

**Golden State Finance
Authority (GSFA)
Executive Committee Meeting**



**Wednesday, November 16, 2016
11:00 A.M.**

**1215 K Street, Suite 1650
Sacramento CA 95814
916-447-4806**

**Golden State Finance Authority (GSFA)
Executive Committee Meeting
1215 K Street, Suite 1650
Sacramento, CA 95814**

November 16, 2016 – 11:00 a.m.

Executive Committee Members:

Supervisor John Viegas, Glenn County
Supervisor Bob Williams, Tehama County
Supervisor Rex Bohn, Humboldt County
Supervisor Lee Adams, Sierra County
Supervisor Kevin Cann, Mariposa County

Supervisor John Fenley, Trinity County
Supervisor Kevin Goss, Plumas County
Supervisor Diane Dillon, Napa County
Supervisor Randy Hanvelt, Tuolumne County
Supervisor John Pedrozo, Merced County

Agenda

I. Call to Order and Determination of Quorum

Chair, Supervisor Kevin Cann, Mariposa County

II. Approval of Minutes of the August 17, 2016 Meeting

(Board Members absent from the meeting will be recorded as abstained unless the Board Member indicates otherwise)

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III. Member County Concerns

IV. Public Comment

At this time any member of the public may address the Board. Speakers are asked to state their name for the record. Comments are usually limited to no more than 3 minutes per speaker.

V. Quarterly Reports for GSFA (Discussion and possible action relative to)

Greg Norton, Executive Director

Lisa McCargar, Chief Financial Officer

a. GSFA Quarterly Budget Report (September 30, 2016)

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b. GSFA Quarterly Investment Report (September 30, 2016)

Page 7

c. GSFA Cash and Securities Asset Report (September 30, 2016)

VI. Business and Administrative Matters (Discussion and possible action relative to)

Greg Norton

Patricia Megason, Deputy Director

Craig Ferguson, Vice President

a. GSFA 2017 Proposed Budget – ACTION

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b. GSFA 2017 Investment Policy Renewal – ACTION

Page 17

c. GSFA Resolution 17-01: Board Travel Policy – ACTION

Page 25

d. Other Business and Administrative Matters

VII. Program Updates (Discussion and possible action relative to)

Greg Norton

Craig Ferguson

VIII. Adjournment

Meeting facilities are accessible to persons with disabilities. By request, alternative agenda document formats are available to persons with disabilities. To arrange an alternative agenda document format or to arrange aid or services to modify or accommodate persons with a disability to participate in a public meeting, contact Sarah Bolnik by calling (916) 447-4806 at least 48 hours before the meeting.

Agenda items will be taken as close as possible to the schedule indicated. Any member of the general public may comment on agenda items at the time of discussion. In order to facilitate public comment, please let staff know if you would like to speak on a specific agenda item. The agenda for this meeting of the Executive Committee of the Golden State Finance Authority was duly posted at its offices, 1215 K Street, Suite 1650, Sacramento, California, 72 hours prior to the meeting.

**Golden State Finance Authority (GSFA)
Executive Committee Meeting
1215 K Street, Suite 1650
Sacramento, CA 95814
(916) 447-4806**

August 17, 2016 – 2:00 p.m.

Executive Committee Members:

Supervisor Kevin Cann, Mariposa County
Supervisor Randy Hanvelt, Tuolumne County
Supervisor John Viegas, Glenn County
Supervisor Bob Williams, Tehama County
Supervisor Rex Bohn, Humboldt County

Supervisor John Pedrozo, Merced County
Supervisor Diane Dillon, Napa County
Supervisor Kevin Goss, Plumas County
Supervisor Lee Adams, Sierra County
Supervisor John Fenley, Trinity County

Minutes

Call to Order and Determination of Quorum

GSFA and NHF Chair, Supervisor Kevin Cann, Mariposa County, called the simultaneous meeting of the Golden State Finance Authority Executive Committee the National Homebuyers Fund Board of Directors, and the RCRC Executive Committee to order at 2:02 p.m. A quorum was determined at that time; those present were as follows:

<u>Supervisors in Attendance</u>	<u>County</u>
John Viegas	Glenn
Kevin Cann	Mariposa
John Pedrozo	Merced
Diane Dillon	Napa
Lee Adams	Sierra
Bob Williams	Tehama
John Fenley	Trinity
Randy Hanvelt	Tuolumne

Absent Members

Rex Bohn	Humboldt
Kevin Goss	Plumas

Others in Attendance

James Wagstaffe, Kerr & Wagstaffe LLP
Ivo Labar, Kerr & Wagstaffe LLP
Avi Lipman, McNaul Ebel Narrot & Helgren PLLC – via teleconference
Greg Norton, Executive Director
Patricia Megason, Deputy Director
Craig Ferguson, RCRC Vice President
Sarah Bolnik, RCRC Office Manager

Special Order of Business: Closed Session

Conference with Legal Counsel – Existing Litigation

The Golden State Finance Authority Executive Committee, the Rural County Representatives of California Executive Committee, and the National Homebuyers Fund, Inc. Board of Directors convened a closed session at 2:03 p.m. pursuant to Government Code Section 54956.9.

At 2:20 p.m., the closed session of the simultaneous meeting of the GSFA Executive Committee, the RCRC Executive Committee and the NHF Board of Directors was adjourned. No action was taken.

At 2:21 p.m., the GSFA Executive Committee Meeting was reconvened.

Approval of Minutes of the July 13, 2016 Meeting

(Board Members absent from the meeting will be recorded as abstained unless the Board Member indicates otherwise)

Supervisor Diane Dillon, Napa County, motioned to approve the minutes of the July 13, 2016 GSFA Executive Committee Meeting. Supervisor John Fenley, Trinity County, seconded the motion. Motion passed.

