

**SEWER AUTHORITY MID-COASTSIDE**  
Staff Report

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**Subject / Title:**

Adopt SAM Resolution No. (next number in sequence), Reaffirming the Investment Policy and Guidelines

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**Staff Recommendation:**

Adopt SAM Resolution Reaffirming the Investment Policy and Guidelines

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**Fiscal Impact:**

None.

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**Discussion/Report:**

Each year, SAM, as a diligent measure of good accounting practice, reaffirms its investment policy. Attached is the Investment Policy and Guidelines along with Resolution No. 10-2009, reaffirming the Investment Policy and Guidelines.

No necessary changes have been made to or have been needed with the Investment Policy and Guidelines since its last adoption in 2005.

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SEWER AUTHORITY MID-COASTSIDE  
RESOLUTION NO. 10-2009

A RESOLUTION REAFFIRMING THE INVESTMENT POLICY AND GUIDELINES

RESOLVED, by the Board of Directors of the Sewer Authority Mid-Coastside, San Mateo County, California, as follows:

WHEREAS, there has been presented to this Board an Investment Policy and Guidelines, which outlines the purpose of the policy, its objectives, permitted investment instruments and investment practices;

NOW, THEREFORE, IT IS HEREBY FOUND, DETERMINED AND ORDERED as follows:

1. The above recitals are true and correct.
2. The Investment Policy and Guidelines, attached, is hereby reaffirmed.

\* \* \* \*

I hereby certify that the foregoing is a full, true and correct copy of the Resolution duly passed and adopted by the Board of Directors of the Sewer Authority Mid-Coastside, San Mateo County, California, at a regular Board meeting thereof held on the 28<sup>th</sup> day of September 2009, by the following vote of its members:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Secretary

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SEWER AUTHORITY MID-COASTSIDE  
INVESTMENT POLICY AND GUIDELINES

The purpose of this investment policy is to set forth the objectives, permitted investments and practices for the investment of funds not required for day-to-day operations.

I. Investment Objectives

1. To assure safety of principal.
2. To retain liquidity to meet projected and unexpected cash needs of the Agency.
3. To attain the best available yield without restricting principal.

II. Investment Securities Permitted and Diversification

1. Permitted securities per California Government Code Section 53600 et seq. and 53630 et seq.
  - A. United States Treasury Securities (Bills, Notes and Bonds).
  - B. Obligations of United States Government Agencies such as Federal Home Loan Banks, Federal National Mortgage Association, and Federal Farm Credit Banks).
  - C. Local Agency Investment Fund (Authorization, Chapter 730, Statutes of 1976, Section 16429.1 of California Government Code). LAIF meets portfolio diversification as stated in II. 2.
  - D. Certificates of Deposit (in any of the 50 largest F.D.I.C. Insured US banks with which the Agency may have a credit or other business relationship. Use of Savings and Loans is discouraged.)
  - E. Passbook savings account demand deposits.
  - F. Bankers' Acceptances of the US banks as defined in (D) above.\*
  - G. Negotiable Certificates of deposit of the US banks as defined in (D) above.
  - H. Repurchase Agreements executed against US Government or Agency securities. Current market value of the collateral must be greater than or equal to the principal amount invested. \*\*

D, E, F, G, and H above shall be insured or collateralized.

2. Portfolio Diversification and Maturities. To support the stated investment objectives, the portfolio must be diversified to sufficiently minimize risk as well as to assure adequate liquidity and marketability of the invested funds. Maturity criteria should be considered in light of cash flow needs to prevent forced liquidation and to keep yields at the maximum. All investments and deposits shall conform to the applicable provisions of law, including in particular, the provision of California Government Code section 53600 et seq. and 53630 et seq.

### III. Investment Practices

1. No "speculative" or "trading" activity on securities shall be permitted.
2. Within the primary objectives of safety of principal and liquidity, maximization of rate of return is desirable. The portfolio may be shifted to take best advantage of rising or falling interest rates.
3. The investment authority will be vested with the Treasurer, or his/her designee, who will be directly responsible to the Board.

A register of investment shall be kept by the Treasurer, or his/her designee. Registers of investment shall be reviewed at each Board meeting.

- \* Banker's Acceptances: Short-term, no interest-bearing notes sold at a discount and redeemed by the accepting banks at maturity for face value. Generally, banker's acceptances are created based on a letter of credit issued in a foreign trade transaction.
- \*\* Repurchase Agreement: A generic term for an agreement in which a government entity (buyer-lender) transfers cash to a broker-dealer or financial institution (seller-borrower); the broker-dealer or financial institution transfers securities to the entity and promises to repay the cash plus interest in exchange for the same securities or for different securities.