



**CONTRA COSTA COUNTY
TREASURER'S
WITHDRAWAL OF FUNDS POLICY AND
PROCEDURES**

DATED: January 17, 2018

**OFFICE OF COUNTY TREASURER-TAX COLLECTOR
625 COURTS STREET, ROOM 100
MARTINEZ, CALIFORNIA 94553**

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CONTRA COSTA COUNTY

TREASURER'S WITHDRAWAL OF FUNDS POLICY AND PROCEDURES

1.0 PURPOSE

The purpose of this Withdrawal of Funds Policy and Procedures (the "Withdrawal Policy") is to establish guidelines for all Treasury Investment Pool participants who seek to withdraw funds from the County Treasury Investment Pool for various purposes, consistent with all applicable provisions of California State Government Code and Contra Costa County Treasurer's Annual Investment Policy (the "Investment Policy"), as amended from time to time.

2.0 SCOPE

This Withdrawal Policy applies to all Treasury Investment Pool (the "Pool") participants including both statutory (mandated) and voluntary (non-mandated) participants who have funds on deposit in the County Treasury Investment Pool over which the Treasurer's Office has fiduciary responsibility and direct control for their management. This Withdrawal Policy is subject to all applicable provisions of California State Government Code as well as the applicable limitations and requirements of the Investment Policy. The Contra Costa County Treasurer reserves the right to amend, supplement, or rescind this Withdrawal Policy at any time.

3.0 LEGAL AUTHORITY

This Withdrawal Policy is established in accordance with California State Government Code Section 53607 and Section 27000 et. seq. which establish exclusive authority and full responsibility of the County Treasurer for investment and administration of the Pool.

4.0 DEFINITIONS

For the purpose of this Withdrawal Policy,

Statutory Participants are those agencies that are mandated by applicable statutes to invest their funds in the Pool. Statutory Participants include the County of Contra Costa, K-12 school districts, County Office of Education, and community college districts.

Voluntary Participants are those agencies that are not mandated to invest their funds in the Pool and do so only on a voluntary basis. Voluntary Participants include local government agencies of Contra Costa County, i.e. various special districts and cities.

Withdrawal is defined as removal of funds in the form of cash and/or securities from the Pool.

5.0 WITHDRAWALS OF FUNDS IN THE TREASURY INVESTMENT POOL

Typically, Participants make Withdrawals for the following two reasons: a) regular operations and b) investing or depositing funds outside the Pool in accordance with California State Government Code Section 27136 (a).

5.1 Withdrawal of Funds for General Operations

The County Treasurer maintains a cash management plan which provides for adequate liquidity to cover day-to-day regular operations of the Pool Participants. Each Pool Participant may withdraw funds from the Pool for its normal operations with a written request. The written request shall be addressed to the County Auditor-Controller's Office and the County Treasurer's Office. The County Treasurer seeks to honor all written withdrawal requests for regular operating purposes that are approved by the County Auditor-Controller's Office in a timely fashion. However, the County Treasurer recognizes that occasionally the Pool Participants may request large amounts in withdrawals to cover unexpected operational needs. To accommodate such withdrawals and allow for adequate time for adjustments to the liquidity position of the Pool, the County Treasurer expects all Pool Participants to submit their written requests within the following timeframes:

- i) Withdrawals of Up to \$1 million – prior to 8:00 a.m. for same day disbursement
- ii) Withdrawals of between \$1 million to \$10 million – 1 business day in advance of disbursement
- iii) Withdrawals of more than \$10 million – 3 business day in advance of disbursement

Additional Withdrawal procedures and constraints can be found in Section 6.0 below.

5.2 Withdrawal of Funds for Investments outside the Pool

To maintain full fiduciary responsibility for investment and administration of the Pool, the County Treasurer shall NOT permit Statutory Participants to withdraw funds from and subsequently deposit the funds outside the Pool for the purpose of investments without prior approval of the County Treasurer. As permitted by the Government Code Section 53635, the County Treasurer may enter into an investment agreement with a third party investment manager on behalf of Statutory Participants upon request. However, the funds shall remain in the Pool during the entire agreement period under the care of the custodian bank retained by the County Treasurer.

Voluntary Participants may withdraw funds from and subsequently deposit the funds outside the Pool for investment purposes upon the County Treasurer's approval. However, such Withdrawals shall be made for the entire amount of the participant's funds deposited in the Pool. Upon completion of such withdrawals, the Voluntary Participants will no longer be able to participate in the Pool or receive further services from the County Treasurer's Office. NO partial Withdrawal from the Pool for investment purposes is permitted.

All Withdrawals made for purposes of investing outside the Pool are subject to procedures and constraints listed in Section 6.0 below.

6.0 WITHDRAWAL PROCEDURES AND CONSTRAINTS

6.1 Withdrawal Procedures

In accordance with California State Government Code Section 27136 and Contra Costa County Treasurer's Investment Policy Section 18.2, all Participants having funds on deposit in the Pool and seeking to withdraw their funds, shall first submit a formal written request to the County Treasurer.

The written request shall include, but not be limited to:

- The purposes of such withdrawal. If the withdrawal is for investing funds outside the Pool, then the following additional documents shall be included with the request:
 - a) A comprehensive due diligence analysis of the benefits for investing the funds outside the Pool. The analysis must demonstrate that investing outside the Pool will serve the best interest of the Participant and its constituents.
 - b) The resolution passed by the governing board of the Participant authorizing the withdrawal of funds for the purpose of investing outside the Pool.
 - c) Bond counsel's opinion on the subject matter if withdrawing bond proceeds for investment purposes.
 - d) Clean copies of all investment or service agreements intended to be entered into with outside firms, if applicable. NOTE: For all Statutory Participants, such agreements shall be signed or entered into only between the Treasurer and the outside firms. For Voluntary Participants, such agreements shall NOT be signed or entered into except when and only after the County Treasurer has approved the withdrawal.
- The withdrawal amount.
- The withdrawal date.
- The wire instructions for transfer of the funds, if applicable.

