



ADMINISTRATIVE SERVICES DEPARTMENT

CITY HALL
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CITY COUNCIL STAFF REPORT

Meeting: May 17, 2022

Subject

Consider accepting the City Investment Policy.

Recommended Action

Adopt Resolution No. 22-XXX accepting the City Investment Policy.

Discussion

On an annual basis, the Audit Committee reviews the City's investment policy before it is presented to City Council.

The investment policy is the foundation of the City's investment goals and priorities. It can help protect the City's assets if it is carefully researched, effectively drafted, and regularly reviewed to assure that it continues to meet the City's investment objectives. The existence of an approved investment policy demonstrates that the City is performing its fiduciary responsibilities, thereby inspiring trust and confidence among the public that it serves.

The investment policy provides guidelines for the prudent investment of the City's temporary idle cash. It outlines the policies for maximizing the efficiency of the City's cash management system.

California Government Code section 53646(a)(2) states:

[T]he treasurer or chief fiscal officer of the local agency may annually render to the legislative body of that local agency and any oversight committee of that local agency a statement of investment policy, which the legislative body of the local agency shall consider at a public meeting. Any change in the policy shall also be considered by the legislative body of the local agency at a public meeting.

Assembly Bill 2853 (Chapter 889, Statutes of 2004) amended section 53646(a)(2) to make presentation of the investment policy to the City Council optional. While no longer

required by Code, the City annually presents the investment policy to the Audit Committee before presenting it to City Council for approval.

In FY 2018-19, the City selected Chandler Asset Management for investment management services through a Request for Proposal (RFP). Under the City's Treasurer's direction, Chandler Asset Management manages the City's investment portfolio in accordance with the City's investment objectives. The City's investment objectives, in order of priority, are to provide

- Safety to ensure the preservation of capital in the overall portfolio
- Sufficient liquidity for cash needs
- A market rate of return consistent with the investment program

The performance objective is to earn a total rate of return through a market cycle equal to or above the return on the benchmark index. To achieve the objective, Chandler Asset Management invests in high-quality fixed-income securities consistent with the City's investment policy and Code.

Chandler Asset Management reviewed the City's investment policy. The review of the policy focused on compliance with the statutes of Code that govern the investment of public funds and the inclusion of current best practices. There were no changes to Code for 2022. The City's policy continues to be effective as written.

Sustainability Impact

No sustainability impact.

Fiscal Impact

No fiscal impact.

Prepared by: Thomas Leung, Acting Finance Manager

Reviewed by: Kristina Alfaro, Director of Administrative Services and City Treasurer

Approved for Submission by: Jim Throop, City Manager

Attachments:

A – Draft Resolution

B – Investment Policy (redline)