Member County Concerns

None

Public Comment

None

Adjournment

GSFA Chair, Supervisor Kevin Cann, Mariposa County, adjourned the meeting of the GSFA Executive Committee at 2:23 p.m.



Golden State Finance Authority (GSFA)
1215 K Street, Suite 1650 · Sacramento, California 95814
Phone: (855) 740-8422 · Fax: (916) 444-3219 · www.gsfa-home.org

To: GSFA Executive Committee
From: Lisa McCargar, Chief Financial Officer
Greg Norton, Executive Director
Date: November 8, 2016
Re: GSFA Quarterly Budget Report (September 30, 2016)

Summary

The Statement of Revenues and Expenses provides a budget to actual comparison for the nine months ended September, 2016.

Attachment

- GSFA Statement of Revenues and Expenses, Budget vs. Actual, for the Nine Months Ended September 30, 2016

GOLDEN STATE FINANCE AUTHORITY
Statement of Revenue and Expenses
Budget Vs. Actual - (UNAUDITED)
For the Nine Months Ended September 30, 2016

	2016 Annual Budget	Nine Months Ended September 30, 2016 Budget	Nine Months Ended September 30, 2016 Actual	Variance Favorable / (Unfavorable)	Percent Favorable / (Unfavorable)
Income:					
Housing Program Revenue	\$ 31,095,000	\$ 23,321,250	\$ 46,764,290	\$ 23,443,040	100.52%
Energy Program Revenue	745,000	558,750	2,371,160	1,812,410	324.37%
Grant Reimbursed Costs	345,000	258,750	230,128	(28,622)	-11.06%
Interest Income and Capital Gain/(Loss)	145,000	108,750	257,648	148,898	136.92%
Ongoing Issuer Fees	10,000	7,500	51,521	44,021	586.95%
2nd Mortgage Interest	496,000	372,000	408,160	36,160	9.72%
Miscellaneous Income	20,000	15,000	42,902	27,902	186.01%
Total Income	\$ 32,856,000	\$ 24,642,000	\$ 50,125,809	\$ 25,483,809	1333.43%
Expenditures:					
Accounting & Auditing	\$ 29,200	\$ 21,900	\$ 20,917	\$ 983	4.49%
Business Development and Expansion	100,000	75,000	52,991	22,009	29.35%
CDLAC fees	50,000	37,500	-	37,500	100.00%
Community Relations	15,000	11,250	297	10,953	97.36%
Custodian/Trustee	50,000	37,500	-	37,500	100.00%
Consultants	84,000	63,000	56,000	7,000	11.11%
Contract Labor - Temps	10,000	7,500	-	7,500	100.00%
Contract Performance Fee	1,189,500	892,125	1,690,394	(798,269)	-89.48%
Grant Costs	345,000	258,750	230,128	28,622	11.06%
Insurance	37,700	28,275	29,113	(838)	-2.96%
Infrastructure Program	200,000	150,000	106,273	43,727	29.15%
Legal Services	125,000	93,750	57,385	36,365	38.79%
Loan Losses	150,000	112,500	130,347	(17,847)	-15.86%
Multi Family Bonds	10,000	7,500	-	7,500	100.00%
Gift Program	25,000,000	18,750,000	37,259,985	(18,509,985)	-98.72%
Grant Fund - CA Disaster Assistance	1,000,000	750,000	-	750,000	100.00%
Pipeline Services	180,000	135,000	138,750	(3,750)	-2.78%
DPA Program Management	2,000,000	1,500,000	3,134,061	(1,634,061)	-108.94%
Printing and Duplication	1,000	750	177	573	76.40%
Promotion and Marketing	75,000	56,250	30,542	25,708	45.70%
Rent	67,950	50,963	51,396	(433)	-0.85%
Contract Support Services	2,023,100	1,517,325	1,517,325	-	0.00%
Sponsorships	50,000	37,500	26,950	10,550	28.13%
Travel - Board Member Reimbursements	15,000	11,250	-	11,250	100.00%
Travel	10,000	7,500	17,156	(9,656)	-128.75%
Other Expenses	38,000	28,500	14,971	13,529	47.47%
Total Expenditures	\$ 32,855,450	\$ 24,641,588	\$ 44,565,158	\$ (19,923,570)	-80.85%
Net Revenues Over Expenditures	\$ 550	\$ 412	\$ 5,560,651	\$ 5,560,239	1349573%



Golden State Finance Authority (GSFA)
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Phone: (855) 740-8422 · Fax: (916) 444-3219 · www.gsfahome.org

To: GSFA Executive Committee
From: Greg Norton, Executive Director
Lisa McCargar, Chief Financial Officer
Date: November 8, 2016
Re: GSFA Quarterly Investment Report (September 30, 2016)

Summary

In accordance with GSFA's investment policy, we are providing the September 30, 2016 investment report. The report provides a summary of investment balances and transactions for the quarter ending September 30, 2016. In addition, the report provides the returns by investment type and a comparison to the 90 day Treasury Rate.

The CalTRUST yields are the funds' reported September 30, 2016 yields. The LAIF return is the fund's September 30, 2016 apportionment rate.

