NCPA
A PUBLIC AGENCY
NORTHERN CALIFORNIA POWER AGENCY

CY2026 Investment Policy Update

Sondra Ainsworth

August 4, 2026

Purpose of Update

- Annual policy review per Gov. Code §53646
- Incorporate **2026 statutory changes**
- Align policy with current market conditions
- Maintain compliance and best practices

Summary of Key Changes

- Commercial Paper maturity extended
- Zero/negative interest sunset extended
- Form 700 electronic filing clarified
- Municipal investment limit increased
- Minor updates to Government Code references

Commercial Paper

- What changed?
  - Maximum maturity increased: **270 → 397 days**
  - Updated in **Attachments 3 & 4**
- Aligns with Gov. Code §53601(h)
- **Why it matters:**
  - Improves portfolio flexibility
  - Enhances yield opportunities by allowing longer dated short-term securities
  - Still within high-quality, short-term framework

Zero/Negative Yield Securities

- Sunset extended to **January 1, 2031**
- Applies to U.S. government-backed securities
- **Why it matters:**
  - Allows operation in low/negative rate environments
  - Maintains compliance with State law

Municipal Investment Limit

- Increased from **30% → 50% of portfolio**
- **Why it matters:**
  - Greater diversification flexibility
  - Still governed by rating requirements (Category A or better) and 5% limitation per issuer
  - Remains within statutory authority; reflects internal policy adjustment

Form 700 & Ethics Updates

- Annual **Form 700 electronic filing required**
- Applies to:
  - Treasurer-Controller
  - CFO
- Reinforces:
  - Conflict of interest compliance
  - Transparency standards

Training Requirement Reminder

- Biennial **2-hour financial training requirement**
- Covers:
  - Cash management and investments
  - Debt management
  - Pension/OPEB
  - Public finance fundamentals
  - Ethics of safeguarding public resources

Government Code Reference Update

- No substantive statutory changes
- Aligns with CDIAC 2026
- Minor citation updates in Attachments
- **These updates expand flexibility but do not change how we manage risk or liquidity**

Impact to NCPA Portfolio

Risk Profile

NO CHANGE

Liquidity Position

NO CHANGE

Flexibility

MODEST INCREASE

What did NOT change

- Prudent Investor Standard (§53600.3)
- Core investment types
- Maximum portfolio maturity structure
- Reporting framework

Before and After

Topic	Prior	Updated
CP Maturity	270 Days	**397 Days**
Municipal Cap	30%	**50%**
Zero Yield Sunset	2026	**2031**

Policy Status

- Remains **conservative and compliant**
- Changes are **incremental, not structural**
- Enhances:
  - Flexibility
  - Clarity
  - Alignment with State law

Recommended Updates

- Staff is seeking a recommendation from the Finance Committee to place this item on the consent calendar for the Commission approval of the revisions to the Investment Policy.

Questions?