



# *SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY AGENDA REPORT*

MEETING DATE: NOVEMBER 19, 2013

ITEM NUMBER:

**SUBJECT: ADOPTION OF THE FY 2013-2014 STATEMENT OF INVESTMENT POLICY**

**DATE: NOVEMBER 8, 2013**

**FROM: FINANCE DEPARTMENT**

**PRESENTATION BY: STEPHEN DUNIVENT, INTERIM FINANCE & I.T. DIRECTOR**

**FOR FURTHER INFORMATION CONTACT: STEPHEN DUNIVENT, (714) 754-5243**

---

## **RECOMMENDED ACTION**

Adopt Resolution No. 13-\_\_\_ approving the Statement of Investment Policy for Fiscal Year 2013-2014 and delegating investment activities to the Successor Agency Treasurer.

## **BACKGROUND**

The California Government Code Section 53646(a)(2) requires the Successor Agency 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 Successor Agency to the Costa Mesa Redevelopment Agency 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 City Finance Director serves as the Successor Agency Treasurer. The single most important statutory duty of the Successor Agency Treasurer is set forth in California Government Code Section 41001 which provides that the “Agency 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 Successor Agency Treasurer to protect, preserve, and maintain intact cash and investments placed in trust with the Successor Agency 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 Successor Agency Treasurer shall obtain the highest possible yield within the parameters of the Successor Agency's authorized investments, provided the criteria for safety and liquidity have been met.

## **ANALYSIS**

The 2012-2013 Investment Policy adopted on November 20, 2012, has been revised to reflect the changes described below:

- Section V (and elsewhere throughout the document) is updated to allow the use of an external investment manager. The external investment manager is Chandler Asset Management as approved by the Council on June 18, 2013.
- Section XIII now contains an expanded description of the minimum requirements of the information to be included in the monthly investment reports.
- Miscellaneous or other "housekeeping" changes were made to various sections of the Successor Agency's Investment Policy as noted in the attached red-line copy of the policy statement. For example, it is noted that the Finance Director serves as the Successor Agency Treasurer and references to the City Manager are updated to Chief Executive Officer.

These changes to the Investment Policy have been presented to and discussed with the Finance Advisory Committee. The Committee approved the changes on October 29, 2013.

## **CONCLUSION**

The attached Investment Policy has been revised to include the proposed changes referenced above. It is recommended that the Agency adopt attached Resolution Number 13-\_\_\_ approving the Statement of Investment Policy for the 2013-14 fiscal year.

---

STEPHEN DUNIVENT  
Interim Finance & I.T. Director

Attachments:

- 1) [2012-13 Red-Lined Statement of Investment Policy](#)
- 2) [2013-14 Proposed Statement of Investment Policy](#)
  - Investment Guidelines and Strategy
  - Investment Procedures: Internal Controls - Guidelines
  - Cash Controls
  - Segregation of Responsibilities of the Treasury Function
- 3) [Proposed Glossary](#)
- 4) [Resolution](#)