



MINUTES OF THE
NAPA COUNTY TREASURY OVERSIGHT COMMITTEE
SPECIAL MEETING
APRIL 11, 2012

A Tradition of Stewardship
A Commitment to Service

1. Call to Order; Roll Call:

The Napa County Treasury Oversight Committee met in special session on Wednesday, April 11, 2012, at 12:00 p.m. with the following members present: Chairman Mark Luce, Members Tracy Schulze, Jill Techel and Kevin Alfaro, Alternate Joshua Schultz. 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, Janice Killion, Danny Nguyen.

2. The minutes of our last meeting (Feb.7, 2011) were approved. Motioned by Tracy Schulze, seconded by Josh Schultz. Motion passed 5-0.

3. Public comment:

- Paul Moser, Napa resident, commented on “too-big-to-fail” banks and “Move Your Money” ideals
- Gary Orton, Napa resident, supported comments made by Paul Moser
- Elizabeth Bosch, Napa resident, supported comments made by Paul Moser
- Tracy Geraghty, Napa Resident, commented on sole sourcing recent bond refunding by County

4. Old business:

- Cash Flow vs. Interest Earnings: *Due to scheduling, this 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.
- Josh Schultz reported NVUSD appears to be financially OK through fiscal year end, but is expected to be negative in FY12/13 if the governor’s expected cuts take place.

5. Treasurer’s Report:

- *Where we are today:* Our portfolio balance is \$528mm with a current interest yield of .6522%. \$40-50mm in payments (taxes) are expected to be sent out the week of April 16, 2012. The FRB has indicated that short-term rates will remain at 0.0-0.25% through mid-2014; this is the lowest interest rate environment in 70 years. Will continue to buy up to 5-yr US governments and agencies at issue and hold to maturity (unless called), but will look for other AAA-rated opportunities if they meet credit and safety requirements.

- *LAIF update*: The most current interest rate reported was .38%. 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 reporting software to Sympro is going well, and that we expect to move to a new format for the monthly reporting effective July, 2012. The new system is expected to provide better reporting and will save Treasury approximate \$4500 annually in maintenance fees.
 7. **Investment Policy**: The Treasurer presented the proposed Statement of Investment Policy, effective April 1, 2012, for Committee review. Major changes are: addition of glossary; expansion of 3. Standards of Care to define and clarify "Prudent Investment Standard"; expansion of 7F – Permitted Investments, Repurchase Agreements, to restate credit requirements and add collateralization requirements; addition of Form 700 filing location in Section 9 – Honoraria, Gifts and Gratuities; and addition of code citation in Section 8 – Brokers.

Committee discussed several items including: duties of TOC and BOS regarding investment policy; change of investment of idle cash in checking account; idle cash investment vs. investment of excess funds; investment opportunities to invest in local banks, such as CDARS program; possibility of bank downgrades in May, 2012; banking services.

Public comment by Paul Moser, Gary Orton, and Tracy Geraghty regarding citizens' group letter submitted to Treasurer with suggested investment policy changes including changes related to support of local bank, use of regional banks instead of large banks, best practices, repurchase agreements, and oversight. Further discussion by committee of investment policy approval process.

Motion to approve changes as submitted by Jill Techel, seconded by Tracy Schulze. Approved 5-0, with request to Treasurer to hold investment policy study session at next meeting.

Chairman Luce hands off chair to Tracy Schulze at 12:55 p.m. for remainder of meeting.

Additional public comment by Gary Orton regarding repurchase agreements, risk, and disclosure.

8. **TOC Policy Compliance Audit**: The committee reviewed the Policy Compliance Audit for the year ended June 30, 2011, prepared by Gallina, LLP. Motion to approve by Josh Schultz, seconded by Jill Techel. Motion passed 4-0.
9. **Other Business**:
 - *The TOC member representing County Schools*: The election was completed in February; Kevin Alfaro, board member of St. Helena Unified School District, was elected as the representative for the school and community college districts effective April 1, 2012. Kevin was welcomed to the committee.
 - *Form 700*: Reminder to those members who have not filed Form 700 that it was due April 1st.
10. **Legislative Update**: There is no new State legislation to be reported at this time. Treasurer reported that Solano County Grand Jury found Treasury Oversight Committee has out-lived usefulness and recommended the committee disband; other counties' actions with regard to Treasury Oversight Committee reviewed.

11. Committee Member Comments/Report: None

12. Adjournment:

Adjourned 1:05p.m. to the next Napa County Treasury Oversight Committee Meeting on June 20, 2012, at 12:00 p.m. Thank you to everyone in attendance.