



375 Beale Street
Suite 700
San Francisco, California
94105

Meeting Agenda - Final

ABAG Finance Committee

Thursday, January 19, 2023

5:00 PM

HYBRID (In-Person Option Available)

Association of Bay Area Governments Finance Committee

In light of Governor Newsom's State of Emergency declaration regarding COVID-19 and in accordance with Assembly Bill 361's (Rivas) provisions allowing remote meetings, this meeting will be accessible via webcast, teleconference, and Zoom for all participants.

A Zoom panelist link for meeting participants will be sent separately to committee, commission, or board members.

The meeting webcast will be available at: <https://abag.ca.gov/meetings-events/live-webcasts>

Meeting attendees may opt to attend in person for public comment and observation at 375 Beale Street, Board Room (1st Floor).

In-person attendees must adhere to posted public health protocols while in the building.

Members of the public are encouraged to participate remotely via Zoom at the following link or phone number:

Please click the link below to join the webinar:

<https://bayareametro.zoom.us/j/84418296091>

Or One tap mobile :

US: +13462487799,,84418296091# or +17193594580,,84418296091#

Or Telephone:

Dial(for higher quality, dial a number based on your current location):

US: +1 346 248 7799 or +1 719 359 4580 or +1 253 205 0468 or +1 253 215 8782 or +1 408 638 0968 or +1 669 444 9171 or +1 669 900 6833 or +1 312 626 6799 or +1 360 209 5623 or +1 386 347 5053 or +1 507 473 4847 or +1 564 217 2000 or +1 646 876 9923 or +1 646 931 3860 or +1 689 278 1000 or +1 301 715 8592 or +1 305 224 1968 or +1 309 205 3325 or 833 548 0282 (Toll Free) or 877 853 5247 (Toll Free) or 888 788 0099 (Toll Free) or 833 548 0276 (Toll Free)

Webinar ID: 844 1829 6091

Detailed instructions on participating via Zoom are available at:

<https://abag.ca.gov/zoom-information>

Committee members and members of the public participating by Zoom wishing to speak should use the "raise hand" feature or dial "*"9" and dial "*6" to unmute and speak.

In order to get the full Zoom experience, please make sure your application is up to date.

Members of the public may participate by phone or Zoom or may submit comments by email at info@bayareametro.gov by 5:00 p.m. the day before the scheduled meeting date. Please

include the committee or board meeting name in the subject line. Due to the current circumstances, there may be limited opportunity to address comments during the meeting. All comments received will be submitted into the record.

The ABAG Finance Committee may act on any item on the agenda.

The meeting is scheduled to begin at 5:00 p.m.

Agenda, roster, and webcast available at <https://abag.ca.gov>

For information, contact Clerk of the Board at (415) 820-7913.

Roster

Candace Andersen, Jesse Arreguin, Pat Eklund, David Rabbitt, Belia Ramos

1. Call to Order / Roll Call / Confirm Quorum

Quorum is a majority of ABAG Finance Committee members present.

2. Election of ABAG Finance Committee Chair and Vice Chair

- 2.a. [23-0185](#) Election of ABAG Finance Committee Chair and Vice Chair

Action: Approval

Presenter: Clerk of the Board

Attachments: [02a Summary Sheet Election ABAG Finance Chair Vice Chair v1.pdf](#)

3. Public Comment

Information

4. Committee Member Announcements

Information

5. Chair's Report

- 5.a. [23-0186](#) ABAG Finance Committee Chair's Report for January 19, 2023

Action: Information

6. Executive Director's Report

- 6.a. [23-0187](#) Executive Director's Report for January 19, 2023

Action: Information

Presenter: Therese W. McMillan

7. Consent Calendar

- 7.a. [23-0188](#) Approval of ABAG Finance Committee Minutes of November 17, 2022

Action: Approval

Presenter: Clerk of the Board

Attachments: [07a Finance Minutes 20221117 Draft.pdf](#)

8. Investments

8.a. [23-0189](#) Report on ABAG Investments for period ended October 2022 (Unaudited)

Action: Approval

Presenter: Natalie Perkins

Attachments: [08a 1 Summary Sheet Report Investments October v1.pdf](#)
[08a 2 Attachment Investment Report.pdf](#)

8.b. [23-0190](#) Adoption of Resolution 7-2023, Authorization of the Metropolitan Transportation Commission (MTC) Investment Policy

Action: Approval

Presenter: Natalie Perkins

Attachments: [08b 1 Summary Sheet ABAG Resolution 7-2023 Investment Policy v1.pdf](#)
[08b 2 Attachment ABAG Resolution No 7 2023 Authorization Investment Policy](#)

9. Adjournment / Next Meeting

The next regular meeting of the ABAG Finance Committee is on March 16, 2023.

Public Comment: The public is encouraged to comment on agenda items at Committee meetings by completing a request-to-speak card (available from staff) and passing it to the Committee secretary. Public comment may be limited by any of the procedures set forth in Section 3.09 of MTC's Procedures Manual (Resolution No. 1058, Revised) if, in the chair's judgment, it is necessary to maintain the orderly flow of business.

