



AGENDA REPORT

Department: Administrative Services - Finance
Prepared by: Molly Brennan, Administrative Services Director
Meeting Date: Tuesday, August 15, 2023
Approved by: Ben Martinez, Interim City Manager

SUBJECT:

Annual Update of Investment Policy, City Council Policy #203

RECOMMENDATION:

Adopt a Resolution entitled, "Resolution of the City Council of the City of National City, California, Adopting City Council Policy #203, "Investments," as amended.

BOARD/COMMISSION/COMMITTEE PRIOR ACTION:

Not Applicable.

EXPLANATION:

City Council Policy #203, Investments, states, "the Investment Policy will be reviewed at least annually and, as necessary, adopted, to ensure its consistency with the overall objectives of preservation of principal, liquidity, and return, and its relevance to current law and financial and economic trends."

After a review of the current policy, a few small adjustments are proposed to align National City's policy with recent changes in state law, achieve consistent terminology, and correct language that was inadvertently modified in the previous update. Exhibit A is a redlined version of the policy that reflects all proposed updates. In addition, the updates and the recent legislation are listed below.

- Section VIII(4) and (11) Authorized and Suitable Investments. SB 974 (2016): The code change clarified the rating requirements for CP, MTNs, MPS, and Supranationals.
- Section VIII(8) Authorized and Suitable Investments. SB 998 (2020): Added a provision that allows agencies to invest up to 40% in commercial paper if the AUM is > \$100 million, which expires 01/01/2026 unless extended.
- Section IX(A). Portfolio Risk Management. SB 1489 (2022): Investments are prohibited to have a forward settlement > 45 days from the date of investment.
- Section XII(B). Reporting and Review. SB 1489 (2022): Quarterly reporting is now required within 45 days, rather than 30 days.
- Section XII(C). Reporting and Review. Best practice to review annual investment policy within 120 days of fiscal year end.
- Glossary. SB 1489 (2022): Specifies the term to maturity is measured from the settlement date.
- Throughout. Replaced "designee" with "Financial Services Officer" to be consistent with section V.A.
- Throughout. Replaced "Director of Administrative Services" with "Administrative Services Director" to attain consistent terminology for the referenced position. Also in Section XXII(A), replaced "Director of Finance" with Administrative Services Director."

- Section VIII(1) Municipal Bonds. Restores the description of municipal bonds that are eligible for investment to that in use prior to the June 2022 update.

FINANCIAL STATEMENT:

The proposed policy changes will have no measurable impact on the City's investment portfolio or returns.

RELATED CITY COUNCIL 2020-2025 STRATEGIC PLAN GOAL:

Balanced Budget and Economic Development

ENVIRONMENTAL REVIEW:

This is not a project under CEQA and is therefore not subject to environmental review.CCR15378; PRC 21065.

PUBLIC NOTIFICATION:

Agenda Report posted within 72 hours of meeting date and time in accordance with Brown Act.

ORDINANCE:

Not Applicable

EXHIBITS:

Exhibit A – Council Policy #203, “Investments” Redlined Draft

Exhibit B – Council Policy #203, “Investments” Clean Draft

Exhibit C – Resolution