



Board Report

File #: 2020-0475, File Type: Policy

Agenda Number: 5.

FINANCE, BUDGET AND AUDIT COMMITTEE FEBRUARY 17, 2021

SUBJECT: INVESTMENT POLICY

ACTION: APPROVE RECOMMENDATIONS

RECOMMENDATION

CONSIDER:

- A. ADOPTING the Investment Policy 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 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.

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

BACKGROUND

Metro's investment policy allows for temporary idle funds to be invested consistent with Board approved investment policy guidelines. The policy is updated on an annual basis and was last updated February 27, 2020.

DISCUSSION

The Board approves the objectives and guidelines that direct the investment of operating funds. A redlined version of the investment policy is presented in Attachment A. One change was made to the policy to conform to California Government Code language.

Financial Institutions require Board authorization to establish custody, trustee and commercial bank accounts. A redlined version of the resolution is presented in Attachment B. Changes reflect position title changes.

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

Current Investment Policy:

[<http://media.metro.net/about_us/finance/images/investment_policy.pdf>](http://media.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://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=GOV&division=2.&title=5.&part=1.&chapter=4.&article=1.](http://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=GOV&division=2.&title=5.&part=1.&chapter=4.&article=1)

FINANCIAL IMPACT

The funds required to update the Investment Policy are included in the FY21 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, Measure M and TDA administration funds. These funds are not eligible for bus and rail operating and capital expenses.

ALTERNATIVES CONSIDERED

The Investment Policy and California Government Code require an annual review and adoption of the Investment Policy, delegation of investment authority, and approval of Attachment B - Financial Institutions Resolution. Should the Board elect not to delegate the investment authority annually or approve the 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 the Financial Institutions Resolution to our financial institutions.

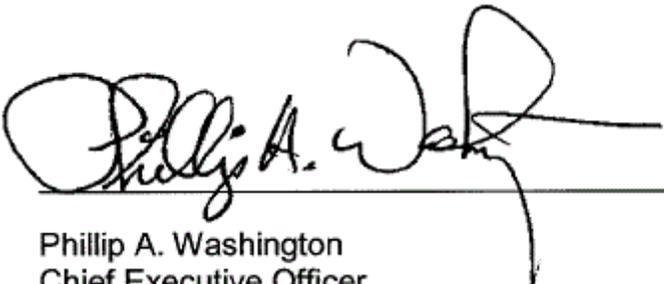
ATTACHMENTS

Attachment A - Investment Policy

Attachment B - Financial Institutions Resolution

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