Meeting Conduct: If this meeting is willfully interrupted or disrupted by one or more persons rendering orderly conduct of the meeting unfeasible, the Chair may order the removal of individuals who are willfully disrupting the meeting. Such individuals may be arrested. If order cannot be restored by such removal, the members of the Committee may direct that the meeting room be cleared (except for representatives of the press or other news media not participating in the disturbance), and the session may continue.

Record of Meeting: Committee meetings are recorded. Copies of recordings are available at a nominal charge, or recordings may be listened to at MTC offices by appointment. Audiocasts are maintained on MTC's Web site (mtc.ca.gov) for public review for at least one year.

Accessibility and Title VI: MTC provides services/accommodations upon request to persons with disabilities and individuals who are limited-English proficient who wish to address Commission matters. For accommodations or translations assistance, please call 415.778.6757 or 415.778.6769 for TDD/TTY. We require three working days' notice to accommodate your request.

可及性和法令第六章: MTC 根據要求向希望來委員會討論有關事宜的殘疾人士及英語有限者提供服務/方便。需要便利設施或翻譯協助者, 請致電 415.778.6757 或 415.778.6769 TDD / TTY。我們要求您在三個工作日前告知, 以滿足您的要求。

Acceso y el Titulo VI: La MTC puede proveer asistencia/facilitar la comunicación a las personas discapacitadas y los individuos con conocimiento limitado del inglés quienes quieran dirigirse a la Comisión. Para solicitar asistencia, por favor llame al número 415.778.6757 o al 415.778.6769 para TDD/TTY. Requerimos que solicite asistencia con tres días hábiles de anticipación para poderle proveer asistencia.

Attachments are sent to Committee members, key staff and others as appropriate. Copies will be available at the meeting.

All items on the agenda are subject to action and/or change by the Committee. Actions recommended by staff are subject to change by the Committee.



Metropolitan Transportation Commission

375 Beale Street, Suite 800
San Francisco, CA 94105

Legislation Details (With Text)

File #: 23-0185 **Version:** 1 **Name:**
Type: Report **Status:** Committee Approval
File created: 1/5/2023 **In control:** ABAG Finance Committee
On agenda: 1/19/2023 **Final action:**
Title: Election of ABAG Finance Committee Chair and Vice Chair
Sponsors:
Indexes:
Code sections:
Attachments: [02a Summary Sheet Election ABAG Finance Chair Vice Chair v1.pdf](#)

| Date | Ver. | Action By | Action | Result |
|------|------|-----------|--------|--------|
|------|------|-----------|--------|--------|

Election of ABAG Finance Committee Chair and Vice Chair
Clerk of the Board
Approval

Association of Bay Area Governments

Finance Committee

January 19, 2023

Agenda Item 2.a.

Election of Chair and Vice Chair

Subject:

Election of ABAG Finance Committee Chair and Vice Chair

Background:

According to the ABAG Bylaws, Article IX, F.:

The President, subject to the advice and consent of the Executive Board, shall appoint committees and determine the committees' structure, charge, size and membership. Committees may be established to consider any matter within the jurisdiction of the Association. Committees shall operate according to the policies adopted by the Executive Board, and shall submit their reports and recommendations to the Executive Board. Committees shall meet on the call of their chairpersons, who shall be (1) an elected official or the elective or appointive officer of the City and County of San Francisco appointed by the Mayor of the City and County of San Francisco to the Executive Board or General Assembly, and (2) a member of such committee; and who shall be elected by the members of each committee. At the initial meeting of each committee, and annually thereafter at the first committee meeting following January 1 of each year, the committees shall elect their chairpersons and such other officers as may be specified. Committee chairpersons shall be subject to confirmation by the Executive Board. Unless otherwise authorized by the Executive Board, committees of the Association shall be advisory.

Issues:

None

Recommended Action:

The ABAG Finance Committee is requested to elect a Chair and Vice Chair.

Attachments:

None

Reviewed:



Brad Paul



Metropolitan Transportation Commission

375 Beale Street, Suite 800
San Francisco, CA 94105

Legislation Details (With Text)

File #: 23-0186 **Version:** 1 **Name:**

Type: Report **Status:** Informational

File created: 1/5/2023 **In control:** ABAG Finance Committee

On agenda: 1/19/2023 **Final action:**

Title: ABAG Finance Committee Chair's Report for January 19, 2023

Sponsors:

Indexes:

Code sections:

Attachments:

| Date | Ver. | Action By | Action | Result |
|------|------|-----------|--------|--------|
|------|------|-----------|--------|--------|

ABAG Finance Committee Chair's Report for January 19, 2023

Information



Metropolitan Transportation Commission

375 Beale Street, Suite 800
San Francisco, CA 94105

Legislation Details (With Text)

File #: 23-0187 **Version:** 1 **Name:**

Type: Report **Status:** Informational

File created: 1/5/2023 **In control:** ABAG Finance Committee

On agenda: 1/19/2023 **Final action:**

Title: Executive Director's Report for January 19, 2023

Sponsors:

Indexes:

Code sections:

