



CITY OF COSTA MESA

77 Fair Drive
Costa Mesa, CA 92626

Agenda Report

File #: 26-195

Meeting Date: 3/17/2026

TITLE:

RESOLUTION 2026-XX APPROVING THE 2025-2026 STATEMENT OF INVESTMENT POLICY FOR THE CITY, AND DESIGNATING THE CITY TREASURER TO INVEST AND REINVEST IDLE MONIES OF THE CITY OF COSTA MESA IN ACCORDANCE WITH THE 2025-2026 STATEMENT OF INVESTMENT POLICY

DEPARTMENT: FINANCE

PRESENTED BY: MARK KHOU, BUDGET & PURCHASING MANAGER

CONTACT INFORMATION: MARK KHOU, BUDGET & PURCHASING MANAGER (714) 754-5241

RECOMMENDATION:

Adopt Resolution 2026-XX (Attachment 1) approving the 2025-26 Costa Mesa Investment Policy (Attachment 2) and delegating the investment activities to the City Treasurer.

BACKGROUND:

Pursuant to California Government Code section 53646(a)(2), the City Treasurer may submit a "Statement of Investment Policy" to the legislative body and any oversight committee. During each fiscal year, City staff presents any recommended changes to the Finance and Pension Advisory Committee (FiPAC) and the City Council. 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 the City's Finance Officer-Revenue.

FiPAC committee members review the Investment Policy recommended changes prior to the City Council review. On March 11, 2026, staff presented to the Finance and Pension Advisory Committee, and recommended that changes be made to the FY 2022-2023 Statement of Investment Policy. FiPAC unanimously approved staff's recommendation and the proposed revisions. The proposed Resolution provides the annual update and approves proposed revisions of the policy.

In addition to proposed revisions to allowable investment options, the revised policy adds language to ensure that the position of City Treasurer is always filled even if the Finance Director position is vacant.

ANALYSIS:

The City Treasurer’s single most important statutory duty 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 adopted Investment Policy serves primarily to set parameters for the safe investment of City funds. It also designates who serves as the City Treasurer.

Legal Investment Authority: Temporary idle monies are to be invested in accordance with state and local statutes and in compliance with California Government Code section 53600, et seq.

- 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.

Investment Policy language was updated to broaden the ability for the City to invest in any permitted Local Government Investment Pool (LGIP), which is permitted under California Government Code, expanding the Policy beyond the currently explicitly named State of California Local Agency Investment Fund (LAIF).

The City’s current Investment Policy provides that the Finance Director serves as the City Treasurer. The existing policy contains no provision regarding who would serve as Treasurer if the Finance Director position were vacant. Principals of good governance require the City to designate who should serve as City Treasurer in the event the Finance Director position is vacant or the designated City Treasurer is absent.

The revised Investment Policy is provided at Attachment 2. For ease of review, a redline showing changes from the current policy is provided in Attachment 3.

ALTERNATIVES:

The City Council could approve amendments to the Resolution or the Investment Policy. Both the Association of Public Treasurers of the United States & Canada and Government Finance Officers Association recommend investment policy be reviewed annually.

FISCAL REVIEW:

The proposed amendments provide additional investment opportunities to allow maximum yield from safe and liquid investment options as per the California Government Code and ensure the role of City Treasurer is always filled. Investment earnings are distributed across all funds.

LEGAL REVIEW:

The City Attorney’s Office prepared this report and the Resolution and reviewed and approved the revised Investment Policy as to form.

CITY COUNCIL GOALS AND PRIORITIES:

This item is administrative in nature but supports the City's core values of fiscal sustainability and transparency in government.

CONCLUSION:

The City Council is requested to Adopt Resolution 2026-XX approving the 2025-26 Statement of Investment Policy and delegating investment activities to the City Treasurer.