



CITY OF COSTA MESA

Agenda Report

77 Fair Drive
Costa Mesa, CA 92626

File #: 23-1264

Meeting Date: 6/20/2023

TITLE:

RESOLUTION ADOPTING THE FY 2023-2024 STATEMENT OF INVESTMENT POLICY

DEPARTMENT: FINANCE DEPARTMENT

PRESENTED BY: CAROL MOLINA, FINANCE DIRECTOR

CONTACT INFORMATION: CAROL MOLINA, FINANCE DIRECTOR, (714) 754-5243

RECOMMENDATION:

Staff recommends the City Council Adopt Resolution No. 2023-xx (Attachment 1) approving the Statement of Investment Policy for FY 2023-2024 (Attachment 2).

BACKGROUND:

Pursuant to California Government Code Section 53646(a)(2), the City Treasurer may annually render a statement of investment policy to the legislative body and any oversight committee, 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. City Council reviews and adopts the Invest Policy after City staff presents the policy and any recommended changes to the Finance and Pension Advisory Committee (FiPAC) for review.

The attached Investment Policy has been developed according to the specific needs of the City of Costa Mesa and complies with the California Government Code, guidelines from the California Municipal Treasurer's Association (CMTA), and the Association of Public Treasurers of the United States and Canada (APTUS&C), as well as recommendations by Chandler Asset Management (Chandler), the City's contracted investment manager.

ANALYSIS:

The City Treasurer, contracted investment manager, and staff annually review the Investment Policy, which follows requirements established by California Government Code, and recommend changes based on investment objectives, legislative changes, investment management practices, or the bond market and economy.

One of the City Treasurer's important statutory duties is set forth in California Government Code Section 41001, which states the "city treasurer shall receive and safely keep all money the treasurer receives." The basic premise underlying the City's investment philosophy is and continues to be, to ensure that surplus funds are always safe and available when needed. Criteria for selecting investments and the order of priority are:

1. Safety - It is the primary duty and responsibility of the City Treasurer to protect, preserve, and maintain intact cash and investments placed in trust with the City Treasurer.
2. Liquidity - An adequate percentage of the portfolio should be maintained in liquid short-term securities, which can be converted to cash if necessary to meet disbursement requirements.
3. Yield - The City Treasurer shall obtain the highest possible yield within the parameters of the City's authorized investments, provided the criteria for safety and liquidity have been met.

Chandler reviewed the City's Investment Policy as part of their investment management role to ensure compliance with the California Government Code. There were no material changes to the California Government Code. Therefore, no change is recommended to the City's Investment Policy.

ALTERNATIVES:

Since there have been no changes to the City's Investment Policy, there are currently no alternative options.

FISCAL REVIEW:

There is no fiscal impact. This item is administrative in nature.

LEGAL REVIEW:

The City Attorney's Office has reviewed this report and approved it as to form.

CITY COUNCIL GOALS AND PRIORITIES:

This item supports the City Council Goal:

- Achieve Long-Term Fiscal Sustainability.

CONCLUSION:

Staff recommends the City Council Adopt Resolution No. 2023-xx (Attachment 1) approving the Statement of Investment Policy for FY 2023-2024 (Attachment 2).