Attachments:

| Date | Ver. | Action By | Action | Result |
|------|------|-----------|--------|--------|
|------|------|-----------|--------|--------|

Executive Director's Report for January 19, 2023

Therese W. McMillan

Information



Metropolitan Transportation Commission

375 Beale Street, Suite 800
San Francisco, CA 94105

Legislation Details (With Text)

File #: 23-0188 **Version:** 1 **Name:**

Type: Minutes **Status:** Committee Approval

File created: 1/5/2023 **In control:** ABAG Finance Committee

On agenda: 1/19/2023 **Final action:**

Title: Approval of ABAG Finance Committee Minutes of November 17, 2022

Sponsors:

Indexes:

Code sections:

Attachments: [07a Finance Minutes 20221117 Draft.pdf](#)

| Date | Ver. | Action By | Action | Result |
|------|------|-----------|--------|--------|
|------|------|-----------|--------|--------|

Approval of ABAG Finance Committee Minutes of November 17, 2022

Clerk of the Board

Approval



375 Beale Street
Suite 700
San Francisco, California
94105

Meeting Minutes - Draft

ABAG Finance Committee

Chair, Karen Mitchoff, Supervisor, County of Contra Costa

Thursday, November 17, 2022

5:00 PM

HYBRID (In person option available)

Association of Bay Area Governments Finance Committee

The ABAG Finance Committee may act on any item on the agenda.

The meeting is scheduled to begin at 5:00 p.m.

Agenda, roster, and webcast available at <https://abag.ca.gov>

For information, contact Clerk of the Board at (415) 820-7913.

Roster

Jesse Arreguin, Karen Mitchoff, David Rabbitt, Belia Ramos, James Spering

1. Call to Order / Roll Call / Confirm Quorum

Chair Mitchoff called the meeting to order at about 5:01 p.m. Quorum was present.

Present: 5 - Arreguin, Mitchoff, Rabbitt, Ramos, and Spering

2. Public Comment

3. Committee Member Announcements

4. Chair's Report

4.a. [22-1642](#) ABAG Finance Committee Chair's Report for November 17, 2022

5. Consent Calendar

Upon the motion by Rabbitt and second by Arreguin, the ABAG Finance Committee approved the Consent Calendar. The motion passed unanimously by the following vote:

Aye: 5 - Arreguin, Mitchoff, Rabbitt, Ramos, and Spering

5.a. [22-1643](#) Approval of ABAG Finance Committee Minutes of September 15, 2022

6. Investments

6.a. [22-1646](#) Report on ABAG Investments for period ended August 2022 (Unaudited)

Cathy Cam gave the report.

Upon the motion by Rabbitt and second by Ramos, the ABAG Finance Committee approved the staff report on ABAG Investments for period ended August 2022 (Unaudited). The motion passed unanimously by the following vote:

Aye: 5 - Arreguin, Mitchoff, Rabbitt, Ramos, and Spering

7. Financial Audit

7.a. [22-1724](#) Report on the Association of Bay Area Governments (ABAG) Financial Statements and Accompanying Reports for Fiscal Year 2021-2022

Derek Hansel and Kathy Lai gave the report.

Upon the motion by Spering and second by Rabbitt, the ABAG Finance Committee accepted the staff report and recommended ABAG Executive Board approval of the Financial Statements and Accompanying Reports for Fiscal Year 2021-22 and the reappointment of the firm Crow LLP for the Fiscal Year 2022-23 annual external audit. The motion passed unanimously by the following vote:

Aye: 5 - Arreguin, Mitchoff, Rabbitt, Ramos, and Spering

8. Adjournment / Next Meeting

Chair Mitchoff adjourned the meeting at about 5:18 p.m. The next regular meeting of the ABAG Finance Committee will be announced.



Metropolitan Transportation Commission

375 Beale Street, Suite 800
San Francisco, CA 94105

Legislation Details (With Text)

File #: 23-0189 **Version:** 1 **Name:**
Type: Resolution **Status:** Committee Approval
File created: 1/5/2023 **In control:** ABAG Finance Committee
On agenda: 1/19/2023 **Final action:**
Title: Report on ABAG Investments for period ended October 2022 (Unaudited)
Sponsors:
Indexes:
Code sections:
Attachments: [08a 1 Summary Sheet Report Investments October v1.pdf](#)
[08a 2 Attachment Investment Report.pdf](#)

| Date | Ver. | Action By | Action | Result |
|------|------|-----------|--------|--------|
|------|------|-----------|--------|--------|

Report on ABAG Investments for period ended October 2022 (Unaudited)

Natalie Perkins

Approval

Association of Bay Area Governments

Finance Committee

January 19, 2023

Agenda Item 8.a.

Investments

Subject:

Report on ABAG Investments for Period Ended October 2022 (Unaudited)

Background

In accordance with the adopted investment policy, this report is on the ABAG investment holdings as of October 31, 2022. Total funds under ABAG management are approximately \$104.3 million.

