



Legislation Text

File #: 22-0379, **Version:** 1

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Bruce Moe, City Manager

FROM:

Steve S. Charelian, Finance Director
Libby Bretthauer, Financial Services Manager

SUBJECT:

Adoption of Annual Investment Policy for Fiscal Year 2022-2023 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) 2022-2023 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 2022-2023 Investment Policy at their August 23, 2022, meeting in advance of the City Council's review.

DISCUSSION:

The City's FY 2021-2022 Investment Policy was certified by the California Municipal Treasurers Association (CMTA). This Investment Policy Certification recognizes and validates that the City of Manhattan Beach's Investment Policy adheres with the State of California Government Code and meets the program requirements within 18 different topic areas deemed to be best practices for investment policies. The topics include:

- Scope
- Prudence
- Objective

- Delegation of Authority
- Ethics and Conflicts of Interest
- Authorized Financial Dealers and Institutions
- Authorized and Suitable Investments
- Review of Investment Portfolio
- Investment Pools/Mutual Funds
- Collateralization
- Safekeeping and Custody
- Diversification
- Maximum Maturities
- Internal Controls
- Performance Standards
- Reporting
- Investment Policy Adoption
- Glossary

As required by the City's Financial Policies, the annual review of the City's current Investment Policy was recently conducted by the City's investment brokers and City staff, taking into consideration current laws and regulations as well as changing market conditions. City staff also reviewed CMTA's Investment Policy Certification Program guidelines for any updates to the program.

During this review, it was determined that no substantive changes to the Investment Policy were needed this year. However, one minor change was made to *Attachment A: Summary of State of California Statutes Applicable to Municipal Investment* adding a maximum of 10% in outstanding Commercial Paper and Medium-Term Notes for any single issuer. Previously, a limit combining Commercial Paper and Medium-Term Notes for a single issuer was not listed.

The change was 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 November 2021. Staff recommends that the City Council renew that delegation of responsibility for FY 2022-2023. 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 2022-2023