

Sacramento Transportation Authority

Annual Investment Policy – 2017

I. PURPOSE

This Annual Investment Policy (the “Policy”) sets forth the investment guidelines for all monies of the Sacramento Transportation Authority (STA). The objective of this Policy is to ensure temporarily idle funds are prudently invested to preserve capital and provide necessary liquidity, while earning a reasonable return.

Investments may only be made as authorized by this Policy. The STA Annual Investment Policy conforms to the California Government Code (the Code) as well as customary standards of prudent investment management. Irrespective of these Policy provisions, should the provisions of the Code be or become more restrictive than those contained herein, such provisions will be considered immediately incorporated into this Policy and adhered to.

II. SCOPE

It is intended that this Policy cover all funds (except retirement and 457 deferred compensation plan funds) and investment activities under the direction of the STA.

III. OBJECTIVES

The STA’s funds are prudently invested in order to earn a return while awaiting application for STA and Measure A entity purposes. The specific objectives of the STA’s investment activities for all the funds, ranked in order of importance, shall be:

- A. Safety of Principal. The preservation of principal is of primary importance. Each investment transaction shall seek to ensure that capital losses are avoided, whether from institutional default, broker-dealer default or erosion of market value of securities.
- B. Liquidity. The Investment Portfolio should remain sufficiently flexible to enable the STA to meet all operating and capital requirements which may be reasonably anticipated in any fund.
- C. Public Trust. In managing its Investment Portfolio, the authorized investment traders should avoid any transactions that might impair public confidence in the STA. Investments should be made with precision and care, considering the probable safety of capital as well as the probable income to be derived.

- D. Maximum Rate of Return. The Investment Portfolio should be designed to attain a market average rate of return through budgetary and economic cycles, consistent with the risk limitations, prudent investment principles and cash flow characteristics identified for any fund.

IV. RESPONSIBILITIES

The STA Governing Board is responsible for establishing the Annual Investment Policy and ensuring investments are made in compliance with this Policy. This Policy shall be reviewed annually by the Governing Board at a public meeting pursuant to Section 53646(a) of the California Government Code. The STA Treasurer (the Sacramento County Finance Director) is responsible for making investments and for compliance with this Policy pursuant to the delegation of authority to invest funds or to sell or exchange securities made in accordance with Code Section 53607. The Treasurer shall submit a quarterly report to the Governing Board in accordance with Code Section 53646(b).

V. IMPLEMENTATION

- A. Investments. Idle STA funds will be invested in the State of California Local Agency Investment Fund (LAIF) and in the County of Sacramento Pooled Investment Fund (Pool). Authorized investments and investment policies and guidelines will be consistent with those of the State LAIF and the County Pool.
- B. Review and Monitoring of Investments. The Treasurer will submit to the Governing Board the monthly and quarterly performance reviews prepared by the Office of the State Treasurer for LAIF, and the County Treasurer for the County Pooled Investment Fund.

VI. ADDITIONAL ALLOWABLE INVESTMENTS FOR NOTE AND BOND PROCEEDS ONLY

- A. CAMP. California Asset Management Program (CAMP)'s Cash Reserve Portfolio, a common law trust established pursuant to Title I, Division 7, Chapter 5 of the California Government Code, which invests exclusively in investments permitted by Sec.53601 of Title 5, Division 2, Chapter 4 of the California Government Code.
- B. Other Investments. Other investments as permitted by bond indentures.