

Call, Notice, and Agenda

SPECIAL MEETING – PERSONNEL COMMITTEE – COUNTY SANITATION DISTRICTS OF LOS ANGELES COUNTY

To be held at the JOINT ADMINISTRATION OFFICE
1955 Workman Mill Road, Whittier, California

For the public to join the meeting virtually, click <https://us02web.zoom.us/j/3397206095> or enter the Meeting ID 339 720 6095 into the Zoom app on your smartphone or computer. Alternatively, you may join by phone by calling (669) 900-9128 and entering the Meeting ID. You may find further information at: <http://www.lacsd.org/agendas>

THE COMMITTEE MAY TAKE ACTION ON ANY AGENDA ITEM LISTED BELOW

WEDNESDAY	May 22, 2024	At 11:00 A.M.
District(s)	Chairperson	
SBC	PIMENTEL	
1	SALEH	
2	WARNER (Committee Chairperson)	
3	SARO	
4	MC OSKER	
5	CERDA	
8	DAVIS-HOLMES	
9	HAHN	
14	PARRIS	
15	BARAKAT	
16	GORDO	
17	BARGER	
18, 19	TAJ	
20	BISHOP	
21	MOSS	
22	FINLAY	
23	MERLO	
27, NR	HORVATH	
28	DAVITT	
29	WOODS	
SCV	WESTE	

At the call of the Chairperson, a special meeting of the Board of Directors of the Personnel Committee of the County Sanitation Districts of Los Angeles County will be held at the above time and place for the purpose of:

1. Public Comment
2. Approve Minutes of Special Meeting Held April 24, 2024
3. CLOSED SESSION – Personnel Related Matters

Summary: The Chief Engineer and General Manager will update the committee on matters concerning the union-represented, self-represented and non-represented employee units. The Committee may meet in closed session pursuant to Section 54957.6 of the Government Code, *Conference with Labor Negotiators. Agency Designated Representatives: Robert Ferrante, Chief Engineer and General Manager; Martha Tremblay, Assistant Chief Engineer and Assistant General Manager, Matt Eaton, Deputy Assistant Chief Engineer, and Jennifer Allen, Human Resources Director.*
4. Re: Director Compensation

Summary: The Chief Engineer and General Manager will discuss possible changes to Director compensation.
5. Re: Update on Pure Water Southern California (PWSC) Program and Proposed Second Amendment to PWSC Program Agreement (Agreement) with Metropolitan Water District of Southern California (MWD)

Summary: The Districts previously approved the Agreement and First Amendment to the Agreement with MWD to jointly investigate production and distribution of purified water at the A. K. Warren Water Resource Facility (Warren Facility). The Agreement contains provisions for the construction and operation of the Grace F. Napolitano PWSC Innovation Center at the Warren Facility. The First Amendment provides for the joint preparation of planning and preliminary engineering studies and

5. Contd.

documentation to comply with the California Environmental Quality Act for the potential full-scale project. The Chief Engineer and General Manager will provide an update on the next steps for the Program and proposed terms for a Second Amendment to the Agreement with MWD.

6. Re: Districts' Investment Policy

Summary: The Districts' Investment Policy establishes rules concerning investment of Districts' funds, including which types of investment vehicles are permitted. As part of the continuing effort to ensure the Districts follow best practices as it relates to financial matters and maximize potential returns, revisions to the Investment Policy, which is attached, are being recommended and will be discussed with the Committee.

7. CLOSED SESSION – *Conference with Legal Counsel Pursuant to Government Code Section 54956.9(d)(4) One Potential Case (Anticipated Litigation)*

Summary: Recently, the United States Environment Protection Agency announced two final rules regarding Per- and Polyfluoroalkyl Substances (PFAS): 1) the National Primary Drinking Water Regulation for six PFAS chemicals, and 2) the designation as hazardous substances under the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) for two PFAS chemicals. *The Chief Engineer and General Manager and District Counsel will discuss this matter in closed session.*

Adjourn

Status Report:

Prior to or during the meeting session, the Chief Engineer and General Manager may update the Directors on various matters concerning the Districts that may be of current interest to the Directors.

Public Comment:

Members of the public may address the Board of Directors on any item shown on the agenda or matter under the Board's authority. A "Request to Address Board of Directors" form is available. In compliance with the Americans with Disabilities Act, if you require special assistance to participate in this meeting, please contact the Secretary to the Boards' Office (562) 908-4288, extension 1100. Notification 48 hours prior to the meeting will enable staff to make reasonable arrangements to ensure accessibility to this meeting. (28CFR 35.101 et seq. ADA Title II).

Document Requests:

Links to supporting documents are available online at the time of posting. Agendas and supporting documents or other writings that will be distributed to Board members in connection with matters subject to discussion or consideration at this meeting that are not exempt from disclosure under the Public Records Act are available for inspection following the posting of this agenda at the office of the Secretary to the Boards of Directors located at the Districts' Joint Administration Building, 1955 Workman Mill Road, Whittier, California, 90601, or at the time of the meeting at the address posted on this agenda.



