



Statement of Investment Policy and Authority to Invest

Finance and Insurance Committee

Item 7-2

June 7, 2021

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 grants 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 – Key Changes

§ X	FY2020/21	FY2021/22	Rationale
#1 & #2	5 years maturity limit	5 years maturity limit, except as otherwise permitted by this Policy	Clarify longer term purchases are permitted for US Treasury and Federal Agency Obligations as stated in § XIII
#4	Max allocation to Commercial Paper 25% 10% limit on outstanding CP per issuer	Max allocation to Commercial Paper 40% 5% limit per issuer & Combined 10% limit per issuer for CP & medium-term notes	Provide additional flexibility for short-term funds investment Clarify the per issuer limit according to the current Code
#12	Max allocation to CAMP 30%	Max allocation to CAMP 40%	Provide additional flexibility for short-term funds investment

Statement of Investment Policy – Key Changes

§ XIV	FY2020/21	FY2021/22	Rationale
	Duration is included in the body of § XIII	Duration is in its own section: § XIV	Clarify the distinctions between the concept and role of Duration and Maturity with respect to the Investment Policy by creating separate sections.

In addition, a definition of Index is added to the Glossary.

Options for Considerations

- Option #1:
 - Approve the Statement of Investment Policy for fiscal year 2021/22; and
 - Delegate authority to the Treasurer to invest Metropolitan's funds for fiscal year 2021/22.

- Option #2:
 - Do not approve the Statement of Investment Policy for fiscal year 2021/22 and do not delegate authority to the Treasurer to invest Metropolitan's funds for fiscal year 2021/22.

Staff Recommendation

- Option #1

