



CITY COUNCIL AGENDA REPORT

MEETING DATE: JUNE 19, 2007

ITEM NUMBER:

SUBJECT: REVIEW OF THE FY 2007-2008 STATEMENT OF INVESTMENT POLICY

DATE: JUNE 8, 2007

FROM: FINANCE DEPARTMENT

PRESENTATION BY: MARC R. PUCKETT, DIRECTOR OF FINANCE

FOR FURTHER INFORMATION CONTACT: MARC R. PUCKETT (714) 754-5243

RECOMMENDED ACTION

Adopt Resolution No. ____ approving the Statement of Investment Policy for Fiscal Year 2007-2008 and delegating the investment activities to the City Treasurer.

BACKGROUND

The California Government Code Section 53646 requires the City Treasurer to submit a "Statement of Investment Policy" to the legislative body each fiscal year. Effective January 1, 1996, this Code Section was reinstated and requires annual adoption of the policy statement. This Investment Policy has been designed according to the specific needs of the City of Costa Mesa and complies with the California Government Code, guidelines recommended by the California Municipal Treasurer's Association and guidelines recommended by the Association of Public Treasurers of the United States and Canada.

The City Treasurer has the responsibility to submit a monthly Treasurer's Report to the City Council regarding the status of receipts, disbursements, cash balances by fund and investment of cash balances. The Finance Department updates revenue and investment activity on a daily basis. The Treasury Management Division of the Finance Department analyzes the cash requirements of the City each morning in conjunction with the Director of Finance. Idle funds are invested daily to effectively maximize the City's investment earnings within the parameters outlined in the adopted Investment Policy.

The single most important statutory duty of the City Treasurer is set forth in California Government Code Section 41001 which provides that the "City Treasurer shall receive and safely keep all money coming into the Treasury." In light of this responsibility, the California Municipal Treasurer's Association has established the following as a guideline to prudent investment strategy:

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

- 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 on behalf of the citizens of the City of Costa Mesa.
- 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.
- 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.

ANALYSIS

The 2006-2007 Investment Policy adopted on June 20, 2006, has been revised to reflect only miscellaneous or other "housekeeping" changes such as "date" changes made to the various sections of the Investment Policy as noted.

Whenever revisions to the Investment Policy are considered, the proposed revisions are reviewed and discussed with the Investment Oversight Committee at its meetings throughout the fiscal year. The changes discussed herein have been submitted to the Investment Oversight Committee for review and the proposed changes referenced above are recommended to City Council for adoption.

CONCLUSION

The attached Investment Policy has been revised to include the proposed changes referenced above. It is recommended that City Council adopt the attached Resolution Number ---- approving the attached Investment Policy for the 2007-08 fiscal year.

MARC R. PUCKETT
Director of Finance/City Treasurer

Attachments:

- (1) [2006-07 Red Lined Statement of Investment Policy](#)
- (2) [2007-08 Proposed Statement of Investment Policy](#)
[Investment Guidelines and Strategy](#)
[Investment Procedures: Internal Controls - Guidelines](#)
[Cash Controls: Independent Auditors' Procedure](#)
[Segregation of Treasury Responsibilities](#)
- (3) [Glossary](#)
- (4) [Resolution](#)