



COUNTY OF SONOMA

575 ADMINISTRATION
DRIVE, ROOM 102A
SANTA ROSA, CA 95403

SUMMARY REPORT

Agenda Date: 12/9/2025

To: Board of Supervisors, Board of Directors, and Board Commissioners

Department or Agency Name(s): Auditor-Controller-Treasurer-Tax Collector

Staff Name and Phone Number: Erick Roeser (707) 565-3285/David Maurice (707) 565-2858

Vote Requirement: Majority

Supervisory District(s): Countywide

Title:

Concurrent Resolution to Grant Authority to the County Treasurer to Invest and Reinvest Funds and Approval of County Statement of Investment Policy

Recommended Action:

- A) Adopt a Concurrent Resolution of the Board of Supervisors, the Board of Directors of the Sonoma County Water Agency, the Board of Commissioners of the Community Development Commission, and the Board of Directors of the Sonoma County Agricultural Preservation and Open Space District, delegating authority to and authorizing the County Treasurer to assume full responsibility for all transactions and expenditures related to the investment and reinvestment of funds on deposit in the County Treasury for calendar year 2026.
- B) Approve the County of Sonoma Statement of Investment Policy, with changes.

Executive Summary:

This item provides for the annual review and delegation of authority by the Board of Supervisors, pursuant to California Government Code §§ 27000.1 and 27000.3 and Sonoma County Code section 2-33.20, and all districts governed ex-officio by the Board of Supervisors, pursuant to California Government Code § 53607, to the County Treasurer to invest and reinvest funds of the County and other depositors in the County Treasury.

This item also provides for the annual review and approval of the County of Sonoma Statement of Investment Policy ("Policy"), with changes, as required by California Government Code § 53646. This Policy will be effective January 1, 2026.

Discussion:

Annually since 1997, the Board of Supervisors ("Board") has delegated the authority to invest and reinvest funds held on deposit in the Pooled Investment Fund, as well as the authority to sell or exchange securities ("Investment Authority"), to the County Treasurer, pursuant to County Ordinance 5037, codified as Sonoma County Code section 2-33.20 and in compliance with Government Code §§ 27000.1 and 27000.3. The Board must also annually delegate Investment Authority to the Treasurer of the local agencies for which the Board acts ex-officio, in compliance with Government Code § 53607. With the delegations, the Treasurer assumes full responsibilities for all transactions and expenditures related to the investment and reinvestment of funds on deposit in the County Treasury until the annual delegation expires or until the Board revokes its delegation

of authority.

In addition to the annual delegation of Investment Authority, the Board of Supervisors must also annually review and approve the County Statement of Investment Policy ("Policy") pursuant to Government Code § 53646, regardless of whether changes are made. The annual delegation of Investment Authority is included in Section 7 of the Policy.

On August 18, 2025, Treasury staff and the Treasury Oversight Committee reviewed the Policy and discussed potential revisions. Subsequently, Treasury staff's recommended changes were shared with the Treasury Oversight Committee for informational purposes.

The recommended changes align the Policy with current state law, incorporate best practices, and provide additional clarity.

Recommendations include:

- Update to Section 10(3). Update the sunset date to January 1, 2031, for investments in United States government issued or backed that may result in zero or negative interest if held to maturity. This aligns the Policy with a change in Government Code § 53601.6(b)(2).
- Update to Section 13. Change language to specify that maximum maturity limits are described in Appendix A and add clarifying language about SCEIP notes.
- Update to Section 24. Change language regarding review, monitoring and reporting to align with current practices.
- Update to Appendix A - Investment Criteria Table.
 - Change the maximum maturity limit for Commercial Paper to 397 days to align the Policy with a change in Government Code § 53601(h).
 - Change the maximum investment allocation in Joint Powers Agreement ("JPA") shares from 20% to 100%, as permitted in § 53601(p). JPAs, such as CAMP and CalTRUST, were created for California public entities to pool assets for investment purposes.
- Update to Glossary of Terms.
 - Commercial Paper - Delete extraneous language from definition.
 - Sonoma County Energy Independence Program (SCEIP) - add a definition.

