

ACTION ITEM

Finance and Investment Committee Meeting, December 10, 2019
Board of Governors Meeting, December 11, 2019

CONTRACT ID:	Investment Policy Changes
BUDGETED ITEM	N/A
CONTRACT AMOUNT	N/A
PURPOSE / SCOPE	<p>Staff recommends an update to Citizens Investment Policies.</p> <p>Changes to all Taxable Investment Policies:</p> <ul style="list-style-type: none">• Change the ratings requirement from average ratings of Baa2/BBB to minimum ratings of Baa3/BBB-<ul style="list-style-type: none">○ Securities that have minimum ratings of BBB-/Baa3 shall not represent more than 7.5% of the Portfolio, with the securities of a single issuer representing no more than 1.0% of the portfolio• Increase the maximum allowed municipal securities from 20% to 25% within the portfolio• Increase the maximum allowed Agency MBS, CMBS, RMBS, CMO from 7.5% to 15% within the portfolio• Allow credit cards under ABS guidelines and increase the maximum allowed ABS for prime automobile, equipment loan and lease receivables, and credit card receivables from 5.0% to 7.5% of the Portfolio for the Taxable Liquidity Fund and from 7.5% to 10% of the Portfolio for the Taxable Claims-Paying Fund and Taxable Claims-Paying Long Duration Fund• ABS for prime automobile, equipment loan and lease, and credit card receivables shall use the weighted average life as the final maturity date with a maximum weighted average life of 3 years and 6 months for the Taxable Liquidity Fund, 6 years for the Taxable Claims-Paying and 10 years for the Taxable Claims-Paying Long Duration Fund <p>Changes to the Taxable Claims-Paying Long Duration Fund:</p> <ul style="list-style-type: none">• Increase the final maturity of the Fund from 15 years 1 month to 20 years 1 month with no more than 10% of the portfolio consisting of securities, excluding securities where weighted average life is used, with a final maturity between 15 years and 20 years 1 month.
CONTRACT TERM(S)	N/A
PROCUREMENT METHOD	N/A

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RECOMMENDATION	<p>Citizens' Finance and Investment Committee approved and recommends the Board of Governors:</p> <p>Citizens' Finance and Investment Committee discussed and recommended for further discussion at the Board prior to voting to:</p> <ul style="list-style-type: none">a) Approve the changes to Citizens' Investment Policy duration, credit quality and composition for the Taxable Liquidity Fund, Taxable Claims-Paying Fund, and Taxable Claims-Paying Long Duration Fund. These changes will allow Citizens to take advantage of market conditions and provide additional diversification and incremental yield to Citizens' Investment Portfolio.b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.
CONTACTS	Jennifer Montero, Chief Financial Officer