A breakdown by fund is as follows:

| Fund | Market Value (\$ million) | % of Total |
|------------------------------------------------|---------------------------|---------------|
| ABAG Admin | \$10.5 | 10.0% |
| ABAG San Francisco Estuary Partnership | 0.1 | 0.1% |
| ABAG BayRen | 7.4 | 7.2% |
| Other (Note 1) | 0.4 | 0.4% |
| Subtotal ABAG | 18.4 | 17.7% |
| ABAG Fin Auth Non-Profit (FAN) | 3.3 | 3.1% |
| ABAG FAN CFD 690 & 942 Market St | 1.0 | 1.0% |
| ABAG FAN CFD SF Mint | 0.3 | 0.3% |
| ABAG FAN CFD 2014 & 2017 Windemere | 3.7 | 3.5% |
| ABAG FAN CFD SF Rincon | 1.1 | 1.1% |
| Subtotal ABAG FAN | 9.4 | 9.0% |
| San Francisco Bay Restoration Authority | 73.1 | 70.0% |
| ABAG Power | 3.4 | 3.3% |
| Portfolio Total | \$104.3 | 100.0% |

Notes:

1. Other includes Balance Foundation, San Francisco Bay Trail, and Finance Corp.

Association of Bay Area Governments

Finance Committee

January 19, 2023

Agenda Item 8.a.

Investments

The portfolio breakdown is as follows:

| Security Holding | Portfolio Composite | Policy Limits |
|----------------------------|---------------------|----------------------------|
| Cash | 27.3% | No limit |
| Gov't Pools | 3.1% | No limit |
| Gov't Securities | 63.5% | No limit |
| Mutual Funds (Trustee) | 5.8% | No limit |
| Mutual Funds (Non-Trustee) | 0.3% | 20% Portfolio/10% One Fund |
| Portfolio Total | 100.0% | |

Liquidity Summary of ABAG Portfolio:

| Maturity | Market Value (\$ million) | % of Total Portfolio | Cumulative Minimum Level per ABAG Investment Policy |
|------------------------|---------------------------|----------------------|-----------------------------------------------------|
| 30 days or less | \$58.1 | 56% | 10% |
| 90 days or less | \$71.5 cumulative | 69% cumulative | 15% |
| 1 year or less | \$104.3 cumulative | 100% cumulative | 30% |

Issues

None

Recommended Action

The ABAG Finance Committee is requested to accept the Report on ABAG Investments for Period Ended October 2022 (Unaudited).

Attachment

A. Investment Report, October 2022

Reviewed



Brad Paul

ABAG
Summary by Issuer
October 31, 2022

| Issuer | Number of Investments | Par Value | Market Value | % of Portfolio | Average YTM 365 | Average Days to Maturity |
|--------------------------------|----------------------------------|-----------------------|-----------------------|---------------------------|----------------------------|-------------------------------------|
| BLK ROCK T-FUND TRUSTEE | 15 | 6,091,893.40 | 6,091,893.40 | 5.84 | 2.930 | 1 |
| FEDERAL HOME LOAN BANK | 4 | 51,800,000.00 | 51,387,475.32 | 49.26 | 3.346 | 68 |
| LOCAL AGENCY INVESTMENT FUND | 5 | 3,186,177.63 | 3,186,177.63 | 3.05 | 1.772 | 1 |
| MORGAN STANLEY GOV'T INST CUST | 1 | 319,736.32 | 319,736.32 | 0.31 | 2.890 | 1 |
| UNION BANK CHECKING | 8 | 22,007,634.16 | 22,007,634.16 | 21.10 | 0.000 | 1 |
| UNION BANK SFBRA | 1 | 6,496,525.29 | 6,496,525.29 | 6.23 | 0.000 | 1 |
| US TREASURY | 1 | 15,000,000.00 | 14,833,305.00 | 14.22 | 3.975 | 98 |
| Total and Average | 35 | 104,901,966.80 | 104,322,747.12 | 100.00 | 2.448 | 48 |

