



Staff Report

TO: City Council
FROM: Jennifer Ustation, Interim Finance Director
DATE May 18, 2021
SUBJECT: Approval of Amendments to the City of Beaumont Investment Policy

Background and Analysis:

On September 15, 2020, the City Council adopted an investment policy and at that time the topic of engaging an investment advisor was discussed to provide benefits to the City's investment portfolio and assist in achieving the goals of the investment policy.

On February 16, 2021, City Council approved a contract for investment advisor and portfolio management services with Public Trust Advisors, LLC (Public Trust). As a part of the contractual services, Public Trust analyzed the City's current investment policy and recommend policy amendments. After City staff's review, the amended policy was presented to the Finance and Audit Committee at their meeting of May 10, 2021.

Highlights of Recommended Amendments

- Updated language to incorporate most recent changes and legislative updates to the California government code,
- Establishes the Finance and Audit Committee to provide general oversight and direction regarding policy-driven issues and considerations in connection with the City's investment portfolio,
- Added performance standards and evaluation section to clarify the criteria by which the portfolio's long-term performance will be evaluated,
- Add asset-backed commercial paper as an authorized investment,
- Add medium-term corporate notes as an authorized investment,
- Add specified supranational securities as an authorized investment, and
- Add mortgage pass-through and asset-backed securities as an authorized investment.

City staff would note that the key principals of stability of principle, liquidity and investment return remain unchanged. All of the added investments will meet these standards but allow for greater flexibility and for improved levels of diversification.

Finance Committee Recommended Changes

- Add Finance Committee and City Council under Section 8 – Indemnification.

Public Trust has advised that with the proposed amendments the policy will meet the standards necessary to be certified through the California Municipal Treasurers Association. The benefit of the policy certification demonstrates that due diligence was performed, shows transparency of the governing body to the public, assists to satisfy auditors when reviewing the policy, and provides trust, confidence and verification that the policy has been reviewed and certified by a professional organization within California. City staff intends to submit the policy for certification if approved by City Council.

Fiscal Impact:

The estimated cost to prepare this report is \$477.

Recommended Action:

Review the proposed revisions to the investment policy,
Approve the recommended modification to Section 8 – Indemnification, and any other modifications recommended by City Council, and
Adopt the amended Investment Policy.

Attachments:

- A. Proposed Amended Beaumont Investment Policy with Finance Committee Recommended Changes – clean draft
- B. Proposed Amended Beaumont Investment Policy with Finance Committee Recommended Changes – redlined draft