

## INTER OFFICE MEMO

**To:** Administration and Finance Committee

**Date:** 12/27/2023

**From:** Bill Churchill, General Manager *WC.*

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**SUBJECT:** Investment Report as of September 30, 2023

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### Background:

This report is provided as required by the Authority's investment policy. Current investments are consistent with the investment policy and are allowable under current California law. Investments are selected to meet the priority principles of the policy: safety, liquidity, and yield.

### Current Investment Policy:

The format of this report has been updated this quarter to better align with the reporting requirements of the current investment policy, which is included as Attachment 1. Upon recent review of this policy, it was noted by staff that the policy should be reviewed by the Board annually. Staff are in the process of drafting an updated policy and will bring this to the Committee for review in the coming months.

### Investment Report:

The total cash and investments held by the Authority as of September 30, 2023 is \$36,929,741 as follows:

| Type of Investment  | Issuer | Date of Maturity | Par Amount   | Market Value |
|---------------------|--------|------------------|--------------|--------------|
| Cash – Cash on hand | N/A    | October 1, 2023  | \$2,910,429  | \$2,910,429  |
| Cash – Held in LAIF | N/A    | October 1, 2023  | \$34,019,312 | \$34,019,312 |
| Total               |        |                  |              |              |

A detailed report of all cash and investments held in each individual bank account as of this date is included as Attachment 2.

It is noted that the funds held in the Authority's 115 Trust for Pensions and OPEB are outside of this policy and thereby not included in this report. Greater flexibility of the investment of 115 funds is permitted by California law under the condition that these funds are irrevocably committed to provide pension or OPEB benefits.

It is hereby affirmed that the Authority has the ability to meet its pool's expenditure requirements (cash flow) for the next six months.

**Financial Implications:**

No direct financial implication results from this report. However, adherence to the Authority's investment policy helps to ensure the Authority remains in strong financial health.

**Recommendation:**

None, information only.

**Action Requested:**

None, information only.

**Attachments:**

Attachment 1: CCCTA Investment Policy, reaffirmed at September 12, 2012

Attachment 2: CCCTA Bank Cash and Investment Accounts as of September 30, 2023

SUBJECT: Statement of Investment Policy

PURPOSE: This Statement provides guidelines for the prudent investment and cash management of the Authority's funds.

OBJECTIVE: The Authority's cash management system is designed to monitor and forecast accurately expenditures and revenues, thus enabling the Authority to invest funds to the fullest extent possible. The Authority's primary objective is to safeguard the principal of the funds; the second objective is to meet the liquidity needs of the Authority; and the third objective is to achieve a return on the invested funds.

POLICY: This policy shall apply to all public funds held by the Authority. At all times, the Authority shall invest its funds in accordance with the rules and restrictions established by the laws of the State of California (Government Code Section 53600 *et. seq.*). The Authority shall conduct its investments under the "prudent investor standard": "When investing, reinvesting, purchasing, acquiring, exchanging, selling and managing public funds, a trustee shall act with care, skill, prudence and diligence under the circumstances then prevailing including, but not limited to, the general economic conclusions and the 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." (California Government Code Section 53600.3)

The General Manager of the Authority shall serve as the Authority's trustee for purposes of placing investments pursuant to this Policy. The Policy shall be reviewed annually by the Authority's Board of Directors at a public meeting. [California Government Code Section 53646(a)]

1. Criteria for Selecting Investments. Criteria for selecting investments and the order of priority are:
  - a. Safety. The safety risk associated with an investment refers to the potential loss of principal, interest, or a combination of these amounts. The Authority shall operate only in those investments that are allowable under Section 6 below.
  - b. Liquidity. An adequate percentage of the portfolio should be maintained in liquid, short-term investments, which can be converted to cash if necessary to meet disbursement requirements. A short-term investment is defined as any investment, which matures within a one-year period.
  - c. Yield. Yield becomes a consideration only after the basic requirements of safety and liquidity have been met.
2. Delivery of Securities. Securities shall be delivered by book entry, physical delivery, or by third-party custodial agreement. (California Government Code Section 53601)
3. Diversification. The portfolio should consist of a mix of authorized types of investments described in this Policy. As a general rule, long-term maturities should not represent a significant percentage of the total portfolio, as the principal risk involved can outweigh the potential for higher earnings. With the exception of investments in the California State Local Agency Investment Fund, no more than fifty percent (50%) of the Authority's portfolio shall be deposited or invested in a single security type or with a single financial institution.