Attachment

- GSFA Investment Report – As of and for the Quarter Ended September 30, 2016

GOLDEN STATE FINANCE AUTHORITY
Investment Report
As of and for the Quarter Ended September 30, 2016

	Total	CalTRUST Short-Term	CalTRUST Medium-Term	LAIF
Balance 6/30/16	\$19,621,657	\$7,435,135	\$12,001,845	\$184,677
Additions	-	-	-	
Withdrawals	-	-	-	
Interest (accrued)	44,364	13,869	30,214	281
Capital Gain/(Loss)	(35,593)	-	(35,593)	
Balance 9/30/16	\$19,630,428	\$7,449,004	\$11,996,467	\$184,958

Yield:

Annualized One Year
Average Maturity (days)
90 Day Treasury Bill Rate

Short Term	Mid Term	LAIF*
0.64%	0.96%	0.60%
405	744	165
0.29%		

All current cash investments are held in either California Treasurer's Local Agency Investment Fund (LAIF) or CalTRUST's Short-Term Fund or Medium-Term Fund. Cash in the LAIF fund and the CalTRUST Short-Term Fund may be accessed within 24 hours. Cash in the CalTRUST Medium-Term Fund may be accessed at the end of each month.

No members of the Investment Committee have any conflict of interest with any current investment firms.

Purpose of transactions in excess of \$1 million:
-None



To: GSFA Executive Committee
From: Greg Norton, Executive Director
Patricia Megason, Deputy Director
Lisa McCargar, Chief Financial Officer
Date: November 8, 2016
Re: GSFA 2017 Proposed Budget - **ACTION**

Summary

The proposed 2017 Golden State Finance Authority (GSFA) Operating Budget constitutes our continued commitment to the core functions of providing affordable housing down payment assistance and energy retrofit programs as well as infrastructure programs development.

The proposed 2017 GSFA Operating Budget (Attachment A) includes total revenues of \$55,231,000 and total expenditures of \$49,823,917 and results in net revenue over expenditures of \$5,407,083. The primary sources of revenue and expenditures are described below.

2017 Proposed Revenue Highlights

Proposed revenues are primarily derived from GSFA's housing and energy programs. In addition, interest income from second mortgage portfolio earnings and interest and gains from portfolio investments provide proposed sources of revenue.

The proposed 2017 GSFA Budgeted Revenue of \$55,231,000 includes:

- Housing program revenues remain the primary source of GSFA revenues. The programs are projected to generate \$51.05 million in revenue in 2017.
- Revenues from energy financing programs are estimated to be \$3,015,000.
- Energy program loans from the prior ARRA program continue to require loan servicing. GSFA cost reimbursements from this grant are estimated to be \$300,000 for 2017.
- The GSFA second mortgage portfolio is projected to generate interest earnings of \$500,000.
- Interest earnings and capital gains from investments are projected to be \$307,000.

2017 Proposed Expenditure Highlights

The proposed 2017 GSFA Operating Expenditure Budget is designed to provide the resources necessary to pursue and implement housing and energy programs and services as well as pursue rural economic development and infrastructure financing efforts. The proposed 2017 Expenditure Budget totals \$49,823,917. Primary expenditures are for housing program down payment assistance (DPA) gifts, contract support services payments, estimated contract performance fee to RCRC and program management fees.

The key proposed 2017 GSFA expenditures include:

- Housing program DPA gifts to homebuyers of \$40.0 million and associated program management and pipeline services fees totaling \$2.7 million. Program management fees have also decreased in line with market rates.
- Contract support services payments to RCRC in the amount of \$2,399,000. The contract also includes estimated housing program performance fees of \$1,960,750.
- The proposed budget includes the lump sum contract services and estimated program performance fee amount the GSFA Board is requested to consider and approve as part of its budgeting process for the 2017 calendar year. The proposed lump sum contract services and estimated performance fee amount for RCRC services includes a prorated amount of the salaries for RCRC personnel who provide services to the JPA through the contract for services with RCRC, including those of the President/CEO, the Executive Vice President and the Chief Financial Officer of RCRC. The proposed contract services amount and performance fee and the underlying compensation for RCRC personnel that are included in the proposed budget will be approved by the RCRC Board of Directors.
- The 2017 proposed budget includes \$1,000,000 of proposed rural assistance grants. Specific uses for these funds to be determined throughout the year.
- \$385,000 for consultants, including costs associated with economic development activities.
- \$200,000 for the continued efforts and costs associated with the development of an infrastructure financing program.
- \$100,000 for business development and expansion, \$75,000 for promotion and marketing \$150,000 for legal services, \$300,000 for grant servicing and \$50,000 for sponsorships.

Key Differences between the 2017 and 2016 Expenditure Budgets

The proposed 2017 expenditures budget for GSFA of \$49,823,917 includes an increase of \$16,968,467 (51.6%) from the 2016 approved budget. Following is a summary of the key differences between the proposed 2017 and the 2016 approved budgets:

- **Contract Support Services** – An increase of \$375,900 (18.6%) in current fees due to an increase in direct and indirect costs in providing services including the growing energy/water conservation financing program.
- **Contract Performance Fee** – An increase of \$771,750 (64.9%) due to expected increases in program activity levels and the addition of the energy program activity to the formula.
- **Housing Gift Program** – An increase of \$15 million (60.0%) in program gifts due to increased program activity projections.
- **Program Management** – An increase of \$500,000 (25.0%) due to an increase in the service costs with greater gift volume.
- **Consultants** – An increase of \$301,000 due primarily to costs associated with infrastructure financing development efforts and additional resources budgeted for economic development efforts.

Budgeted Net Revenue

The proposed budget for 2017 will result in net revenue over expenditures of \$5,407,083. The budgeted expenditures include a noncash item, the loan losses, of \$150,000. Therefore, the proposed 2017 budget is projected to generate positive cash flow of \$5,557,083.

