

## Exhibit A

### CITY OF REEDLEY STATEMENT OF INVESTMENT POLICY

#### PURPOSE

This Statement is intended to provide guidelines for the prudent investment of the City's temporary idle cash, and outline the policies for maximizing the efficiency of the City's cash management system. The ultimate goal is to enhance the economic status of the City while protecting its pooled cash.

#### OBJECTIVE

The City's cash management system is designed to accurately monitor and forecast expenditures and revenues, thus enabling the City to invest funds to the fullest extent possible. The City attempts to obtain the highest yield obtainable as long as the investments meet the criteria established for safety and liquidity.

#### POLICY

The City of Reedley operates its temporary pooled idle cash investments under the Uniform Prudent Investor Act (Act) as generally described in California Probate Code section 16045, et. seq. The Act states, in essence, that "in investing ... property for the benefit of another, a trustee shall exercise the judgment and care, under the circumstances then prevailing, which men of prudence, discretion and intelligence exercise in the management of their own affairs ...". This affords the City a broad spectrum of investment opportunities as long as the investment is deemed prudent and is allowable under current legislation of the State of California. Government Code (Section 53601) restricts the City from purchasing investment securities with a maturity length greater than five years unless prior legislative approval is given.

Investments may be made in the following media and as specifically outlined under Government Code Section 53601:

- U.S. Treasury issues
- Federal Agency issues
- Supranational Securities as identified & defined by AB 1933 (effective January 1, 2015)
- Bonds, Notes
- Commercial Paper
- Bankers Acceptances
- Certificates of Deposits
- Repurchase Agreements and Reverse Repurchase Agreements
- Local Agency Invest Fund Demand Deposits (State Pool)
- Passbook Savings Account Demand Deposits
- Central San Joaquin Valley Risk Management Pooled Investment Fund

Criteria for selecting investments and the order of priority are:

1. Safety. The safety and risk associated with an investment refers to the potential loss of principal, interest or a combination of these amounts. The City only operates in those investments that are considered very safe.
2. Liquidity. This refers to the ability to "cash in" at any moment in time with a minimal chance of losing some portion of principal or interest. Liquidity is an important investment quality especially when the need for unexpected funds occurs occasionally.
3. Yield. Yield is the potential dollar earnings an investment can provide, and sometimes is described as the rate of return.

Safekeeping. Securities purchased from brokers/dealers shall be held in third party safekeeping by the trust department of the local agency's bank or other designated third-party trust, in local agency's name and control, whenever possible.

Investment Objective. The cash management system of the City of Reedley is designed to accurately monitor and forecast expenditures and revenues, thus insuring the investment of monies to the fullest extent possible. Attempts to obtain highest interest yields possible as long as investments meet the criteria required for safety and liquidity. The City strives to maintain the level of investment of all idle funds as near 100% as possible, through daily and projected cash flow determinations. Idle cash management and investment transactions are the responsibility of the City Treasurer/Finance Officer (Assistant City Manager).

Prudence. As it pertains to its pooled cash investments, the City adheres to the guidance provided by the "prudent investor standard," as set forth in Government Code section 53600.3, which specifically addresses public investing, as follows:

"Except as provided in subdivision (a) of Section 27000.3, all governing bodies of local agencies or persons authorized to make investment decisions on behalf of those local agencies investing public funds pursuant to this chapter are trustees and therefore fiduciaries subject to the prudent investor standard. When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. Within the limitations of this section and considering individual investments as part of an overall strategy, investments may be acquired as authorized by law".

The basic premise underlying the City's investment philosophy is, and will continue to be, to insure that money is always safe and available when needed.

Public Trust. All participants in the investment process shall act as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to public review and evaluation. The overall program shall be designed and managed with a degree of professionalism that is worthy of the public trust. In a diversified portfolio it must be recognized that occasional measured losses are inevitable, and must be considered within the context of the overall portfolio investment return, provided that adequate diversification has been implemented.

Ethics and Conflicts of Interest. Employees and officials involved in the investment process shall refrain from personal business activities that create a conflict of interest or the appearance of a conflict with proper execution of the investment program, or impairs their ability to make impartial investment decisions.