4. Terms of Investments. No investment shall be made in a security with a term remaining to maturity in excess of five years. (California Government Code Section 53601)
5. Deposit of Funds. All money belonging to or in the custody of the Authority, including money paid to the Authority to pay the principal, interest or penalties of bonds, shall be deposited for safekeeping in state or national banks, savings associations or federal associations, credit unions or federally insured industrial loan companies in California (as defined by California Government Code Section 53630); unless otherwise invested pursuant to Sections 6 and 7 of this Policy.

Pursuant to California Government Code Sections 53635, 53637 and 53638, the money shall be deposited in any authorized depository with the objective of realizing maximum return, consistent with prudent financial management.

Pursuant to California Government Code Section 53638, the maximum deposit shall not exceed the shareholder's equity in any depository bank; to the total net worth of any depository savings association; or the total or unimpaired capital and surplus of any credit union or industrial loan company.

6. Allowable Investment Instruments. With prior Board approval, the Authority may invest in any of the investment instruments authorized by the California Government Code, subject to any conditions set forth in the California Government Code. Without prior Board approval, the General Manager shall limit the investment instruments utilized to the following:
  - a. United States Treasury notes, bonds, bills, or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.
  - b. Negotiable certificates of deposit issued by a nationally or state-chartered bank of a state or federal association (as defined by California Financial Code Section 5102) or by a state-licensed branch of a foreign bank. Purchases of negotiable certificates of deposit may not exceed thirty percent (30%) of the Authority's surplus funds to be invested. The maximum investment in a certificate of deposit shall not exceed the shareholder's equity in any depository bank; the total net worth of any depository savings association; or the total or unimpaired capital and surplus of any credit union or industrial loan company.
7. Local Agency Investment Fund. In addition to the investment instruments set forth in Section 6, the General Manager may invest Authority funds in the Local Agency Investment Fund pursuant to California Government Code Section 16429.1.
8. Prohibited Investments. The Authority shall not invest any funds in inverse floaters, range notes, or interest-only strips that are derived from a pool of mortgages. The Authority shall not invest any funds in any security that could result in zero interest accrual if held to maturity. The limitation does not apply to investments in shares of beneficial interest issued by diversified management companies as set forth in California Government Code Section 53601.6.

REPORTING: At least quarterly, the General Manager shall submit an investment report to the Board of Directors within thirty (30) days of the end of the quarter. The report shall include the following information:

1. Type of investment, issuer, date of maturity, par and dollar amount invested in all securities, investments, and money held by the Authority;
2. Description of any of the Authority's funds, investments, or programs that are under the management of contracted parties, including lending programs;
3. For all securities held by the Authority or under management by any outside party that is not a local agency or the State of California Local Agency Investment Fund, a current market value as of the date of the report and the source of this valuation;
4. Statement that the portfolio complies with the Investment Policy or the manner in which the portfolio is not in compliance; and
5. Statement that the Authority has the ability to meet its pool's expenditure requirements (cash flow) for the next six months or provide an explanation as to why sufficient money shall or may not be available.

If the Authority places all of its investments in the Local Agency Investment Fund, Federal Deposit Insurance Corporation-insured accounts in a bank or savings and loan association or county investment pool (or any combination of these three), the General Manager can simply submit, on at least a quarterly basis, the most recent statements from these institutions to meet the requirements of items 1-3 above, with a supplemental report addressing Items 4 and 5 above. [California Government Code Section 53646(b)-(e)]

DATE OF ADOPTION: August 21, 1997

DATE OF REVISION:: September 16, 1999M  
September 17, 2009, pursuant to Resolution No. 2010-007

Date OF REAFFIRMATION: September 20, 2012, pursuant to Resolution No. 2013-009

**RESOLUTION NO. 2013-009**

**BOARD OF DIRECTORS  
CENTRAL CONTRA COSTA TRANSIT AUTHORITY  
STATE OF CALIFORNIA**

\* \* \*

**APPROVES THE STATEMENT OF INVESTMENT POLICY  
AND REAUTHORIZES THE DELEGATION OF INVESTMENT AUTHORITY  
TO THE GENERAL MANAGER**