Other Related Matters

Due to the volatility and pace of the programs and markets, request authority for the Executive Director to make necessary business decisions up to \$500,000 per decision outside of the approved operating budget. Also request the Executive Director be granted with the authority to proceed with necessary operating decisions due to changes in the market, economy or changing transactional requirements to avoid unnecessary delay and provide the necessary flexibility to effectively and timely implement and modify programs. Such expenditure and operational decisions are to be made in consultation with the Vice President, the GSFA Chair and the GSFA Vice Chair and are to be reported back to the Board with subsequent ratification as necessary.

Recommendations

It is recommended that the GSFA Executive Committee approve the following recommendations and direct the GSFA Executive Director to make the same recommendations to the GSFA Board of Directors.

1. Approve the attached proposed 2017 GSFA Operating Budget.

2. Grant the GSFA Executive Director the authority to make necessary business decisions and utilize up to \$500,000 per decision outside of the approved operating budget when necessary. Such decisions will be made in consultation with the Vice President, the GSFA Board Chair and Vice Chair and reported back to the GSFA Board at the next available Board meeting.
3. Grant the GSFA Executive Director the authority to proceed with necessary operating decisions due to changes in opportunities, the market, the economy or changing transactional requirements to provide necessary flexibility to effectively and timely implement programs. Such decisions to be made in consultation with the Vice President, GSFA Chair and GSFA Vice Chair with subsequent ratification by the Board of Directors as necessary.
4. Consider and approve the lump sum contract service fee to RCRC in the amount of \$2,399,000, and estimated performance fee in the amount of \$1,960,750 which includes a prorated amount of the salaries for RCRC personnel who provide services to the JPA through the contract for services with RCRC, including those of the RCRC President/CEO, Executive Vice President and Chief Financial Officer.

Attachment

- 2017 GSFA Operating Budget

GOLDEN STATE FINANCE AUTHORITY
FY 2017 BUDGET
For the Year Ended December 31, 2017

Income:	2017 Budget	2016 Budget	Increase / (Decrease)
Housing Program Revenue	\$ 51,055,000	\$ 31,095,000	\$ 19,960,000
Energy Program Revenue	3,015,000	745,000	2,270,000
Grant Reimbursed Costs	300,000	345,000	(45,000)
Interest Income and Capital Gains/(Losses)	307,000	145,000	162,000
Ongoing Issuer Fees	54,000	10,000	44,000
2nd Mortgage Interest	500,000	496,000	4,000
Miscellaneous Income	-	20,000	(20,000)
Total Income	\$ 55,231,000	\$ 32,856,000	\$ 22,375,000
Expenditures:			
Accounting & Auditing	\$ 31,500	\$ 29,200	\$ 2,300
Arbitrage Rebate	-	-	-
Bank Fees	-	1,000	(1,000)
Business Development and Expansion	100,000	100,000	-
CDLAC fees	50,000	50,000	-
Conferences	-	-	-
Community Relations	-	15,000	(15,000)
Custodian/Trustee	50,000	50,000	-
Consultants	385,000	84,000	301,000
Contract Labor - Temps	-	10,000	(10,000)
Contract Performance Fee	1,960,750	1,189,500	771,250
Dues, Fees & Subscriptions	30,000	30,000	-
Grant Costs-CEC	300,000	345,000	(45,000)
Insurance	39,000	37,700	1,300
Infrastructure Program	200,000	200,000	-
Legal Services	125,000	125,000	-
Loan Losses	150,000	150,000	-
Miscellaneous	6,000	6,000	-
Multi Family Bonds	10,000	10,000	-
Off-Site Storage	-	-	-
Gift Program	40,000,000	25,000,000	15,000,000
Rural Assistance Grants	1,000,000	1,000,000	-
Pipeline Services	200,000	180,000	20,000
DPA Program Management	2,500,000	2,000,000	500,000
Postage	2,000	1,000	1,000
Printing and Duplication	1,000	1,000	-
Promotion and Marketing	75,000	75,000	-
Rent	104,667	67,950	36,717
Contract Support Services	2,399,000	2,023,100	375,900
Sponsorships	50,000	50,000	-
Board Member Travel and Reimbursements	15,000	15,000	-
Travel	40,000	10,000	30,000
Total Expenditures	\$ 49,823,917	\$ 32,855,450	\$ 16,968,467
Net Revenues Over Expenditures	\$ 5,407,083	\$ 550	\$ 5,406,533
Noncash Adjustments:			
Loan Losses	\$ 150,000	\$ 150,000	\$ -



To: GSFA Executive Committee
From: Greg Norton, Executive Director
Patricia Megason, Deputy Director
Lisa McCargar, Chief Financial Officer
Date: November 8, 2016
Re: GSFA 2017 Investment Policy Renewal - **ACTION**

Summary

The Investment Committee is responsible for overseeing the investment activity of GSFA and annually presents the Investment Policy to the Board for review and approval.

Issue

The Investment Policy was last revised and approved on December 9, 2015. The Investment Committee consisting of the GSFA Executive Director, Executive Deputy Director, and Chief Financial Officer has reviewed and is submitting the policy for annual review as required.

The Investment Committee does not have any suggested revisions for 2017 other than applicable dates.

Recommendation

It is recommended that the GSFA Executive Committee review and approve the attached draft Investment Policy for presentation of the Policy to the GSFA Board of Directors for adoption.

Attachment

- 2017 GSFA Investment Policy Draft

GOLDEN STATE FINANCE AUTHORITY

Subject: INVESTMENT POLICY	Class: ACCOUNTING	Number: A – 03
	(<input type="checkbox"/>) Complete Revision (<input checked="" type="checkbox"/>) Partial Revision (<input type="checkbox"/>) New	Supersedes: Policy dated 12/9/15 Approved: Date: 11/16/16

INTRODUCTION

The investment policies and practices of Golden State Finance Authority (GSFA) are based upon state law and provide guidelines for the prudent investment of GSFA's reserve funds as well as temporarily idle cash. The primary goals of these policies are:

1. To safeguard the principal funds.
2. To provide sufficient liquidity to meet normal operating expenditures and expenditures beyond the ordinary budgeted expenses.
3. To generate investment income commensurate with the parameters of prudent risk management and consistent with the above policies.

