

Investment & Debt Policies

Our public finance attorneys routinely assist public entity clients with annual review and updates of investment policies, custody and deposit agreements, and contracts with investment advisers. Although California law changed on January 1, 2010, to provide that investment policies are optional, rather than mandatory, for local public agencies, state law continues to restrict the type and nature of authorized investments for local public agencies. We are experienced with the requirements of California law relating to investment policies and investment of public funds, including considerations relating to delegation of investment authority, authorized investments, and various safekeeping and custody arrangements for public funds.

Senate Bill No. 1029 (SB 1029), effective January 1, 2017, amended provisions of the California Government Code concerning the information that municipal issuers of debt and certain other financing obligations must provide to the California Debt and Investment Advisory Commission, including requirements concerning local debt policies for the use of debt. A local debt policy adopted toward fulfilling these changes in the law must include all of five elements: (1) the purposes for which the debt proceeds may be used; (2) the types of debt that may be issued; (3) the relationship of the debt to, and integration with, the issuer's capital improvement program or budget, if applicable; (4) policy goals related to the issuer's planning goals and objectives; and (5) the internal control procedures that the issuer has implemented, or will implement, to ensure that the proceeds of the proposed debt issuance will be directed to the intended use.

While the list of statutory requirements is straightforward, as with any policy, a debt policy is most productive and adaptable when its provisions have been informed by an in-depth understanding of the subject matter of the policy. When our public finance attorneys assist a public agency with a debt policy, the client is assured that many years of experience inform the crafting of the policy so that the policy meets its desired objectives while retaining flexibility for implementing practical financing solutions.

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