WHEREAS, the County of Contra Costa and the Cities of Clayton, Concord, the Town of Danville, Lafayette, Martinez, the Town of Moraga, Orinda, Pleasant Hill, San Ramon and Walnut Creek (hereinafter "Member Jurisdictions") have formed the Central Contra Costa Transit Authority ("CCCTA"), a joint exercise of powers agency created under California Government Code Section 6500 *et seq.*, for the joint exercise of certain powers to provide coordinated and integrated public transportation services within the area of its Member Jurisdictions; and

WHEREAS, pursuant to California Government Code Section 53646, the Authority is required to adopt a Statement of Investment Policy; and

WHEREAS, pursuant to Resolution No. 2010-007, dated September 17, 2009, the Authority reviewed and approved the Statement of Investment Policy; and

WHEREAS, the Board of Directors has completed a review of the Statement of Investment Policy.

NOW, THEREFORE, IT IS HEREBY RESOLVED that the Board of Directors of the Central Contra Costa Transit Authority approves the Statement of Investment Policy in accordance with California Government Code Section 53646 and reauthorizes the delegation of investment authority to the General Manager until September 30, 2015.


Regularly passed and adopted this 20th day of September 2012 by the following vote.

AYES: Directors Andersen, Dessayer, Hoffmeister, Horn, Hudson, Manning, Schroder, Simmons, Weir and Worth

NOES: None

ABSTAIN: None

ABSENT: Director Storer

  
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Erling Horn, Chair, Board of Directors

ATTEST:

  
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Janet Madrigal, Clerk to the Board

