

**Board Report**

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**File #:** 2015-1231, **File Type:** Policy

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**FINANCE, BUDGET AND AUDIT COMMITTEE  
JANUARY 20, 2016**

**SUBJECT: INVESTMENT POLICY**

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

**RECOMMENDATION**

CONSIDER:

- A. ADOPTING the **Investment Policy**, Attachment B, including the addition of 2 new Investment options outlined in Attachment A;
- B. APPROVING the **Financial Institutions Resolution** authorizing financial institutions to honor signatures of LACMTA Officials, Attachment C; 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 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 Resolution to the Board annually for approval.

**DISCUSSION**

The Board approves the objectives and guidelines that direct the investment of operating funds. Proposed revisions to the current Investment Policy add permitted investment options in conformance with the Code and are presented in Attachment A.

Financial Institutions require Board authorization to establish custody, trustee and commercial bank accounts. In accordance with the Investment Policy, staff reviewed the resolution and determined that no changes were needed to the document. See Attachment C.

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\\_2015.pdf](http://www.metro.net/about_us/finance/images/investment_policy_2015.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 FY16 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 Prop A, C, TDA Admin and Measure R Admin funds. These funds are not eligible for bus and rail operating and capital expenses.

### **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 - Policy Guideline Changes

Attachment B - Investment Policy

Attachment C - Financial Institutions Resolution

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