



Metro

Los Angeles County
Metropolitan Transportation Authority

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**FINANCE, BUDGET AND AUDIT COMMITTEE
JANUARY 15, 2014**

SUBJECT: INVESTMENT POLICY

ACTION: ADOPT INVESTMENT POLICY

RECOMMENDATION

- A. Adopt the Investment Policy.
- B. Delegate to the Treasurer or his/her designees, the authority to invest funds for a one-year period, pursuant to California Government Code (the Code) Section 53607.
- C. Approve the Financial Institutions Resolution authorizing financial institutions to honor signatures of LACMTA Officials, Attachment A.

ISSUE

Section 53646 of the Code, requires that the Board, on an annual basis and at a public meeting, review and approve the Investment Policy. Section 53607 of the Code, requires that the Board delegate investment authority to the Treasurer on an annual basis.

Section 10.8 of the Investment Policy requires that the Treasurer submit the Financial Institutions Resolution to the Board annually for approval.

DISCUSSION

Policy Implications

The Board approves the objectives and guidelines that direct the investment of operating funds. There are no revisions to the current Investment Policy for calendar year 2014. The current investment policy is accessible on the metro.net website at:

http://media.metro.net/about_us/finance/images/investment_policy.pdf

Financial Institutions require Board authorization to establish custody, trustee and commercial bank accounts. In accordance with the Investment Policy, staff reviewed and updated the resolution to reflect appropriate titles.

DETERMINATION OF SAFETY IMPACT

Approval of this item will result in no impact on safety.

BACKGROUND

The Investment Policy establishes guidelines for staff and external investment managers to enable the agency to maximize its return on investments subject to the primary objectives of safety and liquidity. The delegation of investment authority transfers to the Treasurer the responsibility and accountability to perform the investment function for a one-year period.

The approval of the Financial Institutions Resolution gives staff the tool needed to implement the administrative duties arising from policy directives such as opening, closing and changing bank accounts.

To streamline this board report, the following reference materials may be found on the internet:

Current Investment Policy:

http://media.metro.net/about_us/finance/images/investment_policy.pdf

California Government Code: Section 53600 to 53609, Section 53646, Section 53652, Section 16429.1 to 16429.4:

<http://www.leginfo.ca.gov/cgi-bin/calawquery?codesection=gov&codebody>

FINANCIAL IMPACT

The funds required to update the Investment Policy are included in the FY14 budget in cost center 5210 and project number 610340.

Impact to Bus and Rail Operating and Capital Budget

The sources of funds budgeted to manage assets in accordance with the Investment Policy are Prop A, C, and TDA Admin funds. These funds are not eligible for bus and rail operating and capital expenses.

ALTERNATIVES CONSIDERED

The Investment Policy and the Code require an annual review and adoption of the Investment Policy, the delegation of investment authority and the annual approval of the Financial Institutions Resolution. Should the Board elect not to delegate the investment authority annually or approve the Financial Institutions Resolution, the Board would assume daily responsibility for the investment of working capital funds and for the approval of routine administrative actions.

NEXT STEPS

Upon Board approval, distribute the Investment Policy to external investment managers and broker-dealers. Issue copies of the Investment Policy and Financial Institutions Resolution to our financial institutions.

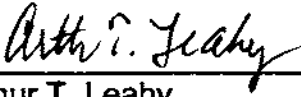
ATTACHMENT

Attachment A: Financial Institutions Resolution

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Terry Matsumoto
Chief Financial Services Officer



Arthur T. Leahy
Chief Executive Officer

FINANCIAL INSTITUTIONS RESOLUTION

RESOLVED, that any financial institutions, including all banks and their correspondent banks doing business with the Los Angeles County Metropolitan Transportation Authority (LACMTA), are hereby authorized, requested and directed to honor all checks, drafts, wires, or other orders for payment of money drawn in the LACMTA’s name on its account(s) (including those drawn on the individual order of any person or persons whose names appear thereon as a signer or signers thereof) when bearing the original and/or facsimile signature of the Chair; Chief Executive Officer; Deputy Chief Executive Officer; Chief Financial Services Officer; Chief Administrative Services Officer; Executive Director Finance and Budget, Treasurer; or Assistant Treasurer (collectively, LACMTA Officials). LACMTA Officials are the only representatives empowered to open, close or authorize changes to accounts on behalf of LACMTA. LACMTA Officials may designate individuals as Official Signatories for financial accounts. The duties of Official Signatories shall be limited to check signing, wire or fund transfers, balance reporting and/or monitoring of bank processes.

And, those financial institutions, including correspondent banks, currently doing business with LACMTA shall be entitled to honor and charge LACMTA for all such checks, drafts, wires, or other orders for the payment of money, regardless of by whom or by what means when the actual or facsimile signature or signatures resemble the specimens filed with those financial institutions by the Secretary or other officer of LACMTA.

CERTIFICATION

The undersigned, duly qualified and acting as Secretary of the Los Angeles County Metropolitan Transportation Authority, certifies that the foregoing is a true Resolution adopted at a legally convened meeting of the Board of Directors of the Los Angeles County Metropolitan Transportation Authority held on _____.

Dated: _____

Michele Jackson
Board Secretary

(SEAL)