

Board of Directors
Monterey Regional Waste Management District

RESOLUTION NO. 2007-05

**A RESOLUTION OF THE
MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT
ESTABLISHING THE DISTRICT INVESTMENT POLICY AND GUIDELINES
FOR THE FISCAL YEAR 2007/2008**

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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 5921 and 53630 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 Finance Manager 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 2007/2008 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 Finance Manager 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 20, 2007, by the following votes:

AYES:

NOES:

ABSENT:

Leo Laska
Chairman of the Board

ATTEST:

William M. Merry
General Manager



Memorandum

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

Reviewed by Wmm Date 7/12/07
General Manager

DATE: July 13, 2007
TO: General Manager
FROM: Finance Manager
SUBJECT: Investment Policy and Guidelines for Fiscal Year 2007-2008

RECOMMENDATION: That the Board Adopt Resolution 2007-05 establishing the District Investment Policy and Guidelines for Fiscal Year 2007-2008 and direct staff to continue to establish an annual investment policy.

BACKGROUND

The State of California 2003-04 Budget Act (Act) suspended, for one year, the state-mandated investment reporting requirements for local agencies to their legislative bodies and oversight committees. The Act also removed the fiscal reimbursement for the cost of preparing local agency investment policies and reports. Effective January 1, 2007, the California Government Code Section 53646 was revised to remove the annual mandatory filing of a local agency's annual investment policy. The section now provides the chief fiscal officer of a local agency the option of submitting an annual investment policy to his/her legislative body. In 2006, there were several investment related pieces of legislation that became effective on January 1, 2007. The changes were to the California Government Code Section 53601.7, 53601.8, 53635(a)(2) and 53635.8, limiting the amount of investments that can be held in certain securities and mutual funds. The District Policy and Guidelines comply with these limitations.

Chuck Rees

Enclosures

MONTEREY REGIONAL WASTE MANAGEMENT DISTRICT

EXHIBIT A

INVESTMENT POLICY AND GUIDELINES **FOR FISCAL YEAR 2007-2008**

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 retirement and 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 Finance Manager 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)

VIII. Reporting Requirements

Monthly investment reports shall be submitted to the Board. The report shall include copies of the latest statements from LAIF and include a 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 District.