



Santa Clara Valley Water District

File No.: 16-0576

Agenda Date: 5/9/2017

Item No.: 3.1.

BOARD AGENDA MEMORANDUM

SUBJECT:

Resolution Delegating Authority to Deposit and Invest Funds to the Treasurer or his or her Designee and Resolution Authorizing Investment of Monies in the Local Agency Investment Fund.

RECOMMENDATION:

- A. Adopt the Resolution DELEGATING BOARD'S AUTHORITY TO DEPOSIT AND INVEST FUNDS TO THE TREASURER OR HIS OR HER DESIGNEE;
- B. Approve the Board Investment Policy for Fiscal Year 2017-18; and
- C. Adopt the Resolution AUTHORIZING INVESTMENT OF MONIES IN THE LOCAL AGENCY INVESTMENT FUND.

SUMMARY:

In accordance with Executive Limitation 4.9 regarding treasury and investment management, and pursuant to Title 5, Division 2, Part 1, Chapter 4, Articles 1 and 2 of the California Government Code, as amended from time to time (the "Government Code"), staff recommends that the Board: (A) Adopt the resolution delegating authority to deposit and invest funds to the Treasurer or her designee; (B) Approve the investment policy for Fiscal Year 2017-18, and (C) Adopt the Resolution Authorizing Investment of Monies in the Local Agency Investment Fund.

Delegation of Authority to Deposit and Invest Public Funds

The authority to deposit and invest public funds belongs to the Board and may be delegated to the Treasurer and her designee. The Treasurer is designated by the Interim Chief Executive Officer and is currently the Chief Operating Officer - Administrative Services, who in turn has delegated the investment duties to the Chief Financial Officer and the Treasury/Debt Officer.

Per Government Code Section 53607, the delegation of authority to invest must be renewed annually. If the Board chooses not to delegate the authority to invest, the Treasurer will be limited to making deposits only, and the Board will be responsible for the investment of the District's funds. Furthermore, Government Code Section 53608 requires the Board to delegate the authority to deposit funds for safekeeping with a federal or state association (as defined by Section 5102 of the

Financial Code), a trust company or state or national bank located within this state or with the Federal Reserve Bank of San Francisco or any branch thereof within this state, or with any Federal Reserve bank or with any state or national bank locate in any city designated as a reserve city by the Board of Governors of the Federal Reserve System. Through the Board's adoption of the resolution attached to this memorandum as Attachment 1, the Board, pursuant to California Government Code Section 53607, will delegate to the Treasurer, designated by the Interim Chief Executive Officer, the authority to invest or deposit such funds in accordance with the provisions set forth in the Government Code.

Investment Policy

The District's Investment Policy is consistent with the Government Code and follows the priorities of safety, liquidity and yield. The Investment Policy applies to the District's pooled investment fund which encompasses all monies under the direct oversight of the District Treasurer. Included in the investment pool are the District General Fund, the Safe, Clean Water Fund, the Watershed Funds, the Water Utility Enterprise Fund, the Equipment Service Fund, the Risk Insurance Fund, and debt proceeds with special consideration given to specific provisions contained in the indentures for each debt issuance.

Climate Divestment Policy

On August 27, 2013, the Board adopted a new Executive Limitation, EL-4.9.3. No investments will be made in fossil fuel companies with significant carbon emissions potential. As a result of this action, the District shall not invest in the top 200 fossil fuel companies based on the list published by the non-profit organization, 350.org. The list published by 350.org is included in Exhibit C of Attachment 2-Investment Policy.

The District investment portfolio is in full compliance with the Climate Divestment Policy and has zero investments in fossil fuel companies.

Local Agency Investment Fund (LAIF)

Approval of the Resolution Authorizing Investments in LAIF would allow the District to update the authorized signers for the LAIF program. LAIF is a voluntary investment program created by California statute and is administered by the State Treasurer's Office. The District currently has \$64 million in operating funds on deposit with LAIF which earned 0.78% in interest as of February 2017.

FINANCIAL IMPACT:

Adoption of the resolutions will ensure that District funds continue to be invested under the Investment Policy for Fiscal Year 2017-18. Estimated investment earnings of \$3 million have been included in the Fiscal Year 2017-18 budget.

CEQA:

The recommended action does not constitute a project under CEQA because it does not have a potential for resulting in direct or reasonably foreseeable indirect physical change in the environment.

ATTACHMENTS:

Attachment 1: Resolution Delegating Investment Authority

Attachment 2: FY 2018 Investment Policy

Attachment 3: Resolution - LAIF

UNCLASSIFIED MANAGER:

Darin Taylor, 408-630-3068