

CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK (IBANK)

STAFF REPORT - 2019 Investment Policy

ISSUE:

IBank's Investment Policy requires the Board to review the policy on an annual basis. IBank's current investment policy was initially adopted by the Board in 2006 ("Investment Policy"), and reviewed, and in some cases amended from time to time, on an annual basis. The Investment Policy was last reviewed and approved by the Board on October 23, 2018 (2018 Investment Policy). Staff is recommending a non-substantive change to the existing policy (see Attachment 1 - IBank 2019 Investment Policy - Draft) submitted to the Board for its review and approval.

BACKGROUND:

It is considered a standard of "best investment practices¹" for government agencies to have a written investment policy, to review it annually, and to have frequent reporting of investment activities. IBank is in compliance with the 2018 Investment Policy with respect to the ISRF Bond investments with U.S. Bank (in accordance with the Indenture) and the Small Business Finance Center investments with Fiduciary Trust International.

On February 24, 2015, the IBank Board approved several amendments to the then current Investment Policy. These amendments adjusted concentration limits in securities. On October 25, 2016, the Board approved a non-substantive change in Section 5.0; Delegation of Authority, which was updated to reflect a title change to Chief Deputy Executive Director from Deputy Executive Director. The 2017 Investment Policy reflected no changes and was reviewed and approved by the Board with new approval date of September 26, 2017. On October 23, 2018, the IBank Board approved several changes to the policy to modify or clarify language, update definitions and reorganize content within the current Investment Policy.

Expert Assistance Received for the 2018 Investment Policy Review

While not a requirement, IBank considers it "best business practices" to annually engage its independent financial advisor in reviewing the current Investment Policy and provide suggested updates or amendments to the IBank Investment Policy Committee for consideration. Lamont Financial Services Corporation, a national ranked independent financial advisor under contract with IBank, assists and provides technical advice to staff in its review of the Investment Policy

¹ Source: California Debt and Investment Advisory Commission California Public Fund Investment Primer.

PROPOSED CHANGES:

IBank’s Investment Policy Committee, consisting of Nancee Robles; Acting Executive Director, William Pahland; General Counsel, and Jeffrey Ingles; Deputy Director of Compliance conducted a review of the 2018 Investment Policy and is proposing one non-substantive change to correct a typographical error for the 2019 Investment Policy. It is recommended no other changes are necessary.

Section 10.0 - Authorized Investments and Deposits-IBank Investment Funds in the State Treasury

Proposed correction, change Government Code (GC), Section 1643(d) to GC, Section 16430(d).

RECOMMENDATION:

Staff recommends that the Board approve the 2019 Investment Policy, as amended.