## CCCTA

### BANK CASH AND INVESTMENT ACCOUNTS AS OF SEPTEMBER 30, 2023 (*ROUNDED OFF TO NEAREST \$*)

| FINANCIAL INST          | ACCT #        | TYPE              | PURPOSE                                    | PER BANK             | PER BANK             | PER BANK             | PER GL*              |
|-------------------------|---------------|-------------------|--|----------------------|----------------------|----------------------|----------------------|
|                         |               |                   |  | MAR 2023             | JUN 2023             | SEP 2023             | SEP 2023             |
| <b>FIXED ROUTE</b>      |               |                   |  |                      |                      |                      |                      |
| U.S. BANK               | 274-00-26650  | <b>CHECKING</b>   | AP GENERAL                                 | \$ 1,214,535         | \$ 332,825           | \$ 425,452           | \$ 425,452           |
| U.S. BANK               | 274-00-26693  | <b>CHECKING</b>   | PAYROLL                                    | \$ 69,680            | \$ 39,051            | \$ -                 | \$ -                 |
| U.S. BANK               | 274-00-26723  | <b>CHECKING</b>   | CAPITAL PURCHASES                          | \$ 167,403           | \$ 403,535           | \$ -                 | \$ -                 |
| U.S. BANK               | 274-00-26715  | <b>CHECKING</b>   | WORKERS' COMP - CORVEL                     | \$ 58,348            | \$ 32,983            | \$ -                 | \$ -                 |
| U.S. BANK               | 274-00-26685  | <b>CHECKING</b>   | PASS SALES                                 | \$ 5,025             | \$ -                 | \$ -                 | \$ -                 |
| U.S. BANK               | 274-00-26707  | <b>CHECKING</b>   | CLIPPER CARDS                              | \$ 5,135             | \$ 5,135             | \$ -                 | \$ -                 |
| BMO HARRIS              | 2087682       | <b>CHECKING</b>   | AP GENERAL                                 | \$ -                 | \$ 1,722,372         | \$ 663,638           | \$ 510,308           |
| BMO HARRIS              | 2088565       | <b>CHECKING</b>   | PAYROLL                                    | \$ -                 | \$ 47,876            | \$ 61,899            | \$ 60,890            |
| BMO HARRIS              | 2087807       | <b>CHECKING</b>   | CAPITAL PURCHASES                          | \$ -                 | \$ 125,197           | \$ 100,000           | \$ 100,000           |
| BMO HARRIS              | 2088706       | <b>CHECKING</b>   | WORKERS' COMP - CORVEL                     | \$ -                 | \$ -                 | \$ 61,337            | \$ 49,664            |
| PAYPAL                  | 27SAXUUFL9732 | <b>CHECKING</b>   | PAYPAL-PASS SALES                          | \$ 25                | \$ 25                | \$ 25                | \$ 25                |
| <b>TOTAL</b>            |               |                   |  | <b>\$ 1,520,151</b>  | <b>\$ 2,708,999</b>  | <b>\$ 1,312,351</b>  | <b>\$ 1,146,339</b>  |
| <b>PARATRANSIT</b>      |               |                   |  |                      |                      |                      |                      |
| U.S. BANK               | 274-00-26669  | <b>CHECKING</b>   | AP GENERAL                                 | \$ 119,090           | \$ 180,777           | \$ -                 | \$ -                 |
| BMO HARRIS              | 2088425       | <b>CHECKING</b>   | AP GENERAL                                 | \$ -                 | \$ 283,760           | \$ 1,598,078         | \$ 145,105           |
| <b>TOTAL</b>            |               |                   |  | <b>\$ 119,090</b>    | <b>\$ 464,537</b>    | <b>\$ 1,598,078</b>  | <b>\$ 145,105</b>    |
| <b>LAIF FUND</b>        |               |                   |  |                      |                      |                      |                      |
| <i>Effective Yield:</i> |               |                   |  | <b>2.74%</b>         | <b>3.17%</b>         | <b>3.59%</b>         |                      |
| LAIF ACCOUNT            | 4007001       | <b>INT-INVEST</b> | OPERATING FUNDS                            | \$ 19,795,402        | \$ 15,311,666        | \$ 31,114,232        | \$ 31,114,232        |
| LAIF ACCOUNT            |               | <b>INT-INVEST</b> | Lifeline Bus Stop Access                   | \$ 53,857            | \$ -                 | \$ -                 | \$ -                 |
| LAIF ACCOUNT            |               | <b>INT-INVEST</b> | Facility Rehab                             | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| LAIF ACCOUNT            |               | <b>INT-INVEST</b> | Rolling Stock II                           | \$ 1,853,833         | \$ -                 | \$ -                 | \$ -                 |
| LAIF ACCOUNT            |               | <b>INT-INVEST</b> | LCTOP - Electric Trolley II                | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| LAIF ACCOUNT            |               | <b>INT-INVEST</b> | LCTOP - Martinez Amtrak V                  | \$ 203,328           | \$ 54,739            | \$ -                 | \$ -                 |
| LAIF ACCOUNT            |               | <b>INT-INVEST</b> | LCTOP - Martinez Amtrak VI                 |                      |                      | \$ 508,416           | \$ 508,416           |
| LAIF ACCOUNT            |               | <b>INT-INVEST</b> | LCTOP - FREE Monument IV (Routes 11/14/16) | \$ 461,169           | \$ 227,429           | \$ -                 | \$ -                 |
| LAIF ACCOUNT            |               | <b>INT-INVEST</b> | LCTOP - FREE Monument V (Routes 11/14/16)  |                      |                      | \$ -                 | \$ -                 |
| LAIF ACCOUNT            |               | <b>INT-INVEST</b> | Pass-Through CA                            | \$ 863,153           | \$ 864,432           | \$ 794,939           | \$ 794,939           |
| LAIF ACCOUNT            |               | <b>INT-INVEST</b> | Safe Harbor Lease Reserve                  | \$ 1,578,554         | \$ 1,589,193         | \$ 1,601,725         | \$ 1,601,725         |
| LAIF ACCOUNT            |               | <b>FMV ADJ.</b>   | Fair Market Value Adjustment for Year-End  |                      | \$ (273,809)         |                      |                      |
| <b>TOTAL</b>            |               |                   |  | <b>\$ 24,809,296</b> | <b>\$ 17,773,650</b> | <b>\$ 34,019,312</b> | <b>\$ 34,019,312</b> |
| <b>CCCTA EMPLOYEE</b>   |               |                   |  |                      |                      |                      |                      |
| U.S. BANK               | 274-00-26677  | <b>CHECKING</b>   | EMPLOYEE FITNESS FUND                      | \$ 14,219            | \$ -                 | \$ -                 | \$ -                 |
| U.S. BANK               | 274-00-26502  | <b>CHECKING</b>   | EMPLOYEE FUNCTION                          | \$ 508               | \$ -                 | \$ -                 | \$ -                 |
| <b>TOTAL</b>            |               |                   |  | <b>\$ 14,727</b>     | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>          |
| <b>GRAND TOTAL</b>      |               |                   |  | <b>\$ 26,463,264</b> | <b>\$ 20,947,186</b> | <b>\$ 36,929,741</b> | <b>\$ 35,310,756</b> |

*\* GL balances reduced by outstanding checks and increased by deposits in transit, if any.*