



Board Report

File #: 2017-0594, **File Type:** Policy

Agenda Number: 11.

**FINANCE, BUDGET AND AUDIT COMMITTEE
FEBRUARY 14, 2018**

SUBJECT: INVESTMENT POLICY

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

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 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.

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. A redlined version of the investment policy is presented in Attachment A. Financial Institutions require Board authorization to establish custody, trustee and commercial bank accounts. A redlined version of the resolution is presented in Attachment B. The only changes to the Investment Policy and the Financial Institutions Resolution were made to reflect position title changes of key personnel and conform investment manager reporting requirements to current practice.

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 FY18 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 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.

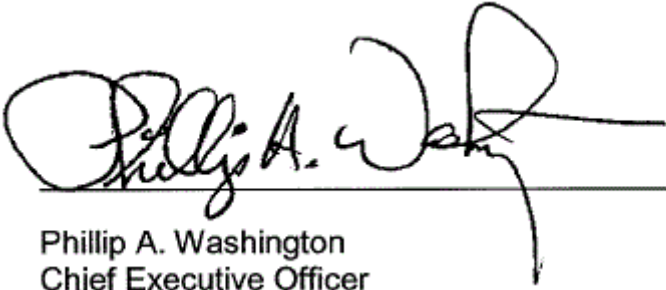
ATTACHMENTS

Attachment A - Investment Policy (redlined)

Attachment B - Financial Institutions Resolution (redlined)

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