Board of Supervisors on February 11, 2014.

DISCUSSION:

The 2015 Investment Policy includes a change to section H. Corporate Securities. The statement now explains that at the time of purchase a maximum of 25% of the entire core position of 30% can be rated single A by at least two of three nationally recognized services (S&P, Moody's and Fitch). The remaining 75% must be AA rated or higher, and for the purpose of determining compliance the rating will be defined by its highest rating by S&P, Moody's, or Fitch. This statement clarifies any ambiguity surrounding ratings and split rating on investment instruments.

The two agency requirement is also reflected on Page 10 of the Investment Policy under Bankers Acceptances, Negotiable Certificates of Deposit, and Corporate Bonds, Medium Term Notes, & Covered Bonds.

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In addition, Section XVI. Withdrawal Requests for Pool Participants in the Investment Policy will now state that any request to withdraw funds shall be released at no more than 12.5% per month, based on the month-end balance of the prior month. This reduced withdrawal limit will allow the Treasurer to maintain lower levels of liquidity in the pool and enhance the security and stability of the pool by spreading out the potential withdrawals over a longer period of time. The Treasurer continues to have authority to approve exceptions, per the policy. Redevelopment Property Tax Trust funds will be exempt from the 12.5% withdrawal rule, however, the apportionments must be withdrawn in the same month they are received or they will be subject to the 12.5% withdrawal rule.

All changes are in compliance with Government Code § 53601 and PFM Asset Management LLC is in agreement with the suggested revisions.

The San Mateo County Treasury Oversight Committee reviewed the changes to the 2015 Investment Policy Statement on October 20, 2014.

The Treasurer will communicate the approved 2015 Investment Policy Statement to all pool participants and receive their written acknowledgement of the current version of the Investment Policy.

County Counsel has reviewed and approved the Resolution as to form.

Approval of this Resolution contributes to the Shared Vision 2025 outcome of a Collaborative Community by managing the financial assets of the County and maintaining the value of the investment pool through professional and efficient administration of the County Treasury for County departments, special districts, schools, cities and taxpayers.

FISCAL IMPACT:

There is no Net County Cost.