



## Board Report

---

File #: 2019-0681, File Type: Policy

Agenda Number: 13.

---

### FINANCE, BUDGET AND AUDIT COMMITTEE FEBRUARY 19, 2020

**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 28, 2019.

#### **DISCUSSION**

California Government Code sections relevant to Metro's Investment Policy were not amended during the 2019 California Legislative session. Therefore, the Investment Policy presented in Attachment A for Board approval is unchanged from the prior year. The Board approves the

objectives and guidelines that direct the investment of operating funds.

Financial Institutions require Board authorization to establish custody, trustee and commercial bank accounts. The Financial Institutions resolution is presented as Attachment B.

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 FY20 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.

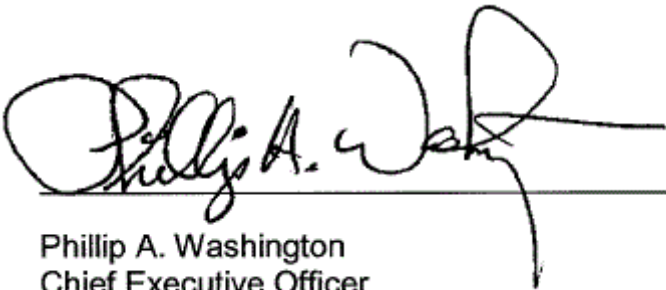
## **ATTACHMENTS**

Attachment A - Investment Policy

Attachment B - Financial Institutions Resolution

Prepared by: Marshall M. Liu, Sr. Investment Manager, (213) 922-4285  
Mary E. Morgan, DEO, Finance, (213) 922-4143  
Donna R. Mills, Treasurer, (213) 922-4047

Reviewed by: Nalini Ahuja, Chief Financial Officer, (213) 922 3088



Phillip A. Washington  
Chief Executive Officer