



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

**AGENDA NO. 25**

**OCTOBER 15, 2010 – Finance**  
Smith (Chair), Dear  
**OCTOBER 25, 2010 – Board Meeting**  
Prepared by: Margaret Moggia  
Submitted by: Margaret Moggia  
Approved by: Rich Nagel

## ACTION CALENDAR

### INVESTMENT POLICY UPDATE

#### SUMMARY:

Recent review of the investment policy identified some minor changes to the West Basin Municipal Water District (West Basin) investment policy related to certificates of deposit (CDs), specifically as it relates to the current Federal Deposit Insurance Corporation (FDIC) insurance limit and the maximum maturity currently allowed by the policy for this sector of investments.

In Section 9.a.1 of the investment policy, it currently states that the collateral requirement for FDIC for CDs is waived for investments up to \$100,000. On July 21, 2010, the FDIC insurance limit for depository accounts was increased permanently from \$100,000 to \$250,000 with the passage of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

The California Government Code classifies CDs as deposits and as such bank deposits are distinct from investments and do not have a maximum maturity limit mandated by the Government Code. In Section 9.1 of the Policy, West Basin imposes an internal one-year maturity limit on CD purchases. Staff recommends that the Board increase the maturity limit to five years to reflect the investment program's expansion of its CD holdings through its Small and Community Banking Program. Increasing the maximum maturity on CD purchases would give West Basin more flexibility to match its CD holdings to its cash flow needs. Additionally, a five-year limit would also be consistent with the maturity limit for investments regulated by California Government Code section 53601.

#### STRATEGIC BUSINESS PLAN IMPLEMENTATION:

Goal 4: Sound Financial & Resources Management – West Basin is committed to efficient business operations, financial planning and asset management.

#### FISCAL IMPACTS:

Not applicable.

#### ENVIRONMENTAL COMPLIANCE:

Not applicable.

COMMITTEE STATUS:

This item was reviewed by the Finance Committee on October 15, 2010 and recommended for approval at the October 25, 2010 Board meeting.

RECOMMENDED MOTION:

That the Board approves the recommended language in the Investment Policy, as shown in Exhibit "A".

LIST OF EXHIBITS:

Exhibit "A" – Investment Policy (recommended)

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