**LOS ANGELES COUNTY
SANITATION DISTRICTS**
Converting Waste Into Resources

Robert C. Ferrante
Chief Engineer and General Manager

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INVESTMENT POLICY

Proposed 2024 Revisions

For Clarity, Only Substantive Changes Shown; Formatting and other Minor Edits Not Shown

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Investment Policy

SECTION 1. POLICY STATEMENT

This Investment Policy of the Los Angeles County Sanitation Districts (each, a “District” and, collectively, the “Districts”) provides for the prudent investment of the Districts’ funds and the effective management of investment activities. This Policy covers all investment activities directly controlled by each District.

SECTION 2. TREASURER; ADMINISTRATION

- 2.1 The District’s Chief Engineer and General Manager is hereby appointed Treasurer of each District and is trustee of the Districts’ funds.
- 2.2 The Treasurer, or his or her designee, is hereby authorized to implement this Policy, and to manage, deposit, and invest Districts’ funds in accordance with this Policy and all provisions of law.
- 2.3 The Treasurer shall report to the Boards of Directors in accordance with the requirements of law and this Investment Policy.

SECTION 3. TRUSTEE’S DUTIES AND OBJECTIVES

The District and the Treasurer are trustees of the public funds of the District and shall implement this Policy using the Prudent Investor Standard and the priority of investment objectives below.

3.1 Prudent Investor Standard

The prudent investor standard is set forth in California Government Code Section 53600.3, which provides:

“When investing, reinvesting, purchasing, acquiring, exchanging, selling, or 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 conditions 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. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law.”

3.2 Investment Objectives

1. The Districts’ priority of investment objectives is set forth in Government Code Section 53600.5, which provides:

“When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, the primary objective of a trustee shall be to safeguard the principal of the funds under its control. The secondary objective shall be to meet the liquidity needs of the depositor. The third objective shall be to achieve a return on the funds under its control.”

2. The Treasurer shall pursue these objectives as follows:
 - a. *Safety of Principal:* In safeguarding the principal of District funds the District Treasurer shall evaluate or cause to have evaluated each potential investment, seeking both quality in issuer and in underlying security or collateral, and shall diversify the portfolio to reduce exposure to loss.
 - b. *Liquidity:* In order to meet the Districts' liquidity needs, investments must be made so that maturity dates are compatible with cash flow requirements and, when required, permit easy and rapid conversion into cash.
 - c. *Return on Investments:* Investments will be undertaken to produce a market rate of return after first considering safety of principal and liquidity.

SECTION 4. INVESTMENT INSTRUMENTS ALLOWED

The Districts' funds may be invested in the following investment instruments:

4.1 Los Angeles County Pooled Surplus Investment Fund (PSIF)

The PSIF is a pooled investment fund created under Government Code Section 27000 et seq. and is administered by the Los Angeles County Treasurer and Tax Collector. PSIF is a voluntary government investment pool that allows local agencies to participate in a major portfolio using the investment expertise of the Los Angeles County Treasurer's investment staff. Investments in PSIF typically consist of those funds required to cover the District's operating needs.

4.2 State of California Local Agency Investment Fund (LAIF)

LAIF is a pooled investment fund created under Government Code Section 16429.1 et seq. and is administered by the California State Treasurer. LAIF is a voluntary government investment pool that allows local agencies to participate in a major portfolio using the investment expertise of the State Treasurer's Office investment staff.

4.3 United States Treasury Bills, Notes, Bonds, Certificates of Indebtedness

Treasury bills, notes, bonds, and certificates of indebtedness are fixed-income investments issued by the U.S. Treasury Department for which the faith and credit of the United States are pledged for the payment of principal and interest.

4.4 United States Government-Sponsored Enterprises (GSE)

GSEs consist of privately held corporations with public purposes created by the U.S. Congress to reduce the cost of capital for certain borrowing sectors of the economy. Members of these sectors include students, farmers, and homeowners. GSEs carry the implicit backing of the U.S. Government, but they are not direct obligations of the U.S. Government.

4.5 State Obligations

Registered state warrants or treasury notes or bonds of any of the 50 U.S. states, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by any state or by a department, board, agency, or authority of any state.

4.6 California Local Agency Obligations

Bonds, notes, warrants, or other evidences of indebtedness of a local agency within the state of California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

4.7 California Local Agency Investment Pools

Shares of beneficial interest issued by a joint powers authority organized pursuant to Government Code Section 6509.7 that invests in the securities and obligations as described in Government Code Section 53601 subdivision (p).

4.74.8 Medium-Term Notes

Medium-term notes are all corporate and depository institution debt securities with a maximum original maturity of five years or less, issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. To be eligible as a District investment, medium-term notes must be rated "A" or its equivalent or better by S&P Global Ratings, Moody's Investor Services, Inc., or Fitch Ratings, Inc.

