



Statement Of Investment Policy and Authority to Invest

Finance and Insurance

Item 8-1

June 13, 2016

Investment Policy and Authority to

Invest

- Section 5114 of the Metropolitan's Administrative Code requires the Treasurer to submit a Statement of Investment Policy for the following fiscal year for approval by the Board.
- Section 53607 of the California Government Code expressly grants the authority to the Board of Directors to invest public funds and may delegate that authority to the Treasurer for a one year period.

Statement Of Investment Policy

- Primary objectives - Safety, Liquidity, and then Return.
- Establishes the following:
 - Eligible securities
 - Credit ratings
 - Percentage limitations
 - Short and Long-Term portfolios managed on a total return basis measured against Board approved indices
 - Short-Term portfolio - B of A Merrill Lynch 3 Month Treasury Bill Index
 - Long-Term portfolio - B of A Merrill Lynch Corporate and Government, 1 – 5 Years, A rated or better index

Statement Of Investment Policy

- Eligible Securities
 - U.S. Government and Agency
 - Money Market
 - Negotiable Certificates of Deposit
 - Commercial Paper
 - Bankers' Acceptances
 - Time Deposits
 - Medium Term Notes (Corporates)
 - Mortgage and Asset-Backed
 - Local Agency Investment Fund Deposits
 - California Local Agency

Statement Of Investment Policy – Credit Ratings

- Moody's, Standard and Poor's or Fitch:
 - Money Market Securities – A1, P1, F1 or higher.
 - Medium Term Notes – Single A or higher.
 - Mortgage and Asset-Backed Securities – AAA.

Statement Of Investment Policy – Percentage Limitations

- Money Market Securities –
 - Commercial Paper – 25% of portfolio and up to 6.25% from any one issuer.
 - Negotiable Certificates of Deposit – 30% of portfolio and up to 7.5% from any one issuer.
- Medium Term Notes – 30% of portfolio and up to 7.5% from any one issuer.
- Mortgage and Asset-Backed Securities – 20% of portfolio and up to 5% from any one issuer.

Investment Policy and Authority to Invest

- No changes are recommended to the Statement of Investment Policy.

Investment Policy and Authority to Invest

- Staff Recommendation Option #1:
 - Adopt the CEQA determination and
 - Approve staff's recommendation to adopt the Statement of Investment Policy and
 - Delegate the authority to invest to the Treasurer.

