



**Auditor-Controller/
Treasurer-Tax Collector
COUNTY OF TULARE
AGENDA ITEM**

BOARD OF SUPERVISORS

ALLEN ISHIDA
District One

CONNIE CONWAY
District Two

PHILLIP A. COX
District Three

J. STEVEN WORTHLEY
District Four

MIKE ENNIS
District Five

AGENDA DATE: February 26, 2008

Public Hearing Required	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
Scheduled Public Hearing w/Clerk	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Published Notice Required	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
Advertised Published Notice	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Meet & Confer Required	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>	N/A <input type="checkbox"/>
Electronic file(s) has been sent	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
Budget Transfer (Aud 308) attached	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Personnel Resolution attached	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Resolution, Ordinance or Agreements are attached and signature line for Chairman is marked with tab(s)/flag(s)	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
CONTACT PERSON: Rita Woodard PHONE: 733-6345			

SUBJECT: Transfer TRAN Investment Authority to the Auditor-Controller/Treasurer-Tax Collector

REQUEST(S):

That the Board of Supervisors:

1. Ratify the County Administrative Officer's action to transfer Tax and Revenue Anticipation Notes for proceeds into the Treasurer's pool for reinvestment.
2. Authorize the Auditor-Controller/Treasurer-Tax Collector to invest the funds consistent with all applicable requirements.

SUMMARY:

On April 17, 2007 the Board issued Tax and Revenue Anticipation Notes (TRAN) for \$55 million with Board Resolution No. 2007-0212. The Board then invested the TRAN monies through Wells Fargo Bank as trustee with XL Asset Funding Company.

On February 14, 2008, the County was notified by RBC Capital Markets (the TRAN Financial Advisor) that Moody's Investor Service downgraded XL Asset Funding Company I LLC to A3 from an AAA rating. Per the Investment Agreement dated July 2, 2007 by and between the Company and Wells Fargo Bank, National Association (the Trustee), if the Moody's Investor Service rating falls below AA-, the Trustee will withdraw the entire balance of the Investment if certain requirements are not met. The Company, having decided not to meet those requirements, notified the Financial Advisor on February 15, 2008 that all funds would be returned

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to the Trustee on February 26, 2008. In the last 20 years, this has never happened. It's an unusual circumstance and other members in the TRAN Investment Pool are also affected.

If no action was taken, the \$55 million would have stayed with the trustee earning an interest rate of one to two percent.

The CAO is one of the authorities on the investment document. He signed and delivered the necessary documents to Wells Fargo Bank to have the money removed from the trustee and it will be delivered to the County's Treasury Pool for immediate safety, liquidity, and yield purposes.

I am recommending that the Board give authority to the ATR for the investment of this year's TRAN monies. She has avenues available to her to maximize earnings on the funds and still make them available for liquidity purposes which is the purpose of the TRAN.

FISCAL IMPACT/FINANCING:

The TRAN loan has an interest rate cost of 4.5%. The original Guaranteed Investment Contract (GIC) with XL was at 5.125% earnings. It is expected that current market interest earnings rate will be less in any type of investment vehicle.

LINKAGE TO THE COUNTY OF TULARE STRATEGIC BUSINESS PLAN:

By reinvesting the TRANS monies as quickly as possible, we improve our fiscal stability under the Organizational Performance area of the Strategic Business Plan.

ALTERNATIVES:

1. The Board can authorize the CAO to find another GIC. This will take time, will have higher costs, and the money will stay in the County pool until all documents are processed.
2. The Board can return the money to the trustee to earn less than 2% interest.

INVOLVEMENT OF OTHER DEPARTMENTS OR AGENCIES:

CAO
Treasurer
Board of Supervisors
County Counsel

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ADMINISTRATIVE SIGN-OFF:

Rita Woodard
Auditor-Controller/Treasurer-Tax Collector

Cc: Auditor/Controller
County Counsel
County Administrative Office (2)

Attachment(s)

**BEFORE THE BOARD OF SUPERVISORS
COUNTY OF TULARE, STATE OF CALIFORNIA**

IN THE MATTER OF TRANSFER TRAN)
INVESTMENT AUTHORITY TO THE) RESOLUTION NO. _____
AUDITOR-CONTROLLER/TREASURER)
-TAX COLLECTOR) AGREEMENT NO. _____

UPON MOTION OF SUPERVISOR _____, SECONDED BY
SUPERVISOR _____, THE FOLLOWING WAS ADOPTED BY THE
BOARD OF SUPERVISORS, AT AN OFFICIAL MEETING HELD _____
_____, BY THE FOLLOWING VOTE:

AYES:
NOES:
ABSTAIN:
ABSENT:

ATTEST: JEAN ROUSSEAU
COUNTY ADMINISTRATIVE OFFICER
CLERK, BOARD OF SUPERVISORS

BY: _____
Deputy Clerk

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