ABAG
Summary by Type
October 31, 2022
Grouped by Fund

| Security Type | Number of Investments | Par Value | Market Value | % of Portfolio | Average YTM 365 | Average Days to Maturity |
|-------------------------------------------|--------------------------|----------------------|----------------------|-------------------|--------------------|-----------------------------|
| Fund: ABAG ADMIN | | | | | | |
| Local Agency Investment Funds | 1 | 50,730.76 | 50,730.76 | 0.05 | 1.772 | 1 |
| Passbook/Checking Accounts | 2 | 10,428,389.80 | 10,428,389.80 | 10.00 | 0.000 | 1 |
| Subtotal | 3 | 10,479,120.56 | 10,479,120.56 | 10.05 | 0.009 | 1 |
| Fund: ABAG SF ESTUARY PARTNERSHIP | | | | | | |
| Local Agency Investment Funds | 1 | 108,221.28 | 108,221.28 | 0.10 | 1.772 | 1 |
| Subtotal | 1 | 108,221.28 | 108,221.28 | 0.10 | 1.772 | 1 |
| Fund: ABAG BAYREN | | | | | | |
| Passbook/Checking Accounts | 1 | 7,447,957.36 | 7,447,957.36 | 7.14 | 0.000 | 1 |
| Subtotal | 1 | 7,447,957.36 | 7,447,957.36 | 7.14 | 0.000 | 1 |
| Fund: ABAG BALANCE FOUNDATION | | | | | | |
| Passbook/Checking Accounts | 1 | 23,432.92 | 23,432.92 | 0.02 | 0.000 | 1 |
| Subtotal | 1 | 23,432.92 | 23,432.92 | 0.02 | 0.000 | 1 |
| Fund: SAN FRANCISCO BAY TRAIL | | | | | | |
| Passbook/Checking Accounts | 1 | 364,758.62 | 364,758.62 | 0.35 | 0.000 | 1 |
| Subtotal | 1 | 364,758.62 | 364,758.62 | 0.35 | 0.000 | 1 |
| Fund: ABAG FINANCE CORP | | | | | | |
| Passbook/Checking Accounts | 1 | 15,526.77 | 15,526.77 | 0.01 | 0.000 | 1 |
| Subtotal | 1 | 15,526.77 | 15,526.77 | 0.01 | 0.000 | 1 |
| Fund: SF BAY RESTORATION AUTHORITY | | | | | | |
| Federal Agency Disc. -Amortizing | 4 | 51,800,000.00 | 51,387,475.32 | 49.26 | 3.346 | 68 |
| Local Agency Investment Funds | 1 | 23,488.70 | 23,488.70 | 0.02 | 1.772 | 1 |
| Mutual Funds - Custodial | 1 | 319,736.32 | 319,736.32 | 0.31 | 2.890 | 1 |
| Passbook/Checking Accounts | 1 | 6,496,525.29 | 6,496,525.29 | 6.23 | 0.000 | 1 |
| Treasury Discounts -Amortizing | 1 | 15,000,000.00 | 14,833,305.00 | 14.22 | 3.975 | 98 |
| Subtotal | 8 | 73,639,750.31 | 73,060,530.63 | 70.04 | 3.174 | 68 |

ABAG
Summary by Type
October 31, 2022
Grouped by Fund

| Security Type | Number of Investments | Par Value | Market Value | % of Portfolio | Average YTM 365 | Average Days to Maturity |
|-------------------------------------------------|--------------------------|-----------------------|-----------------------|-------------------|--------------------|-----------------------------|
| Fund: ABAG POWER | | | | | | |
| Local Agency Investment Funds | 1 | 14,260.71 | 14,260.71 | 0.01 | 1.772 | 1 |
| Passbook/Checking Accounts | 1 | 3,451,174.46 | 3,451,174.46 | 3.31 | 0.000 | 1 |
| Subtotal | 2 | 3,465,435.17 | 3,465,435.17 | 3.32 | 0.007 | 1 |
| Fund: ABAG FIN AUTH NONPROFIT | | | | | | |
| Local Agency Investment Funds | 1 | 2,989,476.18 | 2,989,476.18 | 2.87 | 1.772 | 1 |
| Passbook/Checking Accounts | 1 | 276,394.23 | 276,394.23 | 0.26 | 0.000 | 1 |
| Subtotal | 2 | 3,265,870.41 | 3,265,870.41 | 3.13 | 1.622 | 1 |
| Fund: ABAG FAN CFD 2007 WINDEMERE | | | | | | |
| Mutual Funds - Trustee | 3 | 3,253.42 | 3,253.42 | 0.00 | 2.930 | 1 |
| Subtotal | 3 | 3,253.42 | 3,253.42 | 0.00 | 2.930 | 1 |
| Fund: ABAG FAN CFD 690&942 MRKT ST | | | | | | |
| Mutual Funds - Trustee | 2 | 998,188.29 | 998,188.29 | 0.96 | 2.930 | 1 |
| Subtotal | 2 | 998,188.29 | 998,188.29 | 0.96 | 2.930 | 1 |
| Fund: ABAG FAN CFD 2006-2 SF MINT | | | | | | |
| Mutual Funds - Trustee | 2 | 312,681.99 | 312,681.99 | 0.30 | 2.930 | 1 |
| Subtotal | 2 | 312,681.99 | 312,681.99 | 0.30 | 2.930 | 1 |
| Fund: ABAG FAN CFD 2014&17 WINDEMERE | | | | | | |
| Mutual Funds - Trustee | 3 | 3,657,916.84 | 3,657,916.84 | 3.51 | 2.930 | 1 |
| Subtotal | 3 | 3,657,916.84 | 3,657,916.84 | 3.51 | 2.930 | 1 |
| Fund: ABAG FAN CFD 2006-1 SF RINCON | | | | | | |
| Mutual Funds - Trustee | 5 | 1,119,852.86 | 1,119,852.86 | 1.07 | 2.930 | 1 |
| Subtotal | 5 | 1,119,852.86 | 1,119,852.86 | 1.07 | 2.930 | 1 |
| Total and Average | 35 | 104,901,966.80 | 104,322,747.12 | 100.00 | 2.448 | 48 |



