



CITY COUNCIL AGENDA REPORT

MEETING DATE: MAY 18, 2010

ITEM NUMBER:

SUBJECT: REVIEW OF THE FY 2010-2011 STATEMENT OF INVESTMENT POLICY

DATE: APRIL 19, 2010

FROM: FINANCE DEPARTMENT

PRESENTATION BY: COLLEEN O'DONOGHUE, ASSISTANT FINANCE DIRECTOR

FOR FURTHER INFORMATION CONTACT: COLLEEN O'DONOGHUE (714) 754-5219

RECOMMENDED ACTION

1. Adopt Resolution No. ____ approving the Statement of Investment Policy for Fiscal Year 2010-2011.
2. Authorize the Assistant Finance Director to act as City Treasurer and to invest in accordance with the Investment Policy.

BACKGROUND

The California Government Code Section 53646(a)(2) requires the City Treasurer to submit a "Statement of Investment Policy" to the legislative body each fiscal year. This Investment Policy has been designed and developed 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 (CMTA) and guidelines recommended by the Association of Public Treasurers of the United States and Canada (APTUS&C).

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 these statutory responsibilities, the California Municipal Treasurer's Association has established the following guidelines to prudent investment strategy for local treasurers to follow:

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 2009-2010 Investment Policy adopted on August 4, 2009, has been revised to reflect the changes as referenced below:

- On November 16, 2009, the State Treasurer increased the Local Agency Investment Fund's (LAIF) deposit limit from the current \$40 million to \$50 million based on the recommendation of the Local Investment Advisory Board (LIAB). The Investment Policy has been modified to reflect this change and is noted in the attached 2009-2010 red-line copy of the policy statement.

Whenever revisions to the Investment Policy are considered, the proposed revisions are reviewed and discussed with the Investment Oversight Committee at its meetings held quarterly throughout the fiscal year. The changes discussed herein have been submitted to the Investment Oversight Committee for review and comment on April 27, 2010. After discussion of the proposed changes, the changes referenced above have been recommended to City Council for adoption by the Investment Oversight Committee.

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 2010-11 fiscal year.

COLLEEN O'DONOGHUE
Assistant Finance Director

Attachments:

- (1) [2009-10 Red Lined Statement of Investment Policy](#)
- (2) [2010-11 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](#)