



# Administrative Report

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J.1., File # BF25-1150

Meeting Date: 8/14/2025

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**To: BUDGET AND FINANCE COMMISSION**

**From: EUGENE SOLOMON, CITY TREASURER**

## **TITLE**

**ANNUAL REVIEW OF THE CITY'S STATEMENT OF INVESTMENT POLICY 2025, AS AMENDED**

## **EXECUTIVE SUMMARY**

The City Treasurer strives to maintain a well-balanced and diversified investment portfolio that meets the investment criteria and performance objectives of the City's Statement of Investment Policy.

The governing body of public funds should regularly review and approve investment guidelines. The City Council approves the City's Statement of Investment Policy annually.

California Government Code Section 53646(a)(2) states that the treasurer or chief fiscal officer of a local agency may annually render to his/her legislative body and any oversight committee an investment policy, that the legislative body shall consider at a public meeting. This raises questions about whether or not the policy should be adopted officially by the legislative body, and the time during the year that this "consideration" should take place.

The consensus recommendation of the California Debt and Investment Advisory Commission (CDIAC) states: "An investment policy should always be in place. While not required by statute, it is in the best interest of the local agency to present and discuss the policy with the agency's legislative body or oversight committee, and then have the policy approved by a vote of the legislative body. A public vote signifies that the legislative body shares fiduciary responsibility with the treasurer, increases the authority and legitimacy of the investment policy, and provides transparency and disclosure."

Section 23 of the City's Investment Policy specifies that the City Treasurer present the City's statement of investment policy for annual review and adoption by the City Council, as well as annual review by the Budget and Finance Commission. Review of the investment policy incorporates input and analysis of the State of California government code; Legislative changes impacting investment management enacted in 2025; and information from the California Debt and Investment Advisory Committee's (CDIAC) annual update of local agency investment policy guidelines. Local Agency Investment Guidelines may be found at:

<http://www.treasurer.ca.gov/cdiac/LAIG/guideline.pdf>.

The City Treasurer recommends the following amendments to the investment policy.

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Section G. Local Agency Investment Fund - Maximum of \$65 million per account increased to \$75 million per account.

The City may invest in the Local Agency Investment Fund (LAIF) established by the State Treasurer for the benefit of local agencies up to the \$75 million maximum permitted by State law.

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**N. Joint Powers Authority - Maximum of 20%**

Shares of beneficial interest issued by a joint powers authority organized pursuant to Section 6509.7 that invests in the securities and obligations authorized in subdivisions of the California Code 53601 (a) to (r), inclusive. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the joint powers authority. To be eligible under this section, the joint powers authority issuing the shares

shall have retained an investment adviser that meets all of the following criteria:

- (1) The adviser is registered or exempt from registration with the United States Securities and Exchange Commission.
- (2) The adviser has not less than five years of experience investing in the securities and obligations authorized in subdivisions (a) to (q), inclusive.
- (3) The adviser has assets under management in excess of five hundred million dollars (\$500,000,000).

No more than 20 percent of the City's funds may be invested in JPAs.

2024 Version:

**N. Joint Powers Authority Maximum Limit 20%**

The City may invest up to 20% of its portfolio in shares issued by a Joint Powers Authority, established under California Government Code Section 6509.7. These investments must meet the following:

1. Each share shall represent an equal proportional interest in the underlying pool of securities owned by the Joint Powers Authority.
2. The Joint Powers Authority issuing the shares must retain an investment adviser meets all of the following criteria:
  - (a) Is registered or exempt from registration with the Securities and Exchange Commission (SEC).
  - (b) Has a minimum of five years of experience investing in the securities and obligations authorized in sections (a) to (r) of California Government Code Section 53601.
  - (c) Manages assets under in excess of five hundred million dollars (\$500,000,000).

**COORDINATION**

The City's Statement of Investment Policy, as amended, was reviewed by the City Attorney's Office.

**FISCAL IMPACT**

There is no direct fiscal impact as a result of the review and approval of this amended Investment Policy.

**ATTACHMENTS**

Exhibit A - Draft City of Redondo Beach Statement of Investment Policy 2025

Exhibit B - Registered investment advisor and list of qualified brokers from which the City may purchase investments.

Exhibit C - Investment Procedures Manual