



Board Report

File #: 2016-0774, **File Type:** Policy

Agenda Number: 9

**FINANCE, BUDGET AND AUDIT COMMITTEE
JANUARY 18, 2017**

SUBJECT: INVESTMENT POLICY

**ACTION: ANNUAL ADOPTION OF INVESTMENT POLICY AS REQUIRED BY CALIFORNIA
GOVERNMENT CODE**

RECOMMENDATION

CONSIDER:

- A. ADOPTING the **Investment Policy** as revised in Attachment A.
- B. APPROVING the **Financial Institutions Resolution** authorizing financial institutions to honor signatures of LACMTA Officials, Attachment B; and
- C. DELEGATING to the Treasurer or his/her designees, the **authority to invest funds for a one year period**, pursuant to California Government Code (“Code”) Section 53607.

ISSUE

Section 53646 of the Code, requires that the Board, on an annual basis and at a public meeting, review and approve the Investment Policy. Section 53607 of the Code, requires that the Board delegate investment authority to the Treasurer on an annual basis.

Measure M sales tax revenues will be subject to the guidelines in the attached investment policy as part of special revenue funds that consist of all local sales tax revenue.

Section 10.8 of the Investment Policy requires that the Treasurer submit the Financial Institutions Resolution to the Board annually for approval.

DISCUSSION

The Board approves the objectives and guidelines that direct the investment of operating funds. The proposed revision expands our investment choices by allowing the purchase of equipment receivables as noted in the Investment Policy, Attachment A, Footnotes to Section 5.1A, footnote k.

Financial Institutions require Board authorization to establish custody, trustee and commercial bank

accounts. In accordance with the Investment Policy, staff reviewed and updated the resolution to reflect position title changes. See Attachment B.

To streamline this board report, the following reference materials may be found on the Internet:

Current Investment Policy:

http://www.metro.net/about_us/finance/images/investment_policy.pdf

California Government Code: Section 53600 to 53609, Section 53646, Section 53652, Section 16429.1 to 16429.4:

<http://www.leginfo.ca.gov/cgi-bin/calawquery?codesection=gov&codebody>

DETERMINATION OF SAFETY IMPACT

Approval of this item will result in no impact on safety.

FINANCIAL IMPACT

The funds required to update the Investment Policy are included in the FY17 budget in cost center 5210 and project number 610340.

Impact to Budget

The sources of funds budgeted to manage assets in accordance with the Investment Policy are Proposition A, Proposition C, Measure R and TDA admin funds. These funds are not eligible for bus and rail operating and capital expenses. The FY18 budget will add the revenues from Measure M as a source of funds.

ALTERNATIVES CONSIDERED

The Investment Policy and the Code require an annual review and adoption of the Investment Policy, the delegation of investment authority and the annual approval of the Financial Institutions Resolution. Should the Board elect not to delegate the investment authority annually or approve the Financial Institutions Resolution, the Board would assume daily responsibility for the investment of working capital funds and for the approval of routine administrative actions.

NEXT STEPS

Upon Board approval, distribute the Investment Policy to external investment managers and broker-dealers. Issue copies of the Investment Policy and Financial Institutions Resolution to our financial institutions.

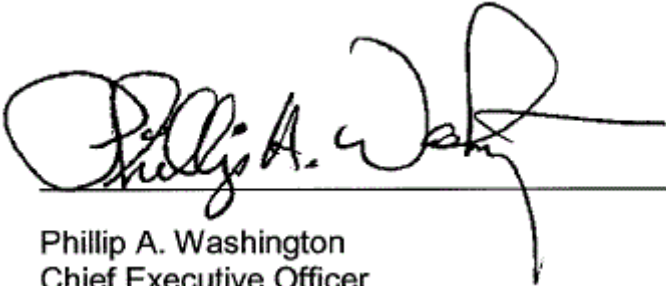
ATTACHMENTS

Attachment A - Investment Policy

Attachment B - Financial Institutions Resolution

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