

RESOLUTION NO 2018-018

**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 13th day of March, 2018, by the following vote:

AYES: Soleno, Pinon, Beck, Betancourt.

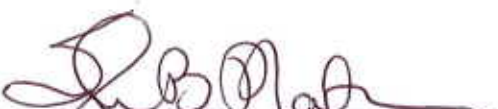
NOES: None.

ABSTAIN: None.

ABSENT: Fast.


Anita Betancourt, Mayor

ATTEST:


Sylvia Plata, City Clerk



Attachment

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

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 prudent investor rule as generally described in California Probate Code section 16045, et. seq. The prudent man rule 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.

City Constraints. The City of Reedley operates its pooled idle cash investments under the prudent investor rule as generally described in California Probate Code section 16045, et. seq.. This affords a broad spectrum of investment opportunities so long as the investment is deemed prudent and is permissible under currently effective legislation of the State of California and other imposed legal restrictions.

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 and Finance Officer.

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.

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: 4

DATE: March 13, 2018

TITLE: ADOPT RESOLUTION 2018-018 OF THE CITY COUNCIL OF THE CITY OF REEDLEY ADOPTING THE ANNUAL CITY STATEMENT OF INVESTMENT POLICY

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

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

RECOMMENDATION

That the City Council Adopt Resolution No. 2018-018 approving the annual submittal of the City's Investment Policy. There are no proposed changes to the current policy, last reviewed and adopted by the City Council on March 28, 2017.

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 2017. 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.

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 2018-018
Exhibit "A" - Statement of Investment Policy