

**First 5 Commission of San Diego**  
November 17, 2009  
**Update to the Investment Policy F5C- 011**

**Request:**

The action before the Commission is to approve the updated version of F5C – 011 Investment Policy.

**Background:**

The Investment Policy for the Commission was originally approved October 4, 2004 (10). It was reviewed and updated on September 11, 2006 (8).

The Investment Policy is based on California State law, specifically Government Code Section 53601. This section shall apply to a local agency that is a city, a district, or other local agency that does not pool money in deposits or investments with other local agencies. The maximum maturity shall be no more than five years, unless the legislative body had granted express authority to make that investment either specifically or as part of an investment program approved by the legislative body no less than three months prior to the investment.

The County Board of Supervisors granted express authority on March 22, 2005 for an investment program with different allocations and maturity limits than the five years that Government Code Section 53601 authorizes, giving the Commission the approval to invest the Sustainability Fund dollars for a maximum of 20 years.

At their meeting on September 22, 2009 the Finance Committee determined that the Investment Policy needed to be updated. Finance Committee member, Rob Castetter, Chief Investment Officer for the County of San Diego Treasurer / Tax Collector (TTC), volunteered to re-write the policy and bring a draft of the new policy to the October 27, 2009 Finance Committee meeting for review and approval. At this meeting the Committee approved the draft policy and recommended that it be taken before the Commission for approval at their next meeting on November 17, 2009.

**Major Changes to the Policy:**

The original approved policy was not intended to be a usable working document by the TTC for investment guidance. It was intended to convey the Purpose, Objectives, and Asset Allocation of the Commission's investments.

The new version that is before the Commission today is intended to be a working document that adheres to the Government Code and lays out the major factors of managing the Commission's ongoing portfolios. Changes in the policy include:

- Change in the format to match other dedicated portfolio policies.
- Increased clarity: updated wording to preclude misinterpretation.
- Includes both funds managed by the TTC. Note: Only the Sustainability Fund has authority to invest beyond 5 years.
- Limits investments to those that have the top credit rating allowed.
- Narrows the allowable investments.

**Staff Recommendation**

1. Approve the revised policy F5C- 011 Investment Policy as presented.

**Fiscal Impact:**

None.