



Finance and Asset Management Committee

Statement of Investment Policy and Authority to Invest

Item 7-5

June 11, 2024

Item 7-5 Investment Policy

Subject

- Approve Metropolitan's Statement of Investment Policy for fiscal year 2024/25, delegate authority to the Treasurer to invest Metropolitan's funds for fiscal year 2024/25

Purpose

- Comply with state law to adopt an investment policy for each fiscal year
- Provide key components to govern investment of district funds, manage risk and generate financial return on funds

Investment Policy and Authority to Invest

- Section 5114 of Metropolitan's Administrative Code requires the Treasurer to submit a Statement of Investment Policy to the Board for approval for the following fiscal year.
- Sections 53600 et seq. of the California Government Code expressly grant the authority to the Board to invest public funds and that authority may be delegated to the Treasurer for a one-year period.

Statement of Investment Policy – Change

	FY2023/24	FY2024/25	Rationale
§X.14	A mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond	A mortgage pass-through security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable pass-through certificate, or consumer receivable-backed bond. For securities eligible for investment under this subdivision not issued or guaranteed by an agency or issuer identified in subdivisions (1) or (2) above, the following limitations apply	To align the Policy’s requirements with the current Code language

Statement of Investment Policy – Change

	FY2023/24	FY2024/25	Rationale
§XIII	The Treasurer is authorized to invest special trust funds in investment with a term to maximum maturity in excess of five years. These funds include, but are not limited to, the Water Revenue Bond Reserve Funds, Escrow Funds, Debt Service Funds, the Iron Mountain Landfill Closure/Post-closure Maintenance Trust Fund, and the Lake Mathews Multi-Species Reserve Trust Fund.	The Treasurer is authorized to invest special trust funds in investment with a term to maximum maturity in excess of five years. These funds include, but are not limited to, the Water Revenue Bond Reserve Funds, Escrow Funds, Debt Service Funds, the Iron Mountain Landfill Closure/Post-closure Maintenance Trust Fund, and the Endowment Fund.	Lake Mathews Multi-Species Reserve Trust Fund combined with other trust funds as Endowment Fund effective July 1, 2023

Options for Considerations

Option #1:

- Approve the Statement of Investment Policy for fiscal year 2024/25; and
- Delegate authority to the Treasurer to invest Metropolitan's funds for fiscal year 2024/25.

Option #2:

- Do not approve the Statement of Investment Policy for fiscal year 2024/25 and do not delegate authority to the Treasurer to invest Metropolitan's funds for fiscal year 2024/25.

Staff Recommendation

Option #1



Questions

