



AGENDA REPORT

Department: Finance
Prepared by: Bruce Foltz, Director of Finance
Meeting Date: Tuesday, November 19, 2024
Approved by: Benjamin A. Martinez, City Manager

SUBJECT:

Annual Update of Investment Policy, City Council Policy No. 203

RECOMMENDATION:

Adopt a Resolution entitled, "Resolution of the City Council of the City of National City, California, Adopting City Council Policy No. 203, Investments."

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 update relevant positions. 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 II Scope. CMTA Best Practice recommended change to explicitly exclude pension and retirement funds.
- Section VI (A1) Authorized Financial Institutions, Depositories, and Broker/Dealers. CMTA Best Practice to include proof of FINRA certification.
- Section VIII (8) Authorized and Suitable Investments. CDIAC Best Practice reflecting compliance is reviewed on a holistic basis, rather than account by account.
- Section VIII (12) Authorized and Suitable Investments. SB 882 (2023): Distinguished the treatment of private issuers of securitized instruments from the treatment issued by U.S. Treasury (UST) Government Sponsored Entities (GSEs). Examples of GSEs include the Federal Home Loan Mortgage Corp. (Freddie Mac), Federal National Mortgage Association (Fannie Mae) and Federal Farm Credit Banks Funding Corporation.
- Glossary. CMTA Best Practice is to exclude terms not utilized in this investment policy, updated definition of Structured note, and added definition of Fiduciary.
- Throughout. Replaced "Director of Administrative Services" and "Administrative Services Director" with "Director of Finance" to attain consistent terminology for the referenced position.

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:

The Agenda Report was posted within 72 hours of the meeting date and time in accordance with the Ralph M. Brown Act.

ORDINANCE:

Not Applicable

EXHIBITS:

Exhibit A – City Council Policy No. 203 Investments Redline Draft

Exhibit B – City Council Policy No. 203 Investments Clean Draft

Exhibit C - Resolution