Reporting. Consistent with industry best practices, the City Treasurer/Finance Officer (Assistant City Manager) will prepare quarterly summary investment reports within 45 days after the close of each quarter, with an Annual Investment Report prepared and filed within 60 days of year end. Quarterly and annual reports will be presented to City Council as a Receive, Review and File item.



## REEDLEY CITY COUNCIL

- Consent
- Regular Item
- Workshop
- Closed Session
- Public Hearing

ITEM NO: 6

DATE: March 23, 2021

TITLE: ADOPT RESOLUTION 2021-020 OF THE CITY COUNCIL OF THE CITY OF REEDLEY ADOPTING THE ANNUAL CITY STATEMENT OF INVESTMENT POLICY

SUBMITTED: Paul A. Melikian, Assistant City Manager *Paul Melikian*

APPROVED: Nicole R. Zieba, City Manager *Nicole Zieba*

### RECOMMENDATION

That the City Council Adopt Resolution No. 2021-020 approving the annual submittal of the City's Investment Policy, last reviewed and adopted by the City Council on March 24, 2020.

### BACKGROUND

Government Code Section 53646(a) requires that a public entity's investment policy be reviewed annually by the governing body or an investment committee. The City's present Investment Policy, Attachment "A", was last reviewed in 2020. An investment policy should identify the parameters of the investment function with the primary objectives being safety, liquidity and yield, in that order. These features are satisfied by the City's present policy, including a section on periodic reporting of portfolio performance. After reviewing the existing policy, staff has no recommended changes.

### Portfolio Monitoring & Compliance

The Government Finance Officers Association (GFOA) recommends that an agency's investment policy explicitly require periodic reporting. Consistent with GFOA best practices, the Administrative Services Department will continue to prepare quarterly summary investment reports within 45 days after the close of each quarter, with an Annual Investment Report prepared and filed within 60 days of year end. Quarterly and annual reports have been, and will continue to be, presented to City Council as a 'Receive, Review and File' item. The City's Assistant City Manager position is identified in the attached resolution as authorized to invest funds and otherwise do all things necessary to implement the Statement of Investment Policy.

All financial investment instruments are constantly monitored and assessed for safety, liquidity and yield. The City's idle funds have historically been in principal safe investments that protect its pooled cash, such as money market accounts, rolling Certificates of Deposit through Multi-Bank Securities in various FDIC insured accounts, the State of California's Local Agency Investment Fund (LAIF), and the Central San Joaquin Valley Risk Management Authority (CSJVRMA) investment pool. Adoption of this annual policy will allow staff to continue to ensure continued compliance, safety of principal, sufficient portfolio liquidity, and an acceptable yield for the City's idle cash balances.

### ATTACHMENTS

Resolution 2021-020

Exhibit "A" - Statement of Investment Policy

RESOLUTION NO 2021-020

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REEDLEY  
ADOPTING THE ANNUAL CITY OF REEDLEY STATEMENT OF  
INVESTMENT POLICY

**WHEREAS**, the authority governing investments for California local agencies is set forth in the California Government Code, Sections 53601 et. seq.


**NOW THEREFORE, BE IT RESOLVED** by the City Council of the City of Reedley as follows:

1. Pursuant to Government Code Sections 53601 et. seq., the City of Reedley City Council hereby authorizes and directs the City Treasurer/Finance Officer (Assistant City Manager) to invest funds not required for the immediate necessities of the City in accordance with the attached Statement of Investment Policy which is hereby adopted and incorporated by reference as Exhibit "A".


2. The City Treasurer/Finance Officer (Assistant City Manager) is hereby directed and authorized to do all things necessary to implement said Statement of Investment Policy.

This foregoing resolution was duly passed, approved and adopted by the City Council of the City of Reedley this 23<sup>rd</sup> day of March, 2021, by the following vote:

AYES: Betancourt, Tuttle, Beck, Soleno, Fast.  
NOES: None.  
ABSTAIN: None.  
ABSENT: None.

  
\_\_\_\_\_  
Mary L. Fast, Mayor

ATTEST:

  
\_\_\_\_\_  
Ruthie Greenwood, City Clerk



Attachment

1. Exhibit A - City of Reedley Statement of Investment Policy