

RESOLUTION NO. 2022-23

AUTHORIZING:

1. **NOT TO EXCEED \$5.0 MILLION CASH TRANSFER, FROM MPWD LAIF RESERVES TO AN ESTABLISHED MPWD INVESTMENT ACCOUNT TO PURCHASE AN EQUAL AMOUNT OF U.S. TREASURIES FOR AN INITIAL PERIOD NOT TO EXCEED TWO (2) YEARS TO SECURE A HIGHER INVESTMENT YIELD; AND**
2. **NOT TO EXCEED \$4.0 MILLION CASH TRANSFER, FROM MPWD LAIF RESERVES TO AN ESTABLISHED MPWD INVESTMENT ACCOUNT TO PURCHASE AN EQUAL AMOUNT OF U.S. TREASURIES FOR AN INITIAL PERIOD NOT TO EXCEED ONE (1) YEAR TO SECURE A HIGHER INVESTMENT YIELD; AND**
3. **\$30,000 FOR RELATED INVESTMENT PURCHASE FEES AND PROFESSIONAL FEES; AND**
4. **THE INTERIM GENERAL MANAGER TO EXECUTE ALL NECESSARY DOCUMENTS RELATED TO THE MPWD'S INVESTMENT IN U.S. TREASURIES**

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MID-PENINSULA WATER DISTRICT

WHEREAS, the Mid-Peninsula Water District's (MPWD) has historically held its cash reserves in the California Local Agency Investment Fund (LAIF) because it is considered to be safe, liquid and has a history of providing modest rates of return; and

WHEREAS, as of September 7, 2022, the LAIF rate of return is 1.38%; and

WHEREAS, the MPWD currently has approximately \$15.5 million invested in LAIF; and

WHEREAS, the MPWD Municipal Advisor, Wulff-Hansen and Co., informed the MPWD of a unique and safe investment opportunity with U.S. Treasuries that has become available; and

WHEREAS, U.S. Treasuries are considered to be one of the most safe and liquid investments, and the current return on investments for short-term investments, which do not exceed two (2) years, ranges from 3.00% to 3.75%; and

WHEREAS, MPWD has an Investment Policy established by Board Resolution No. 2007-11, which allows for investments in U.S. Treasuries under Section 7a “Authorized Investment Instruments Subject to Board Approval”; and

WHEREAS, staff suggests the Board consider approving a transfer of \$5 million from LAIF to a ladderred-portfolio investment account for up to a 2-year short-term U.S. Treasuries account, in order to achieve higher yields; and

WHEREAS, staff suggests the Board consider approving a transfer of \$4 million from LAIF to a ladderred-portfolio investment account for up to a 1-year short-term U.S. Treasuries account, in order to achieve higher yields; and

WHEREAS, a ladderred-portfolio investment account would entail establishing investments in U.S. Treasuries for 3-month, 6-month, 9-month and 12-month maturities with MPWD discretion to continue the ladderred-portfolio investments for the above-specified terms until such time the MPWD decides to invest its cash reserves in another manner provided for in MPWD Investment Policy; and

WHEREAS, the U.S. Treasuries investment account will be purchased following a competitive bid process to obtain a fair and competitive price (yield), which requires the services of a registered investment advisor; and

WHEREAS, during the time the MPWD is invested in U.S. Treasuries, the MPWD will meet quarterly with Wulff-Hansen and Co. to discuss these investments, the market, and the MPWD needs for use of cash reserves, which could alter or preclude reinvestment.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the Mid-Peninsula Water District hereby authorizes the interim General Manager to:

1. Make a not to exceed cash transfer of \$5 million of MPWD cash reserves from LAIF to an established MPWD investment account to purchase an equal amount of U.S. Treasuries for an initial period not to exceed two (2) years to secure a higher investment yield; and
2. Make a not to exceed cash transfer of \$4 million of MPWD cash reserves from LAIF to an established MPWD investment account to purchase an equal amount of U.S. Treasuries for an initial period not to exceed one (1) year to secure a higher investment yield; and
3. Spend up to \$30,000 for related investment purchase fees and professional fees; and
4. Execute all necessary documents related to the MPWD's investments in U.S. Treasuries.

REGULARLY PASSED AND ADOPTED this 22nd day of September 2022.

AYES: Zucca, Schmidt, Jordan, Vella, Wheeler

NOES: None

ABSTENTIONS: None

ABSENCES: None

DocuSigned by:
Kirk Wheeler
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BOARD PRESIDENT

ATTEST:

DocuSigned by:
Monique Madrid
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BOARD SECRETARY