Metropolitan Transportation Commission

375 Beale Street, Suite 800
San Francisco, CA 94105

Legislation Details (With Text)

| | | | | | |
|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|---|------------------------|--|
| File #: | 23-0190 | Version: | 1 | Name: | |
| Type: | Resolution | Status: | | Committee Approval | |
| File created: | 1/5/2023 | In control: | | ABAG Finance Committee | |
| On agenda: | 1/19/2023 | Final action: | | | |
| Title: | Adoption of Resolution 7-2023, Authorization of the Metropolitan Transportation Commission (MTC) Investment Policy | | | | |
| Sponsors: | | | | | |
| Indexes: | | | | | |
| Code sections: | | | | | |
| Attachments: | 08b 1 Summary Sheet ABAG Resolution 7-2023 Investment Policy v1.pdf 08b 2 Attachment ABAG Resolution No 7 2023 Authorization Investment Policy v1.pdf | | | | |

| Date | Ver. | Action By | Action | Result |
|------|------|-----------|--------|--------|
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Adoption of Resolution 7-2023, Authorization of the Metropolitan Transportation Commission (MTC) Investment Policy

Natalie Perkins

Approval

Association of Bay Area Governments

Finance Committee

January 19, 2023

Agenda Item 8.b.

Investment Policy

Subject:

Adoption of Resolution No. 7-2023, Authorization of the Metropolitan Transportation Commission (MTC) Investment Policy

Background

The Statement of Investment Policy ("Policy") governs the investment of funds for the Association of Bay Area Governments (ABAG) and all entities managed under ABAG. The policy establishes rules and procedures for the administration of all funds, including permitted investments, fund and liquidity levels, and safekeeping.

The Policy also includes requirements for audit of internal controls, investment reports on a quarterly basis at minimum, and signature controls. In addition, broker dealer firms are required to meet licensing requirements to be eligible to work with the Agency.

Staff recommends the following modifications to the current Statement of Investment Policy:

- Updated the Policy to more accurately reflect the current California State Code.
- Improved the layout and updated language to make it more precise.

ABAG Resolution No. 7-2023 shall be effective upon the Metropolitan Transportation Commission (MTC) adopting MTC Resolution No. 4563 and that resolution becoming effective. ABAG Resolution No. 7-2023 would supersede ABAG Resolution No. 06-17, the current Statement of Investment Policy.

Recommended Action

The ABAG Finance Committee is requested to refer ABAG Resolution No. 7-2023 to the Executive Board for adoption.

Attachment

A. Resolution No. 7-2023

Reviewed



Brad Paul

**ASSOCIATION OF BAY AREA GOVERNMENTS
EXECUTIVE BOARD**

RESOLUTION NO. 7-2023

INVESTMENT POLICY

WHEREAS, the Association of Bay Area Governments (ABAG) is a joint powers entity created pursuant to Government Code §§ 6500 et seq. and serves as the Bay Area's Council of Governments; and

WHEREAS, ABAG has the responsibility to manage funds received in accordance with the provisions of Government Code §§ 53600 et seq. and a Statement of Investment Policy adopted pursuant to those statutory provisions; and

WHEREAS, pursuant to a Contract for Services (CS) between the Metropolitan Transportation Commission (MTC) and ABAG dated May 30, 2017, ABAG and MTC will be consolidating their respective staffs effective July 1, 2017; and

WHEREAS, pursuant to the CS, the consolidated staff will manage ABAG's finances in a manner that is compatible with ABAG's policies.

**ASSOCIATION OF BAY AREA GOVERNMENTS
RESOLUTION NO. 7-2023**

NOW, THEREFORE, BE IT RESOLVED, that the Executive Board of the Association of Bay Area Governments hereby:

1. Authorizes MTC to open new and manage or close existing accounts with banks, financial institutions, and government pooled investment funds as needed in order to manage ABAG's cash and investments under MTC signatures utilizing ABAG's tax identification number.
2. Adopts the Statement of Investment Policy as set forth in Attachment A to this Resolution, attached hereto and incorporated herein as though set forth at length.
3. This Resolution shall take precedence over any prior Resolutions to the extent that they may conflict herewith or with Attachment A.
4. This Resolution shall be effective upon MTC adopting MTC Resolution No. 4563 and that resolution becoming effective.

The foregoing was adopted by the Executive Board this 19th day of January, 2023.

Jesse Arreguin
President

Certification of Executive Board Approval

I, the undersigned, the appointed and qualified Clerk of the Association of Bay Area Governments (Association), do hereby certify that the foregoing resolution was adopted by the Executive Board of the Association at a duly called and noticed meeting held in San Francisco, California, and at other remote locations, on the 19th day of January, 2023.

