



Legislation Text

File #: 2021-0299, **Version:** 1

DATE: September 14, 2021

SUBJECT:

RESOLUTION AUTHORIZING THE REQUIRED ANNUAL ADOPTION OF BPC POLICY NO. 115, GUIDELINES FOR PRUDENT INVESTMENTS INCLUDING UPDATES RELATED TO CERTAIN AUTHORIZED AND PROHIBITED INVESTMENTS

EXECUTIVE SUMMARY:

Board of Port Commissioners (BPC) Policy No. 115, Guidelines for Prudent Investments, requires that this policy, which contains the District's investment policy, be submitted annually to the Board of Port Commissioners for review and adoption by resolution. This policy is also updated for relevant legislative changes to California Government Code Section 53600 *et seq.* which details numerous requirements on how and where public funds may be invested. The California Debt and Investment Advisory Commission (CDIAC), a State-sponsored commission which provides information and policy research for public fund investments to local public agencies, published a statutory update effective January 1, 2021 reflecting changes in the law with respect to public funds investments. After review and analysis of the CDIAC update, staff recommends updating BPC Policy No. 115 to reflect changes to certain authorized and prohibited investments in Government Code Section 53600 *et seq.*

RECOMMENDATION:

Adopt a resolution authorizing the required annual adoption of BPC Policy No. 115, Guidelines for Prudent Investments with updates to reflect changes to certain authorized and prohibited investments in the Policy.

FISCAL IMPACT:

This agenda has no fiscal impact.

COMPASS STRATEGIC GOALS:

This agenda item supports the District's goal for a financially sustainable Port that drives job creation and regional economic vitality.

DISCUSSION:

As part of best practices and sound financial management and in accordance with BPC Policy No.

115, Guidelines for Prudent Investments, the Board of Port Commissioners annually reviews and adopts this policy taking into consideration changes in State law and other relevant factors. The policy serves as a guide for setting the District's investment management functions and provides transparency and disclosure to its stakeholders. A review of CDIAC's report on legislative updates effective January 1, 2021, staff determined that changes to certain authorized and prohibited investments are warranted to BPC Policy No. 115. These changes are summarized as follows:

- **Section 8.6 Medium Term Notes** - Increasing the percentage of portfolio market value of medium-term notes held and issued by any one corporation from **5% to 10%**.
- **Section 9.0 Prohibited Investments** - Modified to allow for investments in a security that could result in zero or negative interest accrual IF issued or backed by the U.S. Government and held to maturity during a period of negative market value rates.

The District has no recent investment history with these particular circumstances, however, to maintain consistency with recent State Government Code legislative changes, staff is recommending that the Board authorizes the policy updates and the annually required adoption. For reference purposes, a listing of the allowable investment instruments per State Government Code, effective as of January 1, 2021, is included in Attachment 'A', the District's BPC Policy No. 115, Guidelines for Prudent Investments, is included in Attachment 'B'

General Counsel's Comments:

The Office of the General Counsel has reviewed and approved this agenda and proposed resolution, as presented, as to form and legality.

Environmental Review:

The Board direction or action, including without limitation, a resolution authorizing annual adoption of BPC 115, does not constitute a "project" under the definition set forth in California Environmental Quality Act (CEQA) Guidelines Section 15378 because it will not have a potential to result in a direct or indirect physical change in the environment and is, therefore, not subject to CEQA. No further action under CEQA is required.

In addition, the Board action complies with Sections 21 and 35 of the Port Act, which allow the Board to pass resolutions; and to do all acts necessary and convenient for the exercise of its powers. The Port Act was enacted by the California Legislature and is consistent with the Public Trust Doctrine.

Finally, the Board direction or action does not allow for "development", as defined in Section 30106 of the California Coastal Act, or "new development", pursuant to Section 1.a. of the District's Coastal Development Permit Regulations. Therefore, issuance of Coastal Development Permit or exclusion is not required.

Diversity, Equity, and Inclusion Program:

Not applicable

PREPARED BY:

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Attachment(s):

Attachment A: Allowable Investment Instruments

Attachment B: BPC Policy No. 115 - Guidelines for Prudent Investments