



WEST BASIN MUNICIPAL WATER DISTRICT
17140 S. Avalon Blvd., Suite 210
Carson, CA 90746

AGENDA NO. 21

FEBRUARY 11, 2009 – Finance

Gray (Chair), Smith

FEBRUARY 23, 2009 – Board Meeting

Prepared by: Margaret Moggia

Submitted by: Margaret Moggia

Approved by: Rich Nagel

INFORMATION CALENDAR

INVESTMENT MANAGEMENT SERVICES

SUMMARY:

In September 2008, staff received approval from the Board to implement a “total return” strategy to manage its investment portfolio. This approach allows West Basin to work collaboratively with an investment manager over a period of time to invest more actively rather than maintain a “buy and hold” approach. The total return strategy requires the following considerations:

- Investment Portfolio is structured to maintain favorable returns regardless of interest rate environment;
- An active management approach is used to manage the portfolio to capture the most value from the market;
- Investments are bought and sold based on constant market evaluation, in-depth analyses, and matching cash flows; and
- Potential for short-term negative returns.

Previously, West Basin had worked with an investment firm in an advisory capacity only. This total return approach more actively involves the investment firm to discuss short- and long-term investment strategy, developing and measuring to a benchmark and further developing the cash flow forecast to provide the parameters for the investment manager to recommend opportunities. In consideration of developing and achieving a long-term strategy to effectively managing West Basin’s investment portfolio, a three-year term has been identified.

The “Request for Proposals” was issued January 7, 2009 with a response date of January 29, 2009. It was distributed to over 20 consultants including several within West Basin’s service area, to the local Chambers of Commerce, posted to the West Basin website and advertised in the local newspapers.

A recommendation will be brought to the March 2009 Finance Committee.

STRATEGIC BUSINESS PLAN IMPLEMENTATION:

Goal 8, Finance – Manage finances to optimize the public’s investment return and minimize risk.

COMMITMENT STATEMENT:

Sound Financial and Resources Management – West Basin is committed to efficient business operations, financial planning, and asset management.