May 27, 2010 **Agenda Item 10.0: Annual Investment Policy 2010-11 And Appointment of Authority Treasurer and Auditor**

TO: **Sacramento Public Library Authority Board Members**

FROM: **Rivkah K. Sass, Library Director**

RE: **FY 2010-11 Investment Policy**
Appointment of Authority Treasurer and Auditor

RECOMMENDED ACTIONS:

1. **Approve** the Investment Policy for FY 2010-11, as presented in Exhibit A, effective July 1, 2010.

2. **Approve** the appointment of Rick Teichert, Deputy Director of Support Services, as Authority Treasurer effective July 1, 2010, through June 30, 2011.

3. **Approve** the appointment of Vicki Johnson, Finance Director, as Authority Auditor effective July 1, 2010, through June 30, 2011.

REASONS FOR RECOMMENDATION

Investment Policy

The Authority Board annually adopts an Investment Policy. The Authority Investment Policy – Revised (Exhibit A) must be approved by the Authority Board annually and is recommended for approval. This policy incorporates the City of Sacramento Investment Policy by reference, as it may be amended. No other changes have been made to the policy when compared to the existing policy.

Section 9 of the Joint Exercise of Powers Agreement (Agreement) requires the Authority Board to appoint the Authority's Treasurer and the Authority's Auditor. The Agreement requires that appointment of the Treasurer and Auditor be from among the employees of the Authority. In accordance with Government Code section 5360, it is prudent to formally delegate the authority to the Treasurer annually; thus, staff presents a recommendation for appointment of the Treasurer and Auditor concurrently with the Proposed Budget and Annual Investment Policy.

ATTACHMENTS

Exhibit A: Investment Policy – FY 2010/11

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Sacramento Public Library Authority

SACRAMENTO PUBLIC LIBRARY AUTHORITY

ANNUAL INVESTMENT POLICY - FY 2010/11

I. PURPOSE

This Annual Investment Policy (the "Policy") sets forth the investment guidelines for all monies of the Sacramento Public Library Authority (the "Authority"). The objective of this Policy is to ensure that temporarily idle funds are prudently invested to preserve capital and maintain necessary liquidity, while earning a reasonable return.

Investments may only be made as authorized by this Policy. This Policy conforms to the requirements of the California Government Code ("Government Code") as well as customary standards of prudent investment management. Should the provisions of the Government Code be or become more restrictive than those contained herein, Authority shall adhere to the provisions of the Government Code.

II. SCOPE

This Policy covers all funds (except retirement and 457 deferred compensation plan funds) and investment activities under the direction of the Authority.

III. OBJECTIVES

Authority funds shall be prudently invested in order to earn a reasonable return pending expenditure according to Authority's annual budget. The specific objectives of the Authority's investment activities for the funds, ranked in order of importance, shall be:

A. Safety of Principal. Preservation of principal is the primary objective. Each investment transaction shall seek to ensure that capital losses are avoided, whether from institutional default, broker-dealer default, or erosion of market value of securities.

B. Liquidity. The Authority's investment portfolio shall remain sufficiently flexible to enable the Authority to meet all operating and capital requirements that may be reasonably anticipated.

C. Public Trust. In managing the Authority's investment portfolio, each authorized investment trader shall invest with precision and care, and avoid any transactions that might impair public confidence in the Authority.

D. Rate of Return. The investment portfolio should be designed to attain a market average rate of return through budgetary and economic cycles, taking into consideration prudent investment principles and the Authority's cash flow requirements.

IV. RESPONSIBILITIES

The Authority Board shall establish the Investment Policy annually and ensure that investments are made in compliance with the Policy. The Policy shall be reviewed annually by the Authority Board at a public meeting. Any changes to the Policy shall be reviewed and approved by the Authority Board at a public meeting.

The authority to invest and reinvest Authority funds is delegated to the Authority Treasurer pursuant to Government Code section 53607, which officer shall be appointed annually. The Authority Treasurer is responsible for making investments in compliance with this Policy and shall submit a quarterly report to the Governing Board in accordance with Government Code section 53646(b), and monthly investment transaction reports consistent with Government Code section 53607.

V. AUTHORITY

In accordance with Section 9 of the Joint Exercise of Powers Agreement effective July 1, 2007, the Authority Board is required to appoint an Authority Treasurer annually; the Authority Treasurer must be an employee of the Library Authority. The Treasurer is charged with fulfilling the duties and responsibilities required in the investment of public funds and ensuring compliance with this policy, including all investment management and reporting requirements. The Treasurer is delegated the authority to manage, deposit, and invest funds of the agency not required for the immediate needs of the Authority in accordance with this Policy and all applicable provisions of law. The Treasurer shall develop and enforce written procedures to fully implement this Policy in accordance with this delegation of authority, and shall periodically report to the Board in accordance with the requirements of law and this Policy.

The Treasurer of the City of Sacramento shall accept the direction of the Library Director, the Authority Treasurer, or their designee, in placing and withdrawing funds for investment, consistent with the restrictions and limits of this policy.

VI. IMPLEMENTATION

A. Authorized Investments. The Authority Treasurer shall invest idle Authority funds in the City of Sacramento "City General Pool – Pool A" pooled investment fund managed by the Treasurer of the City of Sacramento.

The Authority Treasurer may, at the Treasurer's discretion at any time, invest all or a portion of the Authority's idle funds in the State of California Local Agency Investment Fund (LAIF) upon a 30-day written notice to the Treasurer of the City of Sacramento.

Authorized investments and investment policies and guidelines shall be those authorized for the City of Sacramento Pooled Investment Fund and the State LAIF.

B. Review and Monitoring of Investments. The Authority Treasurer shall submit to the Governing Board any monthly and quarterly performance reviews prepared by the City Treasurer for the City of Sacramento Pooled Investment Fund and the Office of the State Treasurer for LAIF.