Investments shall be made with judgment and care – under circumstances then prevailing – in the same manner that prudent investors, using discretion and intelligence, would exercise in the management of their own affairs when doing so for investment and not for speculation, and considering the probable safety of their capital as well as the probable income to be derived. The Investment Committee will use the “prudent investor” standard in managing GSFA's portfolio.

Investment Committee members acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and actions are taken to control adverse developments. Any deviations, once identified, should be documented and reviewed to determine whether replacing the security would be in the best interest of the organization.

OBJECTIVES

GSFA's investment policy shall be managed in a manner that emphasizes the preservation of capital. The long-term goal is to seek competitive returns while minimizing exposure to credit and market risk. The investment portfolio shall remain sufficiently liquid to meet anticipated cash requirements. GSFA's objective is to diversify its portfolio by investing funds among a variety of securities offering independent returns and financial institutions. This can be accomplished through diversity of instruments to include those with active secondary markets, maturities that match expected cash needs, and the Local Agency Investment Fund (LAIF) and CalTrust which includes diverse investment portfolios and immediate withdrawal provisions. The investment objective shall be to achieve a rate of return that is commensurate with safety and liquidity requirements of the organization. Management of the Investment portfolio will be directed by the objectives of Preservation of Capital – understanding that losses may occur on individual securities; Risk Aversion - understanding that risk is present in all types of investment; and Adherence to Investment Discipline, adhering to this policy.

The portfolio's target total return should meet or exceed all of the following over a full market cycle (at least 5 years):

- California's Local Agency Investment Fund (LAIF) rate for the same period.
- The 90 day Treasury Bill rate for the same period.

GOLDEN STATE FINANCE AUTHORITY

Subject:	Class:	Number:
INVESTMENT POLICY	ACCOUNTING	A – 03
	<input type="checkbox"/> Complete Revision <input checked="" type="checkbox"/> Partial Revision <input type="checkbox"/> New	Supersedes: Policy dated 12/9/15 Approved: Date: 11/16/16

DELEGATION OF AUTHORITY

Authority to manage GSFA's investment program is derived from California Government Code Sections 53601 and 53607 and by annual actions of GSFA's Board of Directors (Board). The Board has delegated management responsibility for the investment program to the Investment Committee consisting of GSFA's Executive Director, Deputy Director, and Chief Financial Officer (CFO). The Investment Committee shall be responsible for all investment transactions undertaken.

RESPONSIBILITY OF THE INVESTMENT CONSULTANT(S)

In the event the Investment Committee determines to utilize an Investment Consultant, the Investment Consultant's role will be that of a non-discretionary advisor to the Investment Committee. Investment advice concerning the investment management of assets will be offered by the Investment Consultant, and will be consistent with the investment objectives, policies, guidelines and constraints as established in this statement.

LIQUIDITY

To minimize the possibility of a loss occasioned by the sale of a security forced by the need to meet a required payment, the Investment Committee will monitor expected net cash flow requirements.

To maintain the ability to deal with unplanned cash requirements that might arise, the Investment Committee will determine the portion of assets that shall be maintained in cash or cash equivalents, including money market funds or short-term U.S. Treasury bills.

MARKETABILITY OF ASSETS

The Investment Committee requires that all assets be invested in liquid securities, defined as securities that can be transacted quickly and efficiently, with minimal impact on market price.

AUTHORIZED AND SUITABLE INVESTMENTS

GSFA is empowered to invest in LAIF, CalTRUST and, as provided in Government Code (GC) Section 53601 and 53601.1 to invest in the following types of securities:

- Debt issued by GSFA or other public agencies
- Money market instruments within the limitations provided in GC Section 53601.1
- Debt and/or securities of affiliated companies when that debt or security meets the requirements of any of the securities listed in GC Section 53601.1

GOLDEN STATE FINANCE AUTHORITY

Subject: <div style="text-align: center; font-weight: bold; margin-top: 20px;">INVESTMENT POLICY</div>	Class: <div style="text-align: center; font-weight: bold; margin-top: 10px;">ACCOUNTING</div>	Number: <div style="text-align: center; font-weight: bold; margin-top: 10px;">A – 03</div>
	<div style="font-size: small;">() Complete Revision (x) Partial Revision () New</div>	<div style="font-size: small;">Supersedes: Policy dated 12/9/15</div> <div style="font-size: small; margin-top: 10px;">Approved:</div>

Allowable Assets

1. Cash Equivalents

- Treasury Bills
- Money Market Funds
- Banker's Acceptances
- Repurchase Agreements
- Certificates of Deposit

2. Fixed Income Securities

- U.S. Government and Agency Securities
- Corporate Notes and Bonds
- Mortgage Backed Bonds/Securities

3. Mutual Funds

- Mutual Funds which invest in securities as allowed in this statement.

ASSET ALLOCATION

Sections 53601 and 53601.1 of the California Government Code provide legal authorization for investment of funds of local agencies. All investments of GSFA shall conform to the restrictions of those laws and shall be consistent with prudent and conservative investment standards.

