



CITY COUNCIL AND SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY AGENDA REPORT

MEETING DATE: JANUARY 5, 2016

ITEM NUMBER: **CC-7**

SUBJECT: ADOPTION OF THE FY 2015-2016 STATEMENT OF INVESTMENT POLICY

DATE: DECEMBER 2, 2015

FROM: FINANCE DEPARTMENT

PRESENTATION BY: STEPHEN DUNIVENT, INTERIM FINANCE DIRECTOR

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

RECOMMENDED ACTION

City Council and the Successor Agency to the Costa Mesa Redevelopment Agency (Successor Agency) adopt Resolutions approving the Statement of Investment Policies for Fiscal Year 2015-2016 and delegating investment activities to the City Treasurer.

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. These Investment Policies have been designed and developed according to the specific needs of the City of Costa Mesa and Successor Agency and complies with the California Government Code, guidelines recommended by the California Municipal Treasurer's Association (CMTA), guidelines recommended by the Association of Public Treasurers of the United States and Canada (APTUS&C) and recommendations by Chandler Asset Management, the City's contracted investment manager.

The City Finance Director serves as both the City Treasurer and the Successor Agency Treasurer. The single most important statutory duty of the 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 Treasurer to protect, preserve, and maintain intact cash and investments placed in trust with the 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 Treasurer shall obtain the highest possible yield within the parameters of the City's and Successor Agency's authorized investments, provided the criteria for safety and liquidity have been met.

ANALYSIS

The Fiscal Year 2014-2015 Investment Policies adopted on October 21, 2014, has been revised for Fiscal Year 2015-2016 to reflect the changes described below:

- The City intends to limit the maximum holding of any one federal agency issuer to 35%. This holding limit has been provided in the Investment Guidelines and Strategy Section of the Fiscal Year 2014-15 Investment Policy. The same provision has now been incorporated into Section VII Authorized and Suitable Investments, under Item 3, Federal Agency.

These changes to the Investment Policies have been presented to and discussed with the Finance Advisory Committee. The Committee approved the changes on November 24, 2015.

CONCLUSION

The attached Investment Policies have been revised to include the proposed changes referenced above. It is recommended that City Council adopt the attached Resolution Number 16-____ approving the City Statement of Investment Policy for the 2015-16 fiscal year and Resolution Number 16-_____ approving the Successor Agency Statement of Investment Policy for the 2015-16 fiscal year.

STEPHEN DUNIVENT
Interim Finance Director

Attachments:

- 1) [FY 2014-15 Red-Lined Statement of Investment Policy for the City and Successor Agency](#)
- 2) [FY 2015-16 City Proposed Statement of Investment Policy](#)
[Investment Guidelines and Strategy](#)
[Investment Procedures: Internal Controls - Guidelines](#)
[Cash Controls](#)
[Segregation of Responsibilities of the Treasury Functions](#)
[Glossary](#)
- 3) [FY 2015-16 Successor Agency Proposed Statement of Investment Policy](#)
[Investment Guidelines and Strategy](#)
[Investment Procedures: Internal Controls - Guidelines](#)
[Cash Controls](#)
[Segregation of Responsibilities of the Treasury Functions](#)
[Glossary](#)
- 4) [City Resolution 16-_____](#)
- 5) [Successor Agency Resolution 16-_____](#)