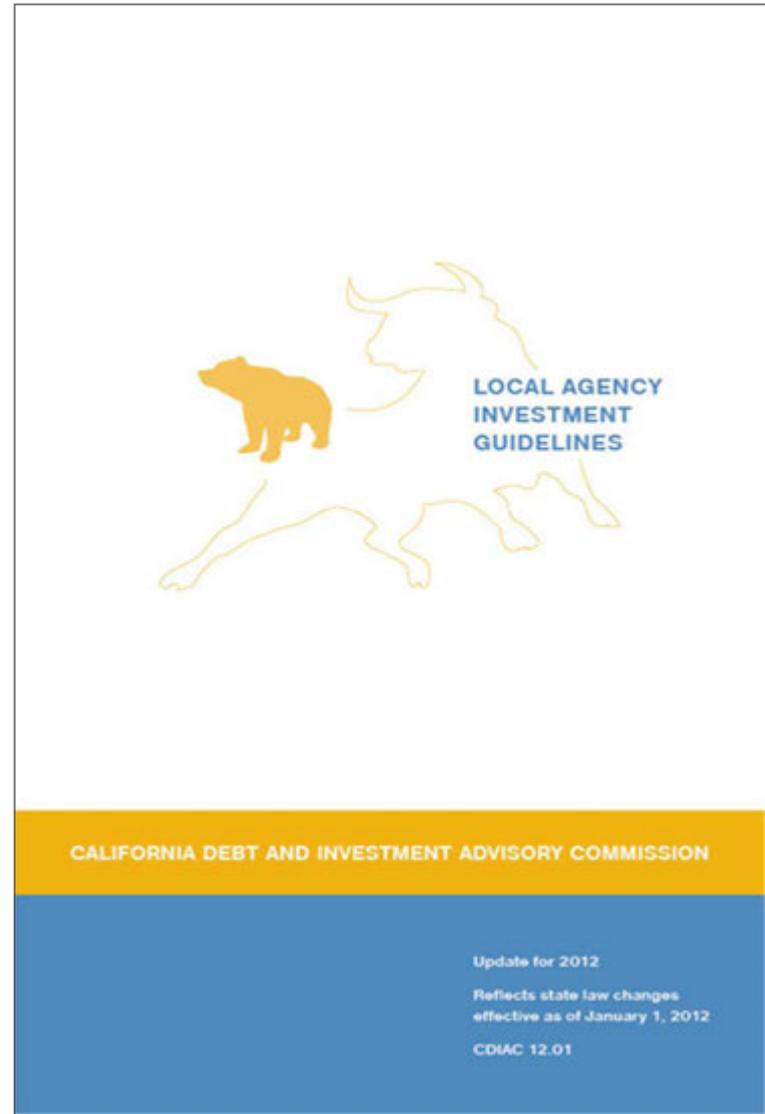


California Debt and Investment Advisory Commission **Local Agency Investment Guidelines** (LAIG)



-  Contents
-  Annual Update Process
-  Investment Related CDIAC Resources

LAIG Contents

- Four (4) Chapters
 - ✓ *Investment Policy*
 - ✓ *Fund Management*
 - ✓ *Reporting Requirements*
 - ✓ *Treasury Oversight Committee*
- Complete Listing of Government Code Related to Local Agency Investing
- Summary of Code Changes

Chapter I – Investment Policy

- What should be included in policy
- How frequently should you update
- Guideline Recommendations

Chapter II – Fund Management

■ Permissible investments

■ Maturity

■ Maximum Percent of Portfolio

■ Credit Quality Requirements

INVESTMENT TYPE	MAXIMUM MATURITY ^a	MAXIMUM SPECIFIED % OF PORTFOLIO ^b	MINIMUM QUALITY REQUIREMENTS
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
State Obligations—CA And Others	5 years	None	None
CA Local Agency Obligations	5 years	None	None
U.S Agency Obligations	5 years	None	None
Bankers' Acceptances	180 days	40% ^c	None
Commercial Paper—Select Agencies ^d	270 days	25% of the agency's money ^e	"A-1" if the issuer has issued long-term debt it must be rated "A" without regard to modifiers ^h
Commercial Paper—Other Agencies ⁱ	270 days	40% of the agency's money ^j	"A-1" if the issuer has issued long-term debt it must be rated "A" without regard to modifiers ^h
Negotiable Certificates of Deposit	5 years	^k	None
CD Placement Service	5 years	30% ^k	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements and Securities Lending Agreements	92 days ^l	20% of the base value of the portfolio	None ^m
Medium-Term Notes ⁿ	5 years	30%	"A" Rating
Mutual Funds And Money Market Mutual Funds	N/A	o	oo
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	"AA" Rating ^q
Bank/Time Deposits	5 years	None	None
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	Multiple ^s
Local Agency Investment Fund (LAIF)	N/A	None	None

Chapter II – Fund Management..cont.

