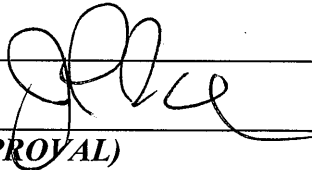


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Alameda Corridor Transportation Authority

April 12, 2018

To:	Governing Board
From:	James P. Preusch, Chief Financial Officer 
Subject:	<i>Approval of ACTA Investment Policy (APPROVAL)</i>

Recommendation:

It is recommended that the Board approve the ACTA Investment Policy for non-bond funds.

Discussion:

ACTA's Investment Policy has historically provided the basis for investment of all of ACTA's funds, including approximately \$13 million invested in LAIF and SR-47 funds. A separate but parallel investment policy, included in the Master Trust Indenture under Permitted Investments, has provided authority for investment of more than \$90 million in bond related funds. The Investment Policy provides for annual review and submission of the Investment Policy to the Board for confirmation and/or amendment. The Board receives a report of ACTA investments in bond related funds and non-bond funds as invested for ACTA by the Investment Manager, Chandler Asset Management shortly after the end of each month. The Board most recently re-confirmed the Investment Policy on September 8, 2016.

During the past eight months, ACTA's Co-General Counsel, Chief Financial Officer, Treasurer, ACTA Board Member and Audit Committee Chair Renwick, and ACTA's Investment Manager have reviewed and revised the Investment Policy pertaining to non-bond funds. Certain investment options (in particular, Bills of Exchange and Repurchase Agreements) have been identified as no longer available or appropriate to ACTA and therefore are proposed to be removed from Section VIII - Authorized Investments. In a number of other instances throughout Section VIII - Authorized Investments, percentage of portfolio restrictions have been added or expanded to limit amounts which may be invested in certain investment instruments, generally to small percentages of the portfolio and smaller percentages in the securities of a single entity to avoid concentration. The proposed changes reduce the potential for exposure to loss by limiting the amount of money which can be invested in any type of instrument or with a single issuer. The proposed limitations reduce investment flexibility.



As a part of the required annual confirmation and/or amendment process, staff recommends that the Board approve the Investment Policy attached as Transmittal 1. The Investment Policy is based on the California Government Code Sections set forth in the Investment Policy. The investment policy for bond related funds included in the Permitted Investments definition of the Master Trust Indenture is unchanged, as it would require an Amendment of the Master Trust Indenture.

Budget Impact:

There is no budget impact to the approved FY2018 ACTA Program Budget.

Transmittal 1: Amended ACTA Investment Policy