



City of Colusa California

STAFF REPORT

DATE: March 18, 2025
TO: Mayor and Members of the Council
FROM: Jesse Cain, City Manager

AGENDA ITEM:

Consideration of a Resolution adopting the City's 2025 Investment Policy

Recommendation: Council to adopt the Resolution adopting the City's 2025 Investment Policy.

BACKGROUND ANALYSIS:

California Government Code Section 53646(A)(2) requires local government entities to adopt an annual investment policy. While it is not required by statute, it is in the best interest of the City to discuss the policy with the City Council and have the policy approved and adopted. A public vote signifies that the City Council shares fiduciary responsibility with the City's Finance Officer and increases the authority and legitimacy of the investment policy, providing for transparency and disclosure. We believe that the annual review and adoption is a financially sound organizational practice that should be maintained even if there is no change to the policy.

This year staff is recommending a comprehensive amendment to the investment policy to better align with the California Municipal Treasurer's Association guidance.

Below are highlights of the updated policy:

1. The City's primary objectives, in order of priority, remain as follows:
 - a. Safety of principal,
 - b. Liquidity, and
 - c. Yield

While there is an investment risk associated with any investment activity, there is also opportunity risk related to inactivity. Our goals and objectives will be to actively manage our idle cash to earn a greater yield while keeping safety and liquidity as our first and foremost priority.

2. Restrictive and conservative – To safeguard investment principal and align with the City's low risk tolerance, the updated policy is restrictive but more flexible than previous

versions. We have modified it to include categories of investments from the government code that are on the safest end of the investment spectrum but still allowing for achieving market rates of return – these include debt issued by the U.S. Treasury, U.S. Government Agencies, and debt that is federally insured or sufficiently collateralized.

3. Conformity – This updated policy follows the format and guidelines recommended by the California Municipal Treasurers Association’s (CMTA) Investment Policy Certification Program. In addition, the policy has been developed with the assistance of an Investment Advisor, Optimized Investment Partners, which specializes in investment services for local agencies like the City of Colusa. We are confident that this policy meets the guidelines and industry’s best practices for California’s public sector agencies.

By adopting an updated investment policy which meets industry’s best practices while maintaining a conservative list of authorized investments, the City will have the ability to invest in a broader range of safe investments without the requirements of naming individual banks as potential investment partners. Reviewing the existing investment policy in accordance with the Government Code and considering the attached resolution promotes a well-governed community.

BUDGET IMPACT: None

STAFF RECOMMENDATION: Authorize the attached resolution adopting the City’s 2025 Investment Policy.

ATTACHMENT: 2025 Investment Policy