



County of San Mateo

Inter-Departmental Correspondence

Department: TREASURER

File #: 22-263

Board Meeting Date: 4/19/2022

Special Notice / Hearing: None

Vote Required: Majority

To: Honorable Board of Supervisors

From: Sandie Arnott, Treasurer-Tax Collector

Subject: Approving the Amended 2022 San Mateo County Investment Policy Statement

RECOMMENDATION:

Adopt a resolution approving the amended 2022 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. The Treasurer has amended the Investment Policy Statement that was preliminarily approved by the Board of Supervisors on January 11, 2022, pending incorporation of a statement regarding environmental, social, and governance (ESG) principles.

DISCUSSION:

The amended 2022 Investment Policy now includes, under ***Investment Objectives***, a specific discussion of ***Socially Responsible Investment Objectives*** that specifically incorporates ESG principles and which reads as follows:

V. Investment Objectives

D. Socially Responsible Investment Objectives (pg. 3)

In addition to and while complying with California Government Code provisions that regulate the investment of public funds (which require that, when managing and investing public funds, the objectives shall be, primarily, to safeguard principal of invested funds; secondarily, to meet the liquidity needs of the local government; and third, to achieve a return on invested funds), the County Treasurer recognizes the importance of socially responsible investing. The Treasurer will consider and promote investment in authorized issuers that display adherence to strong environmental, social and governance (ESG) principles, including but not limited to, environmental sustainability, social and economic justice, and good corporate governance. The Treasurer will forego investments in fossil fuel issuers if able to do so while complying with all legal and fiduciary mandates, including with respect to safety of principal, liquidity, and return on invested funds. The Treasurer will seek to invest in a socially responsible manner by considering investments in corporate issuers that meet designated risk score thresholds, as

provided by an independent organization or organizations that supply analytical research, ratings, and data to institutional investors regarding issuers' ESG practices. Issuers will be reviewed and confirmed against these thresholds on a periodic basis, and any investments in issuers that fall below designated thresholds may be sold or held to maturity.

The objective of this statement is to integrate environmental, social and governance factors into investment decisions while conforming to the statutory requirements placed on the Treasurer. The amended 2022 Investment Policy also includes other conforming changes, including to the Glossary and to the statement regarding the Prudent Investor Rule, to reflect the incorporation of these ESG principles.

The Treasurer will communicate the updated 2022 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.

FISCAL IMPACT:

There is no net County cost associated with this item.