- Requirements of depository institutions and fiduciaries in which local agency funds are invested
- External Investment Advisors
- Detailed Discussion of Selected Investments

Chapter III – Reporting Requirements

■ Requirements for an Investment Report

■ Contents of Report

- Securities
- Contracted parties
- Compliance with Investment Policy
- Cash Flow Forecasting

■ Frequency of Reporting

- Quarterly versus Monthly

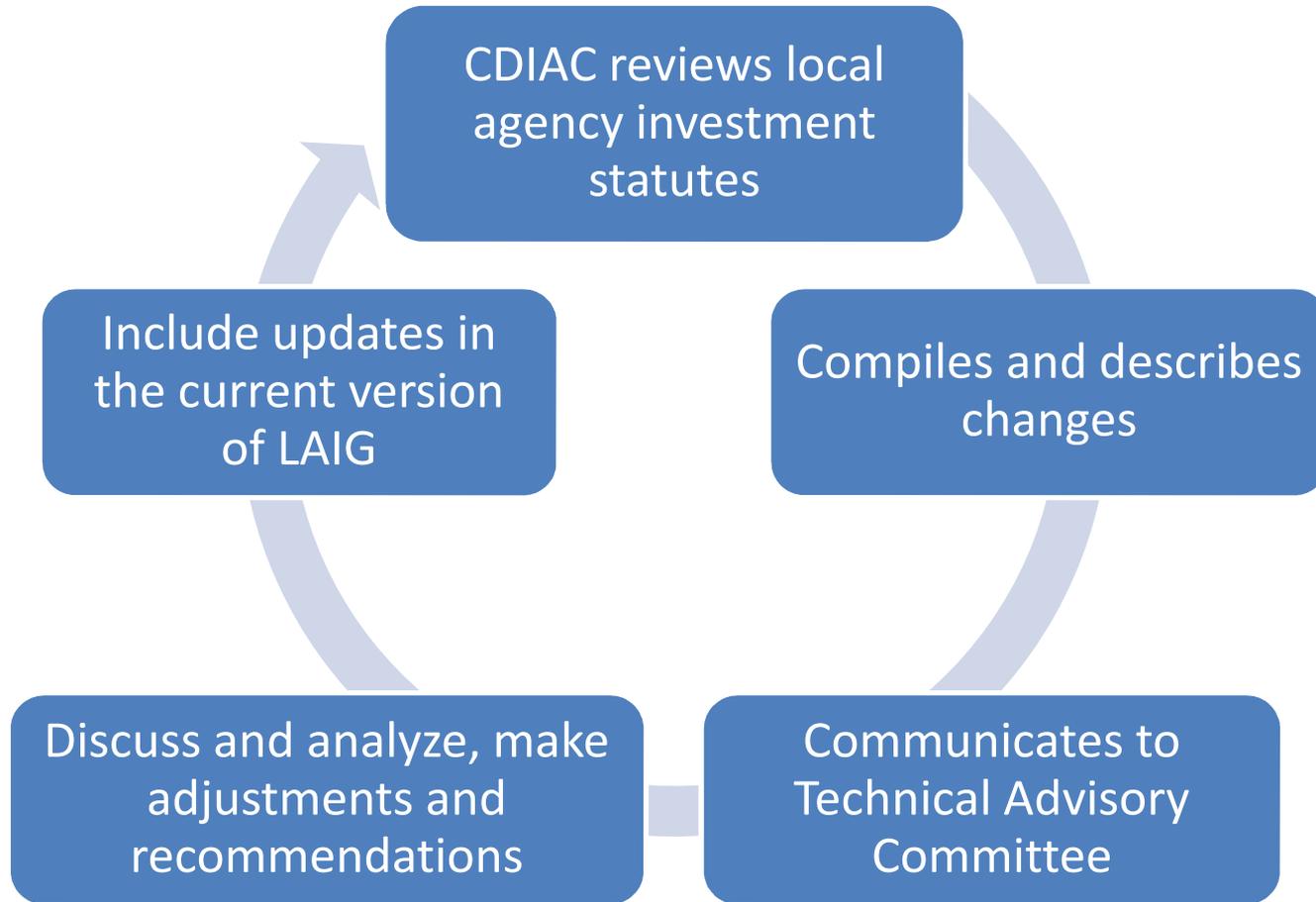
2012 Recommendation Changes

	Recommendation		Justification
	2011	2012	
53646	No Recommendation on Submission of QUARTERLY report to Legislative Body	Added recommendation that agency treasurers submit a QUARTERLY report to their legislative body.	Increased Disclosure Public Good Fiduciary Duty Better Management
53607	No Recommendation on Submission of MONTHLY report to Legislative Body	Added recommendation that agency treasurers <i>with delegated authority</i> to submit a MONTHLY report of transactions to their legislative body. This report is separate and distinct from QUARTERLY investment report suggested under 53646.	53607 specifically requires this report. Format of report is up for interpretation. (All transactions, brokerage statements, LAIF statements). Needs discussion between treasurer and legislative body.

Chapter IV – Treasury Oversight Committees

- Requirements for an Oversight Committee
 - Participants (Expertise)
 - Structure (Public / Private / Both)
- Roles and Responsibilities
 - County Treasurer
 - Monitoring / Auditing / Compliance

Review and Update



Schedule of Publication

- Published in March following the end of calendar year (ex. 2012 March 2013)
- PDF file that can be accessed on the CDIAC website at www.treasurer.ca.gov/CDIAC/LAIG
- Update is communicated via ListServe
- Questions and comments of the current version can be directed to CDIAC staff at CDIAC@treasurer.ca.gov
- Research staff dedicated to providing technical assistance to local agencies on a variety of questions

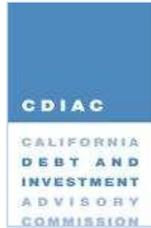
Investment Resources

Investment Management

- Structuring a Fixed Income Portfolio in a Rising Rate Environment
- Duration Basics
- Managing Interest Rate Risk in a Fixed Income Portfolio
- Securities Lending Agreements
- The Use of Sweep Accounts by California Local Governments
- Investing in Callable Securities
- Investing with a Certificate of Deposit Placement Service

Investment Reporting

- Investment Policy Reporting Practices: An Informational Guide
- Investment Portfolio Reporting Practices: An Informational Guide
- Understanding Public Investment Reporting: A Handbook for Local Elected Officials



Thank You