Investment Overview

The Sonoma County Treasurer is responsible for safely managing the daily investment of the approximately \$3.3 billion Pooled Investment Fund on behalf of the County, schools, special districts, and other agencies. Funds are invested in accordance with both state law and the Policy. Government Code § 53600, et seq. guides the investment process and establishes the following three statutory investment objectives in order of importance: 1) Safety of Capital, 2) Liquidity to meet participant cash flow needs, and 3) Rate of Return. In December 2019, the Board added social and environment considerations to the investment strategy. Whenever possible and consistent with the three statutory objectives listed above, investment opportunities will be evaluated for social, and environment impacts with the intent to create positive impacts by investing in socially and environmentally responsible agencies and corporations.

The Pooled Investment Fund is restricted to fixed income instruments that mature within five years, with the

exception of Sonoma County Energy Independence Program bonds, for which, pursuant to Government Code § 53601, the Board has granted express authority to invest in securities with a maturity in excess of five years (Resolution #11-0137). Investments must have very high credit quality and include US Treasury securities; obligations issued by US Government Agencies such as Fannie Mae and Freddie Mac; states, municipalities, and local agencies; and supranational bonds, which are issued by multi-national institutions devoted to economic, health, education, and social development, as well as green projects. Investments in corporations such as commercial paper, bank certificates of deposit or medium-term notes are restricted to single-A or better credit ratings. Investments in State and Municipal obligations are also restricted to single-A or better credit ratings.

Status of the Sonoma County Pooled Investment Fund

The County's Pooled Investment Fund has remained in compliance with Policy and continues to remain well-diversified across security type, issuer name, and maturity. The credit quality of the portfolio remains strong. In the past year, short-term rates have declined, but remain at elevated levels, compared to both the post-financial crisis and pandemic eras, reflecting the Fed's easing monetary policy over the past year with four 0.25% rate cuts since November 2024. The Treasury yield curve has returned to a normal, upward sloping curve, albeit only marginally. The rate earned on the Pooled Investment Funds during the first quarter of FY 25-26 was 4.10%, which is an increase from 3.85% in the first quarter of FY 24-25. This 25 basis point increase in yield reflects the dynamic nature of the Pooled Investment Funds (diversification across investment types, issuer name, maturities, etc.). Historical yields and the composition of the portfolio are provided in a Quarterly Report published to the County's website:

<https://sonomacounty.ca.gov/administrative-support-and-fiscal-services/auditor-controller-treasurer-tax-collector/divisions/treasury/publications/quarterly-certifications>

Environmental, Social & Governance / Impact Investing

Pursuant to guidance approved by the Board in 2019, Treasury staff has focused on incorporating Environmental, Social and Governance ("ESG") principles into the framework used to manage the Pooled Investment Fund.

As of September 30, 2025, total impact investments were \$397 million, or 12.6% of the Fund. Investments in green bonds, which are devoted to financing sustainable energy and efficiency projects, total \$69 million or 2.2% of the Fund and includes investments through the Sonoma County Energy Independence Program. Investments in supranational development bonds are \$48 million or 1.5% of the Fund. Investments in designated social investments, including housing funding, are \$242 million or 7.7%. Investments in education, comprised of California schools and universities total \$38 million or 1.2% of the Fund and includes \$4.2 million in Sonoma County schools.

Strategic Plan:

N/A

Racial Equity:

Was this item identified as an opportunity to apply the Racial Equity Toolkit?

No

Agenda Date: 12/9/2025

Prior Board Actions:

Annually, since 1997, Resolutions have been adopted granting Authority to Invest and Reinvest Funds to the County Treasurer and the Board has approved the Statement of Investment Policy.

Most recently: 12-03-2024 - Approval of Concurrent Resolution #24-0484.

FISCAL SUMMARY

Expenditures	FY23-24 Adopted	FY24-25 Projected	FY25-26 Projected
Budgeted Expenses			
Additional Appropriation Requested			
Total Expenditures			
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
General Fund Contingencies			
Total Sources			

Narrative Explanation of Fiscal Impacts:

N/A

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

Resolution

Statement of Investment Policy

Statement of Investment Policy (redline version)

Related Items "On File" with the Clerk of the Board:

N/A