



Legislation Text

File #: 20-0183, **Version:** 1

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Bruce Moe, City Manager

FROM:

Steve S. Charelian, Finance Director
Henry Mitzner, Controller
Libby Bretthauer, Senior Financial Analyst

SUBJECT:

Adoption of Annual Investment Policy for Fiscal Year 2020-2021 and Delegation of Responsibility for Investing Funds to the City Treasurer (Finance Director Charelian).

ADOPT

RECOMMENDATION:

The Finance Subcommittee and City staff recommend that the City Council adopt the Fiscal Year (FY) 2020-2021 Investment Policy and continue the existing delegation of responsibility for investing funds to the City Treasurer.

FISCAL IMPLICATIONS:

There are no fiscal implications from the recommended action.

BACKGROUND:

The City's adopted Financial Policies state the Finance Subcommittee and City Council shall annually review and update, as appropriate, the City's Investment Policy. Furthermore, the Investment Policy shall be adopted by the City Council based upon the Finance Subcommittee's recommendations.

The Finance Subcommittee reviewed and approved the FY 2020-2021 Investment Policy at their July 22, 2020, meeting in advance of the City Council's review and adoption.

DISCUSSION:

The City's current Investment Policy was reviewed by the City's investment brokers and City staff, taking into consideration current laws and regulations, and changing market conditions. City staff also reviewed Investment Policy Certification Program guidelines issued by the California Municipal Treasurers Association (CMTA), California Debt and Investment Advisory Commission (CDIAC) and the Association of Public Treasurers of the United States and Canada (APT US&C).

No substantive changes were made to the Investment Policy this year. However, two new sections

were incorporated as recommended by CMTA's Certification Program guidelines. Although similar language has been included in past Investment Policies and the City Treasurer and staff already follow the principles in the new Sections 10 (*Review of Investment Portfolio*) and Section 11 (*Diversification*), the importance of these topics merits their own sections for easier reference.

The changes, as presented, were reviewed and approved by the Finance Subcommittee for recommendation to the full City Council.

Delegation of Investment Authority to the City Treasurer

Pursuant to the California Government Code Section 53607, the legislative body (City Council) of the local agency may invest funds of the local agency or delegate that responsibility to the Treasurer of the local agency. The Treasurer assumes full responsibility for all investment transactions and makes a monthly report of those transactions to the legislative body until the delegation is revoked or expired. The legislative body may renew the delegation of authority each year.

The City Council has previously delegated Investment Authority to the City Treasurer, most recently in August 2019. Staff recommends that the City Council renew that delegation of responsibility for FY 2020-2021. This recommendation, if accepted, continues the long-standing City Council delegation of authority to the City Treasurer that is vital to the efficient operation of the City's treasury management.

PUBLIC OUTREACH:

After analysis, staff determined that public outreach was not required for this issue.

ENVIRONMENTAL REVIEW:

The City has reviewed the proposed activity for compliance with the California Environmental Quality Act (CEQA) and has determined that there is no possibility that the activity may have a significant effect on the environment; therefore, pursuant to Section 15061(b)(3) of the State CEQA Guidelines the activity is not subject to CEQA. Thus, no environmental review is necessary.

LEGAL REVIEW:

The City Attorney has reviewed this report and determined that no additional legal analysis is necessary.

ATTACHMENT:

1. Investment Policy for Fiscal Year 2020-2021