



Staff Reports

File #: 40-2021, **Version:** 1

To: Honorable Chair and Commissioners

From: Bret Prebula, Finance Director

Prepared By: Jessie Gooch, Finance Analyst

TITLE:

Statement of Investment Policy

RECOMMENDED ACTION:

Adopt a resolution to adopt the City's Statement of Investment Policy for FY 2021/22 and delegate authority to the City Treasurer to invest funds in accordance with the Statement of Investment Policy.

DISCUSSION:

Consistent with California Government Code Section 53646(a)(2), the Treasurer annually renders to the City Council a Statement of Investment Policy for consideration and approval. Further, consistent with Government Code Section 53607, the Housing Authority annually delegates authority to the City Treasurer to make investments on behalf of the City. Pursuant to Council action on June 1, 2021, the City Council appointed Finance Manager Elizabeth Cabell to serve as the City Treasurer, which includes the responsibility to make investments on behalf of the City.

The passage of Senate Bill 998 (Chapter 235, Statutes of 2020), which took effect on January 1, 2021, necessitates updates to the City's Investment Policy. These changes impact the Investment Policy sections on Commercial Paper and Medium-Term Notes.

A memo from our consultants, PFM Asset Management LLC, is attached to explain the impacts of Senate Bill 998, and how those impacts led to the changes requested to the City's Policy.

Commercial Paper Section Update:

- Remove statement "Purchases may not represent more than 10% of the outstanding paper of an issuing corporation."
- Increase purchasing amount from max of 25% of the agency's surplus money to 40% until January 1, 2026. Maximum allocation goes back to 25% after that date.
- Add statement "No more than 10% of the agency's total investment assets may be in the commercial paper and the medium-term notes of any single issuer."

Medium-Term Notes Section Update:

- Add statement "No more than 10% of the agency's total investment assets may be in the

commercial paper and the medium-term notes of any single issuer.”

FINANCIAL IMPACTS:

There is no fiscal impact.

CEQA:

The Finance Director has determined that the Recommended Action described in this Agenda Report is not subject to CEQA, pursuant to CEQA Guidelines Section 15060(c).

DOCUMENTS ATTACHED:

ATCH 1 - Resolution

EX A - Statement of Investment Policy

ATCH 2 - Memo from PFM Asset Management LLC

ATCH 3 - Statement of Investment Policy, Red-Line

NOTIFICATION:

None