The County Treasurer may request additional information on any specific withdrawal request.

6.2 Withdrawal Constraints

In accordance with Section 18.2 of the Investment Policy, Withdrawals of investment deposits from the County Treasury Investment Pool by any Pool Participant shall coincide with investment maturities and/or authorized sale of securities by authorized personnel of the Pool Participant. Except for funds in the California State Local Agency Investment Fund, a five-business-days notification may be required when authorized sale of securities is involved. In the event that the Treasurer must liquidate investments in order to honor the withdrawal request, the Participant who requests the withdrawal shall be subject to all expenses associated with the liquidation, including, but not limited to loss of principal and interest income, withdrawal penalties, and associated fees.

The above Withdrawal constraints do not apply to Withdrawals of cash deposits which are not subject the timeframes set forth in Section 5.1.

7.0 EVALUATION OF WITHDRAWAL

The County Treasurer shall evaluate the Withdrawal proposals of all Pool Participants upon receipt of the written requests. The evaluation process may take up to 30 days.

As each proposed withdrawal may be different, requests will be evaluated on a case by case basis. However, the following criteria serve as a general guideline for the County Treasurer in evaluating withdrawal requests.

- Compliance with applicable laws, regulations and governing documents.
- Impact on the Treasurer’s fiduciary responsibility for and direct control over the funds withdrawn.
- Effect on the stability and predictability of the investments in the Pool.
- Impact on the interests of any Pool Participant, including that of the requestor or its constituents.

The County Treasurer reserves the right to reject any request for withdrawal if it is in the Treasurer’s opinion after thorough evaluation, that the withdrawal will violate applicable laws and/or governing documents, compromise Treasurer’s fiduciary responsibility, adversely impact the stability of the Pool, or harm the interests of any Pool Participant. Such rejection shall prevent the withdrawal of the funds.

8.0 INVESTMENT TRANSACTION PROCEDURES

For all Statutory Participants who seek to invest funds outside the Pool by retaining a third party investment manager (the “Manager”), Contra Costa County Treasurer’s Investment Transaction Procedures (the “Procedure”) which is maintained as a separate document and is attached hereto as Appendix I, shall be communicated to the Manager. The County Treasurer will not enter into an investment agreements with the Manager if the Manager is not able to comply with the Procedure.

9.0 TABLE OF AMENDMENT DATES

January 17, 2018

APPENDIX I

CONTRA COSTA COUNTY TREASURER'S INVESTMENT TRANSACTION PROCEDURES

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CONTRA COSTA COUNTY

TREASURER'S INVESTMENT TRANSACTION PROCEDURES

1.0 PURPOSE

The Contra Costa County Treasurer's Office (the "Treasurer's Office") has established the following Investment Transaction Procedures (the "Procedure"). The purpose of this Procedure is to provide guidance to external investment managers (the "Manager") retained by the Treasurer's Office with respect to the operating procedures associated with investment transactions made by the Manager on behalf of the Contra Costa County.

2.0 PROCEDURES

- All instructions and notifications must be in writing and signed by authorized persons listed on the Authorization Certificate. The Authorization Certificate shall be executed by the Manager as well as the County Treasurer and be updated whenever there is any personnel change.
- The Manager shall purchase and sell securities in the name of Contra Costa County.
- The Manager shall settle all trades through the third-party custodian designated by the County Treasurer.
- The Manager shall not do cash trades unless a notification via both telephone and email is received by the County Treasurer's designees no later 8:30 a.m. (PST) on the day of cash trades, and only on a per transaction basis.
- The Manager shall notify the County Treasurer's designees via both telephone and email, 24 hours prior to the settlement day of any trade, maturity, or coupon payment that would result in a net decrease in the cash fund balance of the account the Manager manages on the County's behalf as evidenced by the most recent General Ledger report provided by the County Auditor-Controller.
- The Manager shall provide same day notification, by 8:30 a.m., only for transactions that result a zero net cash flow, i.e. sale and reinvestment of all the proceeds of the sale, maturity and reinvestment of the total amount maturing.
- When securities pay coupons, the Manager shall notify the County Treasurer's designees if the coupon payment will be reinvested within the next 48 hours.
- The Manager shall email or fax a copy of the trade ticket to the County Treasurer's designees on the trade day and confirm receipt of the trade ticket via phone calls or emails.
- The County Treasurer's designees will notify the custodian retained by the County of the trades.

- Investment transactions shall not occur on days the County Treasurer’s Office is closed for business, i.e. the day after Thanksgiving.
- It is the Manager’s responsibility to track the “cash” position (i.e. differences between maturing amounts, interest payments and amounts reinvested). The Manager will be able to verify this position with the County Treasurer’s designees whenever needed to determine the total amount of money the County has invested in its Treasury Investment Pool for the specific account that the Manager invests on the County’s behalf. The Manager acknowledges that there is a lag time in booking coupons, etc. from the custodial bank to the County’s accounting records.
- The Manager shall provide the Treasurer’s Office a detailed monthly accounting report within five business days of the month just ending for reconciliation purposes. The Manager shall also provide the Treasurer’s Office a quarterly performance report within seven business days of the quarter just ending for performance evaluation purposes.
- The Treasurer’s Office shall perform a monthly reconciliation upon receipt of the Manager’s accounting report and will notify the Manager of any discrepancies between the accounting report and the Treasurer Office’s records. The Treasurer’s Office shall provide the Manager a summary report of the cash and investment balances within 30 days of the month just ending.