Frederick Castro
Clerk of the Board

**ASSOCIATION OF BAY AREA GOVERNMENTS
RESOLUTION NO. 7-2023**

Attachment A

Statement of Investment Policy

The Treasurer of the Metropolitan Transportation Commission (MTC) shall invest all funds over which MTC is administratively responsible, including those of MTC, MTC Service Authority for Freeways and Expressways (SAFE), the Bay Area Toll Authority (BATA), the Bay Area Headquarters Authority (BAHA) the Bay Area Infrastructure Financing Authority (BAIFA), the Bay Area Housing Finance Authority (BAHFA), and other MTC affiliated agencies, and the Association of Bay Area Governments (ABAG) a separate joint powers authority, and its affiliated entities, for which MTC is accepting administrative responsibility for management of funds, effective July 1, 2017 pursuant to a contract for services dated May 30, 2017 in accordance with the provisions of §§ 53600 et seq. of the Government Code and the provisions of this investment policy.

1.0 Prudent Investor Rule:

Funds shall be managed under the “prudent investor standard” which requires all agencies investing public funds to be trustees of those funds, and therefore, fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skill, prudence and diligence under circumstances then prevailing, including, but not limited to, the general economic conditions and anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. All funds shall be invested within the following objectives, in order of priority:

- 1.1 Safety: Preservation and safeguard of capital.
- 1.2 Liquidity: Funds shall be invested in a manner consistent with operating needs of the agency.
- 1.3 Yield: Funds shall be invested to earn a secured and safe return without compromising the objectives of safety and liquidity.

2.0 Permitted Investments:

Investments authorized under this policy shall be limited to:

- 2.1 United States treasury notes, bonds or bills for which the full faith and credit of the United States are pledged for the payment of principal and interest.
- 2.2 Bonds, notes, bills, warrants or obligations issued by an agency of the United States.
- 2.3 Commercial Paper of “prime” quality of the highest ranking or of the highest letter and numerical rating provided by Moody’s Investor Services or Standard & Poor’s Corporation.
 - Eligible paper is further limited to issuing corporations organized and operating in the United

**ASSOCIATION OF BAY AREA GOVERNMENTS
RESOLUTION NO. 7-2023**

States and having total assets in excess of five hundred million dollars (\$500,000,000) and having an “A” or higher rating for the issuers’ debt, other than commercial paper, if any, as provided by Moody’s Investor Services or Standard & Poor’s Corporation or the equivalent of other nationally recognized rating services that may be allowed by statute. Purchases shall not exceed 270 days maturity, 10% of the outstanding commercial paper of a single issuing corporation and 10% of the agency’s funds.

- 2.4 Negotiable certificates of deposit issued by a nationally or State chartered bank, a savings association or a federal association (as defined by Section 5102 of the Financial Code), a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank, not to exceed 10% of agency funds.
- 2.5 Medium-Term notes of a maximum five years maturity issued by corporations meeting criteria in Section 2.3, not to exceed 30% of agency’s funds.
- 2.6 Mutual funds registered with the Securities and Exchange Commission, having attained the highest letter and numerical ranking by at least two Nationally recognized statistical rating organizations. Such investments shall not exceed 20% of funds, with no more than 10% invested in any single mutual fund.
- 2.7 Local Agency Investment Fund (LAIF) as authorized by Government Code §§ 16429.1.
- 2.8 The Alameda County Treasury local agency investment fund authorized under Government Code §§ 53684.
- 2.9 Repurchase agreements collateralized by securities of the United States Government or an agency of the United States Government.
- 2.10 Municipal Obligations issued by State or Local agencies:
 - a) Such bonds can include the obligations of the Bay Area Toll Authority and the Bay Area Infrastructure Financing Authority;
 - b) The maturity does not exceed 5 years from the date of purchase;
 - c) With regards to Municipal Obligations in the form of variable rate demand bonds, the obligations shall have mandatory investor tender rights supported by a third-party liquidity facility from a financial institution with short-term ratings of at least A-1 by S&P or P-1 by Moody’s. The maturity of these bonds shall be equivalent to the investor’s tender option supported by the liquidity facility.

3.0 Prohibited Investments:

In addition to any prohibited investments listed in California Code §§ 53601.6 and 53631.5, the following are specifically prohibited:

**ASSOCIATION OF BAY AREA GOVERNMENTS
RESOLUTION NO. 7-2023**

- 3.1 Reverse repurchase agreements.
- 3.2 Financial futures.
- 3.3 Option contracts.
- 3.4 Mortgage interest strips.
- 3.5 Inverse floaters.
- 3.6 Securities lending.
- 3.7 Repurchase agreements purchased for “yield enhancement” purposes and not required for banking and liquidity purposes.
- 3.8 Any investment that fails to meet credit or portfolio limits at the time of investment.

4.0 Sales Prior to Maturity:

- 4.1 The primary strategy of this investment policy is to “buy and hold” securities to maturity, however, a security may be sold prior to maturity if the sale is necessary to avoid further erosion of market value or meet operational or project liquidity needs. All sales prior to maturity shall be detailed in the investment report.
- 4.2 A security whose market or credit quality falls outside the investment policy parameters after purchase may be held to maturity without violation of this policy provided the fact is disclosed in the investment report.

5.0 Investment Pools:

Investment pools operated by LAIF and Alameda County as permitted investments under Section II of this policy, whose portfolios contain specific securities not permitted under this policy, but none-the-less permitted under the law or approved investment policy of the respective pool, are permitted under this policy.

