



Investment Policy

For Calendar Year 2021

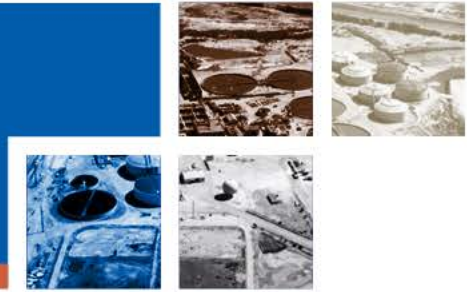
Administration Committee

December 9, 2020

Presenter: Wally Ritchie, Controller

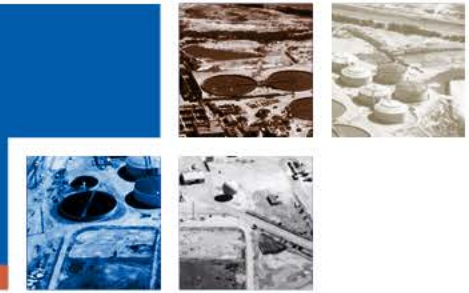


Background Information



- California Government Code 53607
 - Allows for the Board of Directors to delegate authority to invest and/or reinvest the Sanitation District's funds to the Treasurer for a one-year period
- California Government Code 53646
 - Requires the Sanitation District to review its Investment Policy annually and readopt its Investment Policy at a public meeting
- Investment Policy Section 18.2
 - Establishes the Administration Committee as the oversight committee for the Sanitation District's Investment program

Local Agency Investment Guidelines (LAIG)



- Public Bank Obligations

- Public bank as defined in California Government Code Section 57600-57607
- Maximum five years maturity
- Includes commercial paper, debt securities or other obligations of a public bank

Senate Bill No. 998 (SB 998)



- Commercial Paper
 - Increased the allowable limit in investments from 25% to 40%
 - This applies to local agencies with more than \$100 million of investable assets
- Securities Backed by the US Government with Zero or Negative Yields
 - Allows the inclusion of negative yielding securities, currently prohibited by California Government Code
- Effective January 1, 2021 until January 1, 2026

Local Agency Investment Fund (LAIF)



- Current policy: Allowable investment in LAIF is the lesser of 15% of the portfolio or the statutory maximum (\$75 million)
- Proposed change: Allowable investment in LAIF is the statutory maximum (\$75 million)

Summary of Proposed Changes



- Add:
 - Public Bank Obligations (LAIG)
 - Securities backed by the US Government with zero or negative yields (SB 998)
- Change:
 - Commercial paper
 - Limit changed from 25% to 40% of the market value of the portfolio (SB 998)
 - LAIF
 - Maximum changed from the lesser of 15% of the portfolio or statutory maximum to statutory maximum (\$75 million)