1. The Investment Committee will determine the Aggregate Fund Asset Allocation (allocation) giving consideration to resources, operating needs and economic conditions. The Investment Committee will monitor the allocation and take steps to balance the allocation as appropriate.
2. Should an investment percentage-of-portfolio limitation be exceeded due to an incident such as fluctuation in portfolio size, the affected securities may be held to maturity to avoid losses. When no loss is indicated, the Investment Committee shall consider rebalancing the portfolio, basing the decision, in part, on the expected length of time the portfolio will be unbalanced.
3. In order to achieve a prudent level of portfolio diversification, the securities of any one company or government agency or particular industry should not be excessive as determined by the Investment Committee. The total allocation to treasury bonds and notes may represent up to 100% of the aggregate bond position

GOLDEN STATE FINANCE AUTHORITY

Subject:	Class:	Number:
INVESTMENT POLICY	ACCOUNTING	A – 03
	<input type="checkbox"/> Complete Revision <input checked="" type="checkbox"/> Partial Revision <input type="checkbox"/> New	Supersedes: Policy dated 12/9/15 Approved: Date: 11/16/16

ETHICS AND CONFLICTS OF INTEREST

Members of the Investment Committee shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions. Investment Committee members shall disclose annually any material financial interests in financial institutions that conduct business with GSFA and they shall further disclose any large personal financial/investment positions that could be related to the performance of GSFA. The annual disclosure on California Fair Political Practices Commission Form 700 will suffice to meet this requirement.

AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The CFO will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment services in the State of California. These may include primary dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by State of California laws.

All financial institutions and broker/dealers who desire to be approved for providing investment services must provide the Investment Committee with the following:

- Audited financial statements
- Proof of National Association of Security Dealers certification
- Trading resolution
- Proof of State of California registration
- Certification of having read GSFA's investment policy and depository contracts

An annual review of the financial condition and registrations of approved security broker/dealers utilized by GSFA will be conducted by the Chief Financial Officer.

INVESTMENT PERFORMANCE REVIEW AND EVALUATION

The Investment Committee shall ensure that performance reports are compiled at least quarterly. The market value of the portfolio shall be calculated and an investment report shall be prepared at least quarterly for presentation to the GSFA Executive Committee. The report shall include the following:

- Listing of individual investments held at the end of the reporting period, showing institution, selling institution, date of maturity, amount of deposit, and current market value
- Realized and unrealized gains or losses resulting from appreciation or depreciation
- Return on investment expressed as an annual percentage rate
- Average weighted yield to maturity of portfolio as compared to applicable benchmarks
- Statement of current allocation of investments

GOLDEN STATE FINANCE AUTHORITY

Subject: <div style="text-align: center; margin-top: 20px;">INVESTMENT POLICY</div>	Class: <div style="text-align: center; margin-top: 10px;">ACCOUNTING</div>		Number: <div style="text-align: center; margin-top: 10px;">A – 03</div>
	<div style="margin-top: 10px;">() Complete Revision (x) Partial Revision () New</div>	<div style="margin-top: 10px;">Supersedes: Policy dated 12/9/15</div> <div style="margin-top: 10px;">Approved:</div>	<div style="margin-top: 10px;">Page: 5 of 5</div> <div style="margin-top: 10px;">Date: 11/16/16</div>

The Investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Investment Committee intends to evaluate the portfolio(s) over at least a three year period.

INVESTMENT POLICY REVIEW

The investment policy shall be reviewed and approved annually by the Board of Directors in accordance with Government Code Section 53646. By adoption of this investment policy, the Board of Directors delegates investment authority to the Investment Committee (consisting of the Executive Director, Deputy Director and Chief Financial Officer) in accordance with Government Code Section 53607. Such investment authority shall include authority to invest or to reinvest funds of GSFA and to sell or exchange securities so purchased. All investments require the approval of at least two members of the Investment Committee.



To: GSFA Executive Committee
From: Greg Norton, Executive Director
Patricia Megason, Deputy Director
Date: November 8, 2016
Re: GSFA Resolution 17-01: Board Travel Policy - **ACTION**

Background

Attached please find Resolution 17-01: GSFA Board Travel Policy, for the GSFA Executive Committee's consideration. There are no proposed changes to the attached Resolution. The official IRS rate for reimbursement of mileage for personally owned vehicles for 2017 has not yet been released, however, the policy indicates that reimbursement will be at the prevailing IRS rate.

Following approval by the GSFA Executive Committee, the Policy will be presented to the GSFA Board for their approval.

Recommendation

That the GSFA Executive Committee review and approve the proposed Board Travel Policy, Resolution 17-01 for presentation to the GSFA Board of Directors for approval.

Attachment

- Resolution 17-01

RESOLUTION 17-01

TRAVEL EXPENSE POLICY FOR THE GOLDEN STATE FINANCE AUTHORITY DELEGATES and ALTERNATES

WHEREAS, the Golden State Finance Authority Board of Directors needs to establish rules and regulations concerning travel, lodging and meals;

NOW, THEREFORE, BE IT RESOLVED by the Board of the Golden State Finance Authority (GSFA) that unless otherwise provided by law, the following rules and regulations shall govern GSFA business travel by GSFA delegates.

STATEMENT OF GENERAL POLICY

- A. It is recognized that members of Boards of Supervisors are reimbursed for business expenses by their respective counties. It is the intention of GSFA to encourage involvement in GSFA business by reimbursing GSFA delegates for certain GSFA-related expenses, as described herein. Such a policy is intended to augment county reimbursement, not fully replace it.
- B. Travel is limited to only those purposes which enhance the efficient and effective operation of GSFA.
- C. GSFA Delegates traveling on GSFA-related business shall do so by the most reasonable means available, both in terms of financial costs as a primary focus and productive utilization as a secondary consideration. It is also recognized that circumstances such as the distance to be traveled and the time necessary to travel, emergency situations, inclement weather conditions, etc., are all factors which may have significant impact in determining the allowance for the cost of travel.
- D. Authority to travel and reimbursements for customary and reasonable costs incurred for such travel including meals, transportation, registration, lodging, parking and other related costs shall be in accordance with policy and procedures delineated herein.
- E. Only one voting member (either the Delegate or Alternate) representing each County per meeting will be reimbursed for Board Meeting attendance.
- F. All travel reimbursement claims must be submitted utilizing the GSFA Delegate travel claim form.

