



Staff Report

TO: Finance and Audit Committee Members
FROM: Jeff Mohlenkamp, Finance Director
DATE: September 14, 2020
SUBJECT: Review of Proposed Investment Policy

Background and Analysis:

Staff have completed a review of the City's Investment Policy for Finance and Audit Committee review. The review was undertaken to ensure the City maximizes return on investments while strictly adhering to State Law, which limits the types of investments cities can make. Further, the investment policy lays out investment objectives, which in priority order are:

1. Safety of Principal and Preservation of Capital
2. Meeting Liquidity requirements
3. Yield on Investment

The proposed investment policy provides for standards of care, public trust, ethics and conflict of interest to ensure all investments considered by the City meet these high standards.

The policy provides for a list of available types of investments. A number of these investments may require some proactive monitoring and active management. In any of these situations, the policy provides that the City will engage one or more investment advisors to directly assist City Staff in these efforts. This is a critical element of the policy as City Staff have a general understanding of the various investment types, but we are not experts in this area. In this regard, the policy provides for a process to secure the services of any expert(s) engaged to provide these services.

The policy provides that the City Manager and his designee the Finance Director will be responsible for managing the investments of the City.

The policy provides that the City Treasurer will provide a report quarterly to the Finance and Audit Committee. The report will include a description of the investment portfolio, including an assessment of whether all investments comply with the City policy.

The policy requires an annual review by the Finance Committee and City Council to ensure it continues to meet the needs of the City.

This policy was developed through review of the prior policy, significant evaluation of other California city policies, a review of GFOA standards and several internal meetings.

Recommended Action:

Review the policy and recommend approval by the City Council or provide modifications for consideration by the City Council prior to approval.

Attachments:

- A. Proposed Beaumont Investment Policy
- B. California Local Agency Investment Guidelines