



# Statement Of Investment Policy and Authority to Invest

Finance & Insurance  
Item 8-1  
June 11, 2018

# Investment Policy and Authority to Invest

- Section 5114 of the Metropolitan's Administrative Code requires the Treasurer to submit a Statement of Investment Policy for the following fiscal year for approval by the Board.
- Sections 53600 et seq. of the California Government Code expressly grants the authority to the Board of Directors to invest public funds and that authority may be delegated to the Treasurer for a one year period.

# Statement Of Investment Policy

- Primary objectives - Safety, Liquidity, and then Return.
- Establishes the following:
  - Eligible securities
  - Credit ratings
  - Percentage limitations
  - Short and Long-Term portfolios managed on a total return basis measured against Board approved indices
    - Short-Term portfolio - B of A Merrill Lynch 3 Month Treasury Bill Index
    - Long-Term portfolio - B of A Merrill Lynch Corporate and Government, 1 – 5 Years, A rated or better index

# Statement Of Investment Policy

- Eligible Securities
  - U.S. Government and Agency
  - Money Market
    - Negotiable Certificates of Deposit
    - Commercial Paper
    - Bankers' Acceptances
    - Time Deposits
  - Medium Term Notes (Corporates)
  - Mortgage and Asset-Backed
  - Local Agency Investment Fund Deposits
  - California Local Agency

# Statement Of Investment Policy – Credit Ratings

- Moody's, Standard and Poor's or Fitch:
  - Money Market Securities – A1, P1, F1 or higher
  - Medium Term Notes – Single A or higher
  - Mortgage and Asset-Backed Securities – AAA

# Statement Of Investment Policy – Percentage Limitations

- Money Market Securities –
  - Commercial Paper – 25% of portfolio
  - Negotiable Certificates of Deposit – 30% of portfolio
- Medium Term Notes – 30% of portfolio
- Mortgage and Asset-Backed Securities – 20% of portfolio



# Investment Policy and Authority to Invest

- No changes are recommended to the Statement of Investment Policy

# Investment Policy and Authority to Invest

- Option #1:
  - Adopt the CEQA determination and
  - Approve staff's recommendation to adopt the Statement of Investment Policy for fiscal year 2018/19 and
  - Delegate the authority to the Treasurer to invest Metropolitan's Funds for fiscal year 2018/19



# Investment Policy and Authority to Invest

- Option #2:
  - Do not approve the Statement of Investment Policy and
  - Do not delegate the authority to the Treasurer to invest Metropolitan's funds

# Investment Policy and Authority to Invest

- Staff Recommendation  
Option #1

