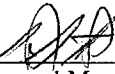




Memorandum

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Reviewed by:  Date: 7/15/2020
General Manager

DATE: July 15, 2020
TO: General Manager
FROM: Director of Finance & Administration
SUBJECT: Investment Policy and Guidelines for Fiscal Year 2020/21

RECOMMENDATION: That the Board adopt Resolution 2020-08 establishing the District Investment Policy and Guidelines for Fiscal Year 2020/21 and direct staff to continue to establish an annual investment policy.

BACKGROUND

California Government Code Section 53646(a)(2) states that the treasurer or chief fiscal officer of any local agency may annually render to his/her legislative body and any oversight committee an investment policy, which the legislative body shall consider at a public meeting.

It is staff's opinion that an investment policy should always be in place. While no longer required by statute, it is in the best interest of the District to present and discuss the policy at a public meeting, and then have the policy approved by a vote of the Board. A public vote signifies that the District shares fiduciary responsibility with the chief fiscal officer, increases the authority and legitimacy of the investment policy, and provides transparency and disclosure.

Local agencies may invest only in those instruments specified in State law. Government Code Sections 16429.1, 53601, 53601.6, 53601.7, 53601.8, 53635, 53635.2, 53638, and 53684 include a number of requirements on how and where public money may be invested. The District Policy and Guidelines comply with these limitations.

For Fiscal Year 2020/21, staff is recommending updating Section II. Scope as follows:

Current policy wording: It is intended that this policy cover all funds (except bond proceeds, retirement and checking account funds) and investment activities under the direction of the District.

New policy wording: It is intended that this policy cover all funds (except checking account funds) and investment activities under the direction of the District.

The purpose of this change is to reflect the fact that 1) the District holds no retirement funds; and, 2) District bond proceeds are not subject to separate investment guidelines and therefore should be covered by these guidelines.



Peter Skinner

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

EXHIBIT A

INVESTMENT POLICY AND GUIDELINES **FOR FISCAL YEAR 2020/2021**

I. Policy

It is the policy of the District to invest public funds in a manner that will provide a high level of safety and security of principal. Given this level of safety, the investment return will be maximized while meeting the cash flow demands of the entity and conforming to all state and local statutes governing the investment of funds.

II. Scope

It is intended that this policy cover all funds (except checking account funds) and investment activities under the direction of the District.

III. Prudence

Investments shall be made with judgement and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The standard of prudence to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely manner and appropriate action is taken to control adverse developments.

IV. Objectives

The primary objectives, in priority manner, of the investment activities of the District shall be:

- 1) Safety. Safety of principal is the foremost objective of the investment program. Investments of the District shall be undertaken in a manner that seeks to ensure preservation of capital in the portfolio.
- 2) Liquidity. The investment portfolio of the District will remain sufficiently liquid to enable the District to meet its cash flow requirements.

- 3) Return on Investment. The investment portfolio of the District shall be designed with the objective of attaining a market rate of return on its investments consistent with the constraints imposed by its safety objective and cash flow considerations.

V. **Delegation of Authority**

The management responsibility for the investment program is hereby delegated to the Director of Finance and Administration who shall monitor and review all investments for consistency with this investment policy. No person may engage in an investment transaction except as provided under the limits of this policy.

VI. **Ethics and Conflict of Interest**

Officers and employees involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair their ability to make impartial decisions.

VII. **Permitted Investment Instruments**

The following are the authorized investment instruments for the District:

1. **Local Agency Investment Fund (LAIF).** Investment of funds in the California LAIF which allows the State Treasurer to invest through the Pooled Money Investment Account (PMIA). Maximum investment is subject to state regulation.
2. **Treasury Bills and Notes.** United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.
3. **Securities of the U.S. Government or its Agencies.** Federal agency or United States government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprises.
4. **Certificates of Deposit.** Negotiable certificates of deposit in FDIC or FSLIC insured accounts, issued by a nationally or state-chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit shall not exceed 30 percent of the agency's moneys that may be invested pursuant to this section.

VIII. **Reporting Requirements**

Monthly investment reports shall be submitted to the Board. The report shall include the type of investment, issuer, date of maturity, current annual yield, and cost, market and par values. In addition, reports will include certification that:

- 1) All investment actions executed in the latest report have been made in full compliance with the Investment Policy and;
- 2) There are adequate funds to meet budgeted and actual expenditures for the next six months for the Authority.

Monterey Regional Waste Management District

RESOLUTION NO. 2020-08

**A RESOLUTION OF THE
MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT
ESTABLISHING THE DISTRICT INVESTMENT POLICY AND GUIDELINES
FOR THE FISCAL YEAR 2020/21**

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WHEREAS; the legislative body of a local agency may invest surplus monies not required for the immediate necessities of the local agency in accordance with the provisions of California Government Code Sections 16429.1, 53601, 53601.6, 53601.7, 53601.8, 53635, 53635.2, 53638 and 53684, and et seq; and

WHEREAS; the Legislature of the State of California has declared that the deposit and investment of public funds by local officials and local agencies is an issue of statewide concern and has passed legislation to restrict permissible investments and promote oversight procedures; and

WHEREAS; it is necessary to establish the policy and guidelines for the District to invest public funds in a manner which will provide a high level of safety and security of principal; and

WHEREAS; the Director of Finance and Administration shall annually prepare and submit a statement of investment policy and such policy, and any changes thereto, shall be considered by the legislative body at a public meeting; and

WHEREAS; the District Investment Policy and Guidelines for Fiscal Year 2020/21 has been developed and presented to this Board this date;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Monterey Regional Waste Management District that it does hereby adopt the attached (EXHIBIT A) Investment Policy and Guidelines and authorizes and directs the Director of Finance and Administration to use said Policy and Guidelines in the investment of District funds.

PASSED AND ADOPTED at a regular meeting by the Board of Directors of the Monterey Regional Waste Management District duly held on July 24, 2020, by the following votes:

AYES:

NOES:

ABSENT:

Carrie Theis, Chair of the Board

ATTEST:

Timothy S. Flanagan
General Manager/Board Secretary