- G. In no case will a Delegate be reimbursed in an amount greater than provided in this resolution without approval of the Executive Director, Deputy Director or Vice President.
- H. Reimbursement for commercial air travel will be at "coach" class cost.
- I. Reimbursement associated with a GSFA Board Meeting or Executive Committee Meeting, attendance at the full meeting is required in order to be reimbursed.

I. TRAVEL DEFINITIONS

Travel in this policy is defined as travel that is necessary to complete GSFA business required by the organization in the performance of its primary function and/or in the course of the assigned duties. Travel for Delegates consists of roundtrip travel from their place of residence or office to attend such required events/activities.

Such travel events include, but are not limited to:

- Meetings or conferences required in the implementation or administration of new or ongoing GSFA program areas.
- Meetings, appearances or other travel necessary to conduct GSFA business requested by the Board of Directors, Chair of the Board, or GSFA Executive Director, Deputy Director or Vice President.

II. REIMBURSABLE TRAVEL ACTIVITIES

GSFA and its Board recognize the importance of GSFA Officers and Delegates actively participating on behalf of GSFA in certain activities on GSFA business.

GSFA will reimburse for travel expenses, including transportation, meals and lodging at the levels approved in this policy, for such activities in the following circumstances:

1. The activity is either a GSFA Board or Executive Committee meeting and the attending person is an official Delegate or designated representative of GSFA.
2. The activity is official GSFA business and participation has been approved by the GSFA Executive Director, Deputy Director or Vice President for legislative or policy meetings with State Legislators, Administration, Committees, and Agencies, members of Congress, federal agencies, or similar governmental bodies. Travel outside of California will require the approval of the GSFA Officers, the GSFA Executive Director, Deputy Director or Vice President as appropriate.

3. The activity is a conference or a necessary meeting in which GSFA has been invited to participate, and relates to subjects of interest to GSFA, as determined by the GSFA Board, the GSFA Executive Director, Deputy Director or the Vice President and the person designated to attend makes a report to GSFA regarding his or her activities on behalf of GSFA.
4. The participation of the particular GSFA Officers and Delegates is designated as official GSFA business by the GSFA Executive Director, Deputy Director, or Vice President.
5. The travel, lodging and meal expenses are in connection with the activities described above, and are not for personal or non-official purposes, such as entertainment or tourist related activities organized as part of a conference.

Reimbursements shall be made only upon supporting invoices, receipts and bills consistent with appropriate GSFA policies.

Notwithstanding the above, in no event shall GSFA make reimbursement for lavish expenses for travel, lodging or meals; provided, however, that if the prevailing levels of lodging expenses exceed prevailing per diem levels, GSFA may reimburse for such expenses upon a determination of the GSFA Executive Director or Deputy Director that the location, prevailing costs of lodging, or business necessity required more expensive lodging or meals.

III. LICENSE, INSURANCE REQUIREMENTS AND MEANS OF TRAVEL

Licenses - All GSFA Delegates operating any vehicle used in the performance of GSFA-related business must possess a valid driver's license. All GSFA Delegates flying/piloting their own or a rented aircraft in the performance of GSFA-related business must possess a valid and proper license.

Insurance Requirements - Any Delegate who uses their personal vehicle, rental vehicle or government vehicle for travel on GSFA-related business shall carry insurance for personal injury or property damage at or above state mandated minimum levels at that time. Delegates not in compliance with these minimum standards shall not be authorized to drive their personal vehicle, rental vehicle or government vehicle on GSFA business. If requested, Delegate is required to provide proof of licensing and insurance.

Any Delegate flying/piloting an aircraft for travel on GSFA-related business shall carry comprehensive liability insurance coverage in the minimum amount of \$1,000,000 prior to their using the aircraft to conduct GSFA business. Delegates not in compliance with these requirements shall not be authorized to fly their own or a rented aircraft on GSFA business. If requested, Delegate is required to

provide proof of licensing and insurance. GSFA's Liability and Excess Liability policies exclude aircraft.

IV. MILEAGE CALCULATION AND REIMBURSEMENT

Mileage Calculation-Roundtrip mileage is to be calculated from the Delegate's principal place of employment or home to the destination. Any special circumstances which inflate the normal mileage should be accompanied by an explanation in the expense claim and are subject to denial.

Mileage Reimbursement Rate-Authorized private vehicle usage for GSFA business travel will be reimbursed at the rate allowed under prevailing Internal Revenue Service rules and regulations as maintained by GSFA.

Aircraft Travel- GSFA Delegate's use of a private aircraft will be reimbursed at the same rate as that allowed by the Internal Revenue Service for a private automobile as stated under "Mileage Reimbursement Rate" or at the cost of commercial air travel.

Other Forms of Travel- GSFA Delegate's choosing to utilize another form of travel, such as train or other transit, shall be reimbursed at the same rate as if travel occurred as addressed in the Statements of General Policy. Item C. states GSFA Delegates traveling on GSFA-related business shall do so by the most reasonable means available, both in terms of financial costs as a primary focus and productive utilization as a secondary consideration. Item H states that Reimbursement for commercial air travel will be at "coach" class cost.

