

MAYOR AND COUNCIL COMMUNICATION

DATE: December 20, 2022
TO: Mayor and Council
FROM: Yvonne Acuna, Assistant Finance Director
THROUGH: Crystal Caldera, City Manager
SUBJECT: Annual Investment Policy Resolution
SPONSOR(S): N/A

PURPOSE

The Public Funds Investment Act of 1987 (PFIA) established rules and regulations for governmental entities to follow for the proper investment of public monies.

Since there has been no legislative or investment strategy changes that would require the City to change its policy, no proposed changes to the current policy are being recommended.

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Social - To ensure compliance with the Public Funds Investment Act of 1987. The Public Funds Investment Act of 1987 (PFIA) established rules and regulations for governmental entities to follow for the proper investment of public monies. The City's investment program is conducted to accomplish the following objectives, listed in priority order.

A. Safety

The primary objective of the City's investment program is the preservation and safety of principal in the overall portfolio. Each investment transaction shall seek first to ensure that capital losses are avoided, whether they are from security defaults or erosion of market value.

B. Liquidity

The City's investment portfolio will remain sufficiently liquid to enable the City to meet operating requirements that might be reasonably anticipated. Liquidity shall be achieved by matching investment maturities with forecasted cash flow requirements; thereby avoiding the need to liquidate investments under adverse market condition. It is the intent of the City to invest its funds to maturity.

C. Diversification

The investment portfolio will be designed to limit risk by avoiding the concentration of assets with a specific maturity, with a specific issuer, or in a specific class of securities.

D. Yield

A fundamental rule of investing is that risk equals return. The City has deliberately established a low-risk threshold to protect its financial resources and ensure that cash is available when needed. The City will invest idle cash at the highest possible rate of return, consistent with the

objectives and provisions of this policy, and in compliance with state and federal laws governing the investment of public funds.

Economic - N/A

Environmental - N/A

FISCAL IMPACT

None.

STRATEGIC GOALS

N/A

RECOMMENDATION

Adopt the Resolution approving the 2023 Investment Policy.

APPROVED: _____ DISAPPROVED: _____

APPROVED WITH THE FOLLOWING AMENDMENTS:

ATTEST:

SAUNDRA PASSAILAIGUE, TRMC
City Secretary