



CITY COUNCIL

STAFF REPORT

September 21, 2022

ITEM TITLE: RESOLUTION NO. 2022-68 AND SA-22-83 APPROVING AND ADOPTING THE AMENDMENTS TO CITY OF IMPERIAL BEACH INVESTMENT POLICY AND DELEGATING THE CITY TREASURER THE AUTHORITY TO INVEST AND REINVEST. (0350-95 & 0418-95)

ORIGINATING DEPARTMENT:

Finance

EXECUTIVE SUMMARY:

The California State Treasurer recommends that Local Agency Investment Guidelines be reviewed and amended annually for compliance with all governing laws and regulations. Staff is seeking approval and adoption of Resolution No. 2022-68 by the City Council and SA-22-83 by the Successor Agency authorizing the amendments to the City of Imperial Beach Investment Policy. Additionally, pursuant to California Government Code Section 53607, Staff is seeking approval to delegate to the City Treasurer the authority to invest and reinvest the City's financial assets.

RECOMMENDATION:

Approve and adopt Resolution No. 2022-68 by the City Council and SA-22-83 by the Successor Agency authorizing the amendments to the City of Imperial Beach Investment Policy and delegating to the City Treasurer the authority to invest and reinvest the City's financial assets.

OPTIONS:

- Adopt Resolution No. 2022-68 and SA-22-83 as recommended
- Provide staff with direction for alternative action

BACKGROUND/ANALYSIS:

The Investment Policy (Policy) and Government Code 53646(a)(2) sets forth that the Policy shall be subject to review by the City Council/Board on an annual basis. Any recommended modifications or amendments shall be presented by Staff to the City Council/Board, at a public meeting, for their consideration and adoption.

The Policy was last reviewed by City Council in August 2020. At that time several modifications were made to bring the Policy into compliance with current industry practices as well as with Government Code 53600, et seq, which governs the investments of local agencies. Additionally, modifications were made pursuant to the California Municipal Treasurers Association's (CMTA) recommendations in order for the policy to receive certification by CMTA. Those modifications

served to strengthen and clarify the City's Investment Policy. Subsequent to the adoption of the proposed policy, Staff intends to once again submit the Investment Policy to CMTA for re-certification.

Working with Chandler Asset Management, the City's portfolio manager, staff is proposing the following changes to the Investment Policy:

- Replace "Assistant City Manager" with "Chief Administrative Officer" throughout the document to align the positions with current City structure.
- Section VII – Delivery, Safekeeping and Custody, and Competitive Transactions – Clarified Local Governments Investment Pools, time certificates of deposit, mutual funds, and money market mutual funds are exempt from the Delivery vs Payment (DVP) requirement because the securities are not deliverable.
- Section X – Portfolio Risk Management - Added language from SB 998 that permits the purchase of zero- or negative-accrual securities, provided that they are issued or backed by the US Government. The law became effective 1/1/21 and is scheduled to sunset on 1/1/26.

Attachment 3 reflects the changes in a strike-through version of the policy. Attachment 4 is the final version.

Additionally, the City Council may elect to delegate its authority to invest and reinvest City funds to the City Treasurer for up to one year pursuant to California Government Code Section 53607. Staff recommends that the City Council delegate its authority to invest and reinvest public funds, and to sell or exchange securities so purchased, to the City Treasurer for one year or until earlier revoked by the City Council.

ENVIRONMENTAL DETERMINATION:

Not a project as defined by CEQA.

FISCAL IMPACT: N/A

ATTACHMENTS:

- ATT 1 – Resolution 2022-68 Amending and Adopting the Investment Policy
- ATT 2 – Resolution SA-22-83 Amending and Adopting the Investment Policy
- ATT 3 – Investment Policy Effective September 21, 2022 – STRIKE-THROUGH
- ATT 4 – Investment Policy Effective September 21, 2022