V. LODGING

Hotel Allowance-Delegates should seek the lowest cost accommodation reasonably available for the intended travel. For lodging in the Sacramento area, GSFA will reimburse lodging expense, inclusive of room rate, occupancy tax and other fees, up to a maximum of \$112 per night. In the event that GSFA has arranged a block of rooms for the event and the cost of the room within that block is greater than \$112, GSFA will reimburse the cost of the room at the block rate. Delegates are charged with using reasonable care and judgment in regard to whether overnight accommodations are required for their participation.

Guidelines regarding the need for overnight accommodations are as follows:

- For a two-day meeting/event when one-way travel from place of residence or office to the meeting/event is more than 75 miles or if travel will take more than 1 to 1 ½ hours;
- For a one-day meeting/event when one-way travel from place of residence or office is more than 150 miles or if travel will take longer than 2 hours; or
- In circumstances when the delegate needs to remain in Sacramento to participate at a GSFA associated event that will end later than 6:30 pm or in an early meeting the following morning.

- When participation in GSFA business requires arrival the night before for a meeting in Sacramento that begins at 8:00 am or earlier.

For accommodation reimbursement associated with a GSFA Board Meeting or Executive Committee Meeting, attendance at the full meeting is required in order to be reimbursed.

Transient Occupancy Tax- Occupancy tax can sometimes be waived by the motel/hotel dependent upon local regulation. Delegates traveling should always inquire about an exemption when appropriate.

VI. MEALS

Meal Allowances- Meal allowances will be reimbursed at the following rate, however, receipts must be provided:

- Breakfast \$ 8.00
- Lunch \$12.00
- Dinner \$25.00

Delegates will not be reimbursed for meals if the cost of a meal is included in the conference fee either reimbursed or paid directly by GSFA. Delegates will not be reimbursed for meals that are provided at GSFA events or meetings.

Meal Times - Delegates are charged with using reasonable care and judgment in regard to reimbursements. Reasonable times are generally considered to be departure prior to 7:00 a.m. for breakfast and return to residence after 6:00 p.m. for dinner.

Meal Limitations - Reimbursement will not include alcoholic beverages regardless of meal type or captive nature. Gratuities are capped at 15% of the cost of the meal.

Captive Meal - Captive refers specifically to those instances where a Delegate must/should participate in a dining event as part of an agendaized event. Required group meetings, gatherings or functions for which meal allowances will be claimed for breakfasts, luncheons or dinners and which are of a captive nature shall be reimbursed at actual cost even though it exceeds those amounts set forth under Meal Allowances. Expense claims for meals at such meetings, gatherings or functions (captive meals) will state the captive nature of the meal for which the expense claim is being presented.

Fixed Prices - When attendance at official meetings or conventions forces fixed prices, the claimant must list the items separately on the claim form as "Official Banquet" or other such language and the amount thereof. In this event, all such items will be supported by receipts verifying such charges. If supporting

documents are not obtainable, then a statement to this effect will be made by the claimant. The GSFA Executive Director or Deputy Director, reserves the right to deny any undocumented expenses.

VII. EXPENSE DOCUMENTATION

Receipt Requirements-Receipts must be provided for reimbursable expenses including the following:

- All lodging expenses paid at actual cost. There is \$112 per night maximum in the Sacramento area, inclusive of room rate, taxes and fees.
- All meal expenses
- Registration fees (only if not prepaid by GSFA)
- Telephone calls related to GSFA business in excess of \$2.50 per trip
- Fax charges for GSFA related business in excess of \$2.50 per trip
- Taxi/Bus fare in excess of \$5.00 per travel period
- Car Rental
- Air Travel (use ticket stub or electronic itinerary)
- Other common carrier (use ticket stub)
- Commuter bus fare (i.e. Airporter service)
- Toll Charges in excess of \$6.00
- "Captive Meal" and "Fixed Prices" as described in Section VI (a written explanation of circumstances and approval by the GSFA Executive Director or Deputy Director.)
- Parking, at standard parking rates for City visited

VIII. NON-REIMBURSABLE PERSONAL EXPENSE

Personal Expense- Any and all expenses that are for the direct personal needs of the Delegate, except as otherwise identified as reimbursable under this document, are not reimbursable by GSFA. Examples of such non-reimbursable items are listed below. This is not intended to be an all-inclusive list.

- Personal telephone calls, internet charges and personal fax transmissions
- Alcoholic Beverages (Except as provided in connection with an GSFA business related meeting or event)
- Entertainment (including related transportation costs)
- Violations of legal requirements

IX. CLAIM PROCESS

Completed claim forms are to be submitted to GSFA within thirty (30) days after the completion of the trip/expense. Failure to adhere to the filing deadline may result in the denial of the reimbursement claim

The claim form must include the purpose of the trip/expense, and the inclusive dates. All expenditures must be itemized and all claims will include receipts for expenses as detailed earlier under the section titled **EXPENSE DOCUMENTATION**.

The claim information must include all expenses of the trip whether or not they were paid directly to a vendor. The claim form is intended to be a recap of the complete trip as a reconciliation of all expenses and a central location for all receipts. Those items paid in advance or by credit card should be duly noted.

Secretary's Certificate

I certify that the foregoing is a true and accurate description of action taken at a properly constituted meeting of the Board of Directors of the Golden State Finance Authority on _____.

Secretary's Signature

Phone Number

1

Provide documentation for expenses as required in the Travel and Expense Policy for Delegates. Mileage expenses may not exceed \$0.54 per mile. For lodging in the Sacramento area, reimbursement will include lodging expense, inclusive of room rate, occupancy tax and other fees, up to a maximum of \$112 per night. Meal allowances may not exceed \$8 for breakfast, \$12 for lunch, and \$25 for dinner without prior approval, except as noted in the Travel and Expense Policy.

Mail Payment To:

City, Zip:

Amount:

