

RESOLUTION NO. 2024-01

AUTHORIZING:

- 1. NOT TO EXCEED \$2.8 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; AND**
- 2. \$7,000 FOR RELATED INVESTMENT PURCHASE FEES AND PROFESSIONAL FEES; AND**
- 3. THE CONTINUED EVALUATION AND REINVESTMENT OF THE MPWD U.S. TREASURY PORTFOLIO THROUGH 2026; AND**
- 4. THE GENERAL MANAGER TO EXECUTE AN AMENDMENT TO THE WULFF-HANSEN AND CO. CONTRACT THROUGH DECEMBER 31, 2026; AND**
- 5. THE 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, in 2022, the MPWD Municipal Advisor, Wulff-Hansen and Co., informed the MPWD of a unique and safe investment opportunity with U.S. Treasuries that had become available; and

WHEREAS, as in October 2022, MPWD transferred approximately \$9 million from LAIF to a laddered U.S. Treasury investment;

WHEREAS, MPWD's U.S. Treasury investment has since outperformed its LAIF investments; and

WHEREAS, as on January 17, 2024, the LAIF rate of return is 4.03%; and

WHEREAS, as on January 18, 2024, 3-month and 12-month U.S. Treasury rates of return were 5.38% and 4.84%, respectively; and

WHEREAS, the MPWD Municipal Advisor, Wulff-Hansen and Co., informed MPWD that short-term U.S. Treasury investments are expected to continue to outperform LAIF investments in the near-term; 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 \$2.8 million from LAIF to add to MPWD's existing ladder portfolio investment account, in order to achieve higher yields; and

WHEREAS, the new U.S. Treasuries investment accounts 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 continue to 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; and

WHEREAS, the MPWD proposed new and reinvestment of existing funds into a security with a 12-month maturity will extend the investment beyond the prior Board-authorized investment period of not-to-exceed 2 years under Resolution 2022-23.

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

1. Make a not to exceed cash transfer of \$2.8 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

2. Spend up to \$7,000 for related investment purchase fees and professional fees; and
3. Continue evaluating and reinvesting MPWD's laddered U.S. Treasury portfolio to the extent it provides a financial benefit to the MPWD given market conditions and MPWD cash reserve needs, with continued reporting, through December 31, 2026; and
4. Authorize the General Manager to execute an amendment to the Wulff Hansen contract, as approved by legal counsel, to include the new fee schedule and extend the contract through December 31, 2026.
5. Execute all necessary documents related to the MPWD's investments in U.S. Treasuries.

REGULARLY PASSED AND ADOPTED this 25th day of January 2024.

AYES: Vella, Schmidt, Wheeler, Zucca

NOES: None

ABSTENTIONS: None

ABSENCES: Jordan


BOARD PRESIDENT

ATTEST:


BOARD SECRETARY