6.0 Fund and Liquidity Levels:

- 6.1 All funds under management for operating requirements shall be commingled for investment purposes. The liquidity level shall be maintained in an appropriate manner but not less than:

| | | | |
|--------------------|--------------------|--------------------|------------------------|
| 30 | 90 | 1 | Maximum |
| <u>Days</u> | <u>Days</u> | <u>Year</u> | <u>Weighted</u> |
| 10% | 15% | 30% | <u>Maturity</u> |
| | | | 5 yrs |

The percentages within the 30 and 90 day counts are cumulative towards the one year minimum.

- 6.2 Reserve Funds:

Specifically designated reserve funds may have a maximum maturity of 40 years or less, provided each fund is clearly identified in the investment report.

**ASSOCIATION OF BAY AREA GOVERNMENTS
RESOLUTION NO. 7-2023**

- 6.3 All funds under management shall be combined for the purpose of evaluating credit and portfolio limits.

7.0 Brokerage Firms:

Only firms meeting the following criteria shall be authorized to buy or sell securities:

- 7.1 Firms licensed to conduct business as a broker-dealer under § 25004 of the Corporations Code, licensed and registered under the Securities Exchange Commission, a Federally or State chartered bank, or designated a “primary dealer” by the Federal Reserve Bank.
- 7.2 The Treasurer will maintain a current list of approved brokers and dealers who may conduct business with MTC. All financial institutions on the approved list will be evaluated individually, with preference given to primary dealers, who possess a strong capital and credit base appropriate to their operations.
If MTC has contracted with an investment advisor to provide investment services, the investment advisor may use their own list of approved brokers/dealers and financial institutions to conduct transactions on MTC’s behalf.
- 7.3 Provided written certification that they received a copy of the approved policy.

8.0 Bond Repurchase Accounts

MTC will use licensed brokerage firms for the purpose of purchasing BATA bonds with the intent of retiring its debt when such debt is offered for sale in the secondary market. Such brokerage firms are for the specific purpose of purchasing and transferring BATA bonds to BATA and as such will be exempt from the requirements of Section VII, except that all firms shall be licensed brokers

9.0 Investment Management Services:

Only firms meeting all of the following criteria shall be authorized to manage investment funds.

- 9.1 Firms licensed to conduct business as an investment advisor under § 25009 of the Corporations Code, licensed and registered under the Securities Exchange Commission.
- 9.2 Firms licensed to conduct business as a Registered Investment Advisor under the Investment Advisors Act of 1940.
- 9.3 Firms must have assets under management of at least five billion dollars (\$5,000,000,000) and the investment fund must be rated at least an “A”.
- 9.4 Firms must provide certification of an annual audit or certification of internal cash controls (i.e. SOC , SSAE-80, or

**ASSOCIATION OF BAY AREA GOVERNMENTS
RESOLUTION NO. 7-2023**

equivalent) satisfactory to the Chief Financial Officer.

- 9.5 Firms must have a minimum of 10 years experience of investment advisory experience in the public sector.
- 9.6 Firms must carry errors and omission insurance in accordance with MTC Policy.
- 9.7 Firms must provide written certification that they meet all of the above criteria.

10.0 Safekeeping:

- 10.1 All securities shall be maintained in a safekeeping account, independent from all broker accounts, with securities held in the name of the agency. Banks with independent “trust” or safekeeping departments shall qualify as independent safekeeping accounts.
- 10.2 Safekeeping accounts shall be maintained with firms or banks with at least fifty million dollars (\$50,000,000) in trust and safekeeping accounts under management and a minimum rating in the “A” category from a nationally recognized rating service.
- 10.3 The Treasurer, Executive Director, or their designated assignee(s) are authorized to sign documents providing for the sale and purchase of securities, as well as all documents required to provide for safekeeping and trust.

11.0 Internal Controls:

The Treasurer shall be responsible for developing a system of internal controls that maintain appropriate records of all transactions as well as individual fund ownership of all investments and interest earnings and shall also be subject to the annual independent audit process.

12.0 Investment Reports:

In accordance with § 53646 of the Government Code, at least quarterly, the Treasurer shall submit an investment report to the Executive Director who shall forward the report to all entities whose funds are subject to this policy. The report shall detail all securities, par value, market value, maturity, liquidity and credit limit thresholds, as well as any sales prior to maturity, any securities no longer meeting policy standards, and any investment policy violations.

13.0 Financial Accounts:

Both the Executive Director and the Treasurer are required to sign documents to open financial accounts with banks, financial institutions and government pooled investment funds as needed in order to manage MTC’s investments as described within this investment policy; provided that all such accounts meet policy standards.

**ASSOCIATION OF BAY AREA GOVERNMENTS
RESOLUTION NO. 7-2023**

14.0 Authorized Signers:

The following positions are authorized to sign on all accounts:

Executive Director

Deputy Executive Directors – all

Treasurer/Chief Financial Officer

Deputy Treasurer/ Director of Treasury

Other Assignee(s) designated by the Executive Director, Treasurer, or
Deputy Treasurer

15.0 Renewal:

This investment policy shall be subject to review annually.