



**Your Municipal
Investment
Advisor For Success**





Investment Policy

- ▶ Updated to current, CMTA recommended practices.
- ▶ Included only extremely low-risk investment types (Federally backed or collateralized).
- ▶ Added flexibility by using categories and amounts rather than individual financial institutions.
- ▶ Easy to administer and update annually.

What are Public Agency Investment Requirements?

- ❖ **Investment of Surplus: Government agencies must comply with California Government Code (GC) Section 53600**
- ❖ Monthly (or quarterly) report to the governing body outlining cash assets invested, investment types, purchases, sales, market conditions, and affirming agency projection of sufficient cash availability to meet operating needs. (GC Section 53607)
- ❖ Annual Investment Policy update (GC Section 53646)
- ❖ Compliance with GC Section 53600.3
 - ❖ Prudent Investor Standard – Safeguarding of principal and liquidity
- ❖ Compliance with GC Section 53600.5
 - ❖ Safety of Principal
 - ❖ Liquidity
 - ❖ Yield

*Requirements include but are not limited to other governmental compliance and regulatory provisions.

Permitted Investments (GC 53601)


Government Code Permitted Investments	OCSD Policy Permitted Investment (Y/N)
US Treasury Notes, Bonds, Bills	Yes
Federal or US Government Sponsored Enterprises (GSE's)	Yes
Negotiable Certificates of Deposit (CD's)	Yes
JPA Pool	Yes
County Pool	Yes
LAIF	Yes
Placement Service Deposits	Yes
Trustee Held Funds	Yes
Other Investments as approved by Board/Council	Yes
Local Agency Bonds	No
State Treasury Notes & Bonds	No
Bonds of other 49 states	No

Permitted Investments (GC 53601)

Government Code Permitted Investments	OCSD Policy Permitted Investment (Y/N)
Other local agency bonds	No
Banker's Acceptance	No
Commercial Paper	No
Repurchase Agreements	No
Medium Term Notes	No
Collateralized Securities	No
Mortgage-Backed Securities	No
Supranationals	No
Public Bank Securities	No



Three Steps To Our Success

1. Our unique experience in managing a variety of government projects allows us to create a customized cash-flow model that includes items such as grants, capital projects, and one-time revenues and expenses. This enables us to actively invest more of your cash.
 2. In a normal interest rate environment, yields are higher the longer out you invest. By combining our cash flow model with our laddering strategy, we can invest in longer term securities (up to five years) without the risk of running out of cash for operations.
 3. Our strategic investment selection approach can be especially effective for smaller agencies. By investing smaller increments, we can utilize CD's and other federally insured/collateralized products to achieve above market rate returns.
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Portfolio Management Types

PASSIVE MANAGEMENT

- ❖ Significant portion of cash kept in checking account
- ❖ Some funds invested in county or state investment pools
- ❖ No investment consultant/advisor or dedicated staff
- ❖ Safe, but very low yields

ACTIVE MANAGEMENT

- ❖ Cash flow modeling increases funds available to invest while leaving sufficient funds in checking account for day-to-day operations
- ❖ Invest over five-year horizon to guarantee investment returns over time
- ❖ Requires some dedicated staff time or consultant/advisor
- ❖ Safe, with increased yields
- ❖ Utilize investment types that support the District's investment policy