



# STAFF REPORT

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**Meeting Type:** Finance & Administration Committee/Board of Directors  
**Title:** Annual Review of Policy No. 33 Investment Policy  
**From:** Bret Uppendahl, Finance Director  
**Through:** Ben Horenstein, General Manager  
**Meeting Date:** April 24, 2025

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**TYPE OF ITEM:** Approve      X      Review and Comment

**RECOMMENDATION:** Review and comment on proposed changes to Policy No. 33 Investment Policy

**SUMMARY:** District policy requires quarterly reporting of investment type, market values and overall yields. District policy also requires an annual review of the investment policy. The District's investment policies and practices are based on state law and prudent management. Investment Policy No. 33 is updated periodically to conform to changes in the California Government Code provisions applicable to public agency investments.

**DISCUSSION:** The District's investment policy strives to appropriately manage overall investment risk exposure. The investment policy defines allowable investments by type of security, type of issuer, dollar amount, overall percentage of portfolio and maturity. The primary objective of the District's investments are 1) Safety; 2) Liquidity; 3) Return on Investment; and 4) Public Trust. It is the intent of the District to hold all investments until maturity.

On March 27, 2025, staff presented an overview of areas where the District's Investment Policy is more restrictive than what is allowable under applicable provisions of the Government Code as well as investment types that are permitted pursuant to the Government Code, but are not addressed in the District's current investment policy. Staff is proposing modifications to the existing policy as detailed in the attachments. Proposed changes to the investment policy include:

- Addition to permitted investments of Joint Powers Authority Pools, which are permitted by California Government Code section 53601(p) and are authorized for use by all local government agencies in California.
- Expansion from current policy that allows Money Market Mutual Funds to include Mutual Funds that invest in securities and obligations as permitted by the Government Code.
- Increase in the maximum permitted percentage of the District's portfolio invested in Money Market Mutual Funds or Mutual Funds from the current maximum of 10% to a maximum of

20%; with a limit of 10% invested in shares of any one mutual fund to align with Government Code section 53601(l).

- Minor edits to language for certain investment types to align District policy with the Government Code.
- Change in timing for submission of quarterly reporting from 30-days to 45-days to align with the Government Code.
- Revisions to glossary of terms

**ENVIRONMENTAL REVIEW:** Not applicable.

**FISCAL IMPACT:** None.

**ATTACHMENT(S):**

1. Board Policy No. 33 Investment Policy (current)
2. Board Policy No. 33 Investment Policy (proposed changes - redline)
3. Board Policy No. 33 Investment Policy (proposed changes – clean)
4. Local Agency Investment Guidelines - 2025