



Administrative Report

J.1., File # BF24-1703

Meeting Date: 11/14/2024

To: BUDGET AND FINANCE COMMISSION
From: EUGENE SOLOMON CITY TREASURER

TITLE
ANNUAL REVIEW OF CITY'S STATEMENT OF INVESTMENT POLICY 2024

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 2024; 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 addition to the investment policy:

Addition of section N.

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 and CAMP documents were 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 Investment Policy.

ATTACHMENTS

Exhibit A - Draft City of Redondo Beach Statement of Investment Policy 2024

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

Exhibit C - Investment Procedures Manual

Exhibit D - Powerpoint Presentation

CAMP Documents