



A Tradition of Stewardship
A Commitment to Service

MINUTES OF THE
NAPA COUNTY TREASURY OVERSIGHT COMMITTEE
REGULAR MEETING
AUGUST 8, 2012
(Rescheduled from June 20, 2012)

1. **Call to Order; Roll Call:**

The Napa County Treasury Oversight Committee met in regular session on Wednesday, August 8, 2012, at 12:00 p.m. with the following members present: Chairman Mark Luce, Members Tracy Schulze, and Jill Techel, Alternate Brad Wagenknecht. The meeting was called to order by Chairman Mark Luce.

The following member was excused: Barbara Nemko

Also in attendance were staff members: Tamie R. Frasier, Lisa Soder, Lori G. Smith, Susan Altman.

2. **The minutes of our last meeting (April 11, 2012) were approved.** Motioned by Jill Techel, seconded by

Tracy Schulze. Motion passed 3-0.

3. **Public comment:** None.

4. **Old business:**

➤ **Cash Flow vs. Interest Earnings:** *Discussion was continued to the next meeting.* The Committee would like to see 'cash flow' added to the Compliance Audit report (which Tracy can provide) Cash Flow vs. Interest increase/decrease. Tamie and Tracy will meet to collaborate on this item.

5. **Treasurer's Report:**

➤ *Where we are today:* Our portfolio balance is \$540mm with a current interest yield of .57%. Standard & Poor's is rumored to be downgrading corporate ratings in the very near future; we continue to "buy & hold" U.S. Treasuries and Agencies, unless called by the issuer, to meet credit and safety requirements. The FRB has indicated that short-term rates will remain at 0.0-0.25% to mid-2015, with a possibility of additional quantitative easing beginning in September, 2012 (50% chance).

➤ *LAIF update:* The most current interest rate reported was .36%. Using LAIF as our benchmark, we are still doing a bit better than LAIF.

6. **Investment Report Update:** The Treasurer reported that the change in monthly reporting to the Sympro format will be effective July, 2012.

7. **Policy Compliance Audit:** Call for Compliance Audit for June 30, 2012, to be performed by Gallina LLP, was approved. This is the same auditing firm the county uses and which won 5-yr contract through full RFP issued by County Auditor-Controller's Office. Motioned by Tracy Schulze, seconded by Jill Techel. Motion passed 3-0.

8. **Treasury Oversight Committee/Investment Policy Study Session:** The Treasurer presented reviews of the statutory duties and responsibilities of the Treasury Oversight Committee, Treasurer, and Board of Supervisors regarding investments, the investment policy, and banking. A copy of all related California state code sections were provided to each committee member

Public comment was made on the topics of the Statement of Investment Policy, internal control documentation, banking, and prior comments made at Board of Supervisors' meetings and meetings with treasury staff. In response, Member Schulze, in her capacity as Auditor-Controller for the County, will return with internal controls used for Treasury exclusively for the Treasury Oversight Committee (February meeting). This will be an extract of the overall county internal control program followed by the auditor-controller's auditing staff. Discussion ensued regarding prudent investment and due diligence standards and practices.

The Treasurer reviewed mandated requirements of an investment policy, and cross-referenced where the mandated items are located in the current Napa County Statement of Investment Policy. The Treasurer will provide committee members with copies or website links to additional references regarding investment policies and practices prior to the next meeting.

9. **Other Business:**

- *Review of Citizen's Group February 2, 2012, letter related to Investment Policy:* Public comment was made regarding banking, social responsibility, corporate power, written procedures, and the investment policy. The Treasurer presented an analysis of the proposed amendments to the investment policy as presented in the Citizen's Group letter of February 2, 2012. The analysis indicated what changes have already been incorporated, those that may be incorporated into policy or procedures, and those items for future discussion or will not be added; one change will be made to move Social Responsibility from "future discussion" to "may be incorporated into policy or procedures". The Treasurer also presented an estimated timeline of Treasury projects related to the deferred items. Committee members requested that timeline/project status updates be added as an item to the meeting agenda.
- *The TOC member representing County Schools:* The Treasurer advised the committee of the resignation of the representative for the school and community college districts effective July 1, 2012; a new nomination/election process will be conducted.
- *Discussion of Treasury Oversight Committee:* The county school vacancy prompted review of TOC make-up and continuation. At this time, Committee does not want to disband, but will consider formation alternatives (advisory panel vs. committee) and possible future expansion.

10. **Legislative Update:** None

11. **Committee Member Comments/Report:** None

12. **Adjournment:** Adjourned 1:42 p.m. to the Napa County Treasury Oversight Committee Meeting on November 14, 2012, at 12:00 p.m. Thank you to everyone in attendance.