



Finance, Affordability, Asset Management and
Efficiency Committee

Statement of Investment Policy and Authority to Invest

Item 7-6
June 10, 2025

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Statement of Investment Policy and Authority to Invest

Subject

Statement of Investment Policy and
Authority to Invest

Purpose

Obtain Board approval on the FY2025/26
Investment Policy and delegate authority to
the Treasurer to invest Metropolitan's funds
for FY2025/26

Next Steps

Manage compliance with Metropolitan's
Investment Policy

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

	FY2024/25	FY2025/26	Rationale
§X.5	<p>All corporate and depository institution debt securities (not to include other investment types specified in Code) issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.</p> <ul style="list-style-type: none"> • Maximum allocation: Thirty percent (30%) of the portfolio; five percent (5%) with any one issuer • Maximum maturity: Five (5) years • Credit requirement: A or its equivalent or better by an NRSRO. 	<p>All corporate and depository institution debt securities (not to include other investment types specified in Code) issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States.</p> <ul style="list-style-type: none"> • Maximum allocation: Thirty percent (30%) of the portfolio; five percent (5%) with any one issuer • Maximum maturity: Five (5) years • Credit requirement: AA or its equivalent or better by at least one NRSRO. If rated by any other NRSRO, eligible securities must also be rated A or its equivalent or better. 	<p>The credit requirement at the time of purchase is increased to lower the default risk of corporate bond issuers and provide a greater degree of safety and stability.</p>

Options for Considerations

Option #1:

Approve the Statement of Investment Policy for fiscal year 2025/26; and
Delegate authority to the Treasurer to invest Metropolitan's funds for fiscal year 2025/26.

Option #2:

Do not approve the Statement of Investment Policy for fiscal year 2025/26 and do not delegate authority to the Treasurer to invest Metropolitan's funds for fiscal year 2025/26.

Staff Recommendation

Option #1

