



## Legislation Text

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File #: 20-800, Version: 1

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### Memorandum

**Date:** August 25, 2020

**To:** The Honorable Moke Simon, Chair, Lake County Board of Supervisors

**From:** Treasurer-Tax Collector Ad Hoc Committee, Lake County Board of Supervisors;  
The Honorable Bruno Sabatier, Vice-Chair;  
The Honorable Rob Brown, District 5 Supervisor

**Subject:** Consideration of Ad Hoc Committee Recommendations on Investments

**Executive Summary:** (include fiscal and staffing impact narrative):

On October 8, 2019, our Board continued its review of investment policy and best practices as part of our ad hoc committee's continuing collaboration with the Treasurer - Tax Collector (T-TC). Our Board had considered whether to renew its annual option to delegate investment authority to the T-TC pursuant to Government Code 27000.3. At that time, our Board secured the commitment of the T-TC to begin the required monthly reporting on investments, which unfortunately has still not begun.

Subject to Government Code Section 53607, our Board may again delegate this authority to the T-TC, who would then be required to provide a monthly report on investments. However, in light of the difficulty in meeting this requirement, some of the alternatives previously discussed may be appropriate reconsideration. Our ad hoc committee has explored solutions that would both allow the Board to meet its fiduciary duty to monitor the County's investments while at the same time reducing the burden on the T-TC by avoiding the need to create a reporting system.

One previously discussed option was procuring a licensed investment advisory firm capable of doing more than the present consultant. Such firms have the capability, for example, to assist with investment portfolio review, asset allocation development, determination of risk tolerance, establishment of portfolio benchmark, and cash flow forecasting. As part of these agreements, the firms are able to produce the monthly reporting required by state law.

Presently, the County's investment consultant is a sole proprietor that does not offer the same extent of services as these larger firms. From initial observations of other small counties, it is likely that the cost of these services would be higher, but that could be partially offset by more potential investment opportunities and the savings of staff time. In this scenario, our Board would likely make broader investment policy decisions with the advisory firm, who would then work with and support the T-TC in implementing them.

A collaborative effort such as this could produce the best outcome for the County through increasing transparency and investment opportunities, while ensuring our Board remains in compliance with its

fiduciary duty. Directing staff to prepare a request for proposals for investment advisory services would accomplish this goal.

In addition, we recommend the Board consider expanding the scope of the ad hoc committee, for oversight of our investments. We believe additional stakeholders should be added and review of investments should take place on a continuous basis. With direction, the ad hoc committee can formulate further recommendations and return to the Board for consideration.

**If not budgeted, fill in the blanks below only:**

Estimated Cost: \_\_\_\_\_ Amount Budgeted: \_\_\_\_\_ Additional Requested: \_\_\_\_\_ Future Annual Cost: \_\_\_\_\_

**Consistency with Vision 2028 and/or Fiscal Crisis Management Plan** (check all that apply):

- |   |   |   |   |
|---|---|---|---|
| <input type="checkbox"/> Well-being of Residents            | <input type="checkbox"/> Public Safety                          | <input type="checkbox"/> Infrastructure   | <input type="checkbox"/> Not applicable             |
| <input checked="" type="checkbox"/> Economic Development    | <input type="checkbox"/> Disaster Recovery                      | <input type="checkbox"/> County Workforce | <input type="checkbox"/> <i>Technology Upgrades</i> |
| <input checked="" type="checkbox"/> Community Collaboration | <input checked="" type="checkbox"/> Business Process Efficiency | <input type="checkbox"/> Clear Lake       | <input type="checkbox"/> <i>Revenue Generation</i>  |
|   |   |   | <input type="checkbox"/> <i>Cost Savings</i>        |

**If request for exemption from competitive bid in accordance with County Code Chapter 2 Sec. 2-38, fill in blanks below:**

Which exemption is being requested?

How long has Agreement been in place?

When was purchase last rebid?

Reason for request to waive bid?

**Recommended Action:**

Provide direction to staff

- (a) To develop and issue an RFP for an investment advisory firm.
- (b) To develop recommendations for expanding the scope and composition of our ad hoc committee to provide ongoing oversight to investments.