4.84.9 Deposits held at Nationally- or State-chartered Banks, or State or Federal Savings and Loan Associations

Banking or savings and loan institutions holding demand deposits for the District must meet the definitions provided in California Financial Code section 5102 and must have a rating of "A" or better on its long-term debt by S&P Global Ratings, Moody's Investor Services, Inc., or Fitch Ratings, Inc. Demand deposits must be fully collateralized in accordance with California Government Code Section 53652.

4.94.10 Shares of beneficial interest in funds investing in U.S. dollar-denominated money market securities (Money Market Funds)

Money Market Funds in which the District invests must be registered with the Securities and Exchange Commission under the Investment Company Act of 1940, and have achieved the highest letter ranking by two of the following: S&P Global Ratings, Moody's Investor Services, Inc., or Fitch Ratings, Inc.

SECTION 5. INVESTMENT LIMITS AND ALLOCATION

5.1 The Treasurer shall continuously evaluate market conditions economic data, interest rate trends and forecasts, and the Districts' cash flow requirements. When appropriate, the Treasurer shall obtain quotations from brokers, dealers, banks, savings and loan institutions and the Los Angeles County Treasurer's Office. Investments in the PSIF and LAIF will be monitored continually. All of these factors must be considered, among other things, in determining where, in what denomination and for what maturity investments are made.

5.2 The following limits shall apply to each District's invested funds:

1. No more than 60% of any District's funds may be invested in any one GSE.
 2. The total of the medium-term notes may not exceed 30% of any District's funds, with no more than 10% in aggregate in medium-term notes rated A.
 3. No more than 10% of any District's funds may be invested in the securities of any single corporate entity or depository institution rated AA or greater and no more than 2% of any District's funds may be invested in the securities of any single corporate entity or depository institution rated A.
 4. No more than 20% of any District's funds may be invested in Money Market Funds, and no more than 10% of any District's funds may be invested in any single Money Market Fund.
- 5.3 The percentage limitations in Section 5.2 will apply at the time the investment is made. For purposes of calculating these percentages, District funds include all cash and investments of a District as reflected in each District's most recent books of account.
- 5.4 Any investments owned by any District that have been downgraded to a rating below A shall be considered to be rated A for the purposes of calculating percentage limits as prescribed in Section 5.2.

SECTION 6. MAXIMUM MATURITIES

The Treasurer shall match investments with anticipated cash flow requirements and will not invest in securities with a remaining maturity of more than five years unless approved by the Board of Directors, either specifically or as a part of an investment program, at least three months prior to purchase.

SECTION 7. PURCHASING ENTITIES

- 7.1 As required by Government Code Section 53601.5, investments not purchased directly from the issuer or not purchased using pooled funds in PSIF or LAIF must be purchased from or through:
1. An institution licensed by the State of California as broker/dealer, as defined in Section 25004 of the Corporations Code;
 2. A member of a federally regulated securities exchange;
 3. A national or state-chartered bank;
 4. A savings association or a federal association; or
 5. A brokerage firm designated as a primary government dealer by the Federal Reserve Bank.

SECTION 8. INVESTMENT SAFEKEEPING

To ensure a high degree of internal safety, all certificates or other evidence of securities or other investments purchased by or for the Districts will be held for safekeeping as required by law. The Treasurer may require any securities to be held by an entity other than the selling party of the security. Any specific investments must be held for safekeeping by a third-party custodian designated by the Treasurer and must be segregated from and not commingled with the funds of other investors or the County.

SECTION 9. REPORTING REQUIREMENTS

In accordance with Government Code Section 53646, the Treasurer shall prepare and submit a quarterly report to the Boards of Directors. The quarterly report must comply with applicable law and include the security type, issuer, investment yield, date of maturity, par value, amount invested, current market value and source of this valuation. Any investments in PSIF or LAIF will be included with a summary of that pool's most recent investment statement.

SECTION 10. INTERNAL CONTROL

In addition to the certified public accountant's yearly independent audit of the Districts, the Treasurer will cause the Districts' Internal Auditor to conduct semi-annual audits of the investment portfolio to ensure compliance with this Investment Policy and related procedures.

SECTION 11. ETHICS AND CONFLICTS OF INTEREST

Officers and employees of the Districts involved in the investment process are prohibited from personal business activities that could conflict with proper execution of the Districts' investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials must disclose to the Treasurer any material financial interests in financial institutions, broker dealers and vendors that conduct business with the Districts and must disclose any larger financial/investment positions which could relate in a conflicting manner to the performance of the Districts' investment portfolio by filing Form 700 annually.

SECTION 12. INVESTMENT POLICY ADOPTION

This Policy will be reviewed on an annual basis and any modifications must be approved by all of the Districts' Boards of Directors. Prior to that review, the matter will be referred to the Personnel Committee (comprised of the Chairpersons of the Board of Directors of each active District) for its consideration. This Policy will become effective after approval by all of the Districts Boards and supersedes the Investment Policy for each individual District.

Adopted by all Boards _____ 2024