



CITY COUNCIL AGENDA REPORT

CITY HALL

CITY OF SONORA 94 N. WASHINGTON STREET, SONORA, CA 95370 P: (209) 532-4541

SERVICE, INNOVATION, INTEGRITY, COLLABORATION, RESPECT, LEADERSHIP

DATE: February 18, 2025

TO: Honorable Mayor and Members of the City Council

FROM: Chris Gorsky, Administrative Services Director

SUBJECT: Council Discussion and Consideration of Resolution 02-18-2025-C To Amend and Replace the City of Sonora Investment Policy

RECOMMENDATION:

Consider Approval of Resolution 02-18-2025-C Amending and Replacing the Existing City Investment Policy with the Updated Policy as Presented, to Better Align with Current Best Practices.

BACKGROUND:

The City's current Investment Policy was adopted on December 4th, 2006, and has not been updated to reflect the current best practices, legal requirements, and fiscal management principles. Over time, changes in financial regulations, market conditions, and best practices in municipal investment management have rendered the existing policy outdated and ineffective in ensuring the City's fiscal responsibility and risk mitigation.

The proposed amendments to the City's Investment Policy will modernize financial management practices, enhance compliance with current laws, and ensure the responsible investment of public funds.

DISCUSSION / ANALYSIS:

The proposed Investment Policy is designed to enhance the City's ability to manage its financial resources effectively, ensuring the highest standards of safety, liquidity, and yield. Key updates and improvements in the revised policy include:

1. **Compliance with State and Federal Laws:** The policy has been updated to reflect the latest California Government Code Sections 53600-53686, ensuring legal compliance in all City investment activities.
2. **Clearer Investment Objectives:** The policy prioritizes safety, liquidity, and yield to maintain responsible fiscal stewardship.
3. **Diversification and Risk Management:** The updated policy includes diversification requirements to minimize financial risks associated with market fluctuations.
4. **Authorized Investments:** The policy outlines permitted investment instruments, including government securities, certificates of deposit, and local agency investment funds, ensuring the security of City funds.



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5. **Reporting and Oversight Enhancements:** The policy establishes robust reporting requirements, including quarterly investment reports to the City Council to enhance transparency and accountability.
6. **Ethical and Prudent Management:** Clear guidelines are provided to ensure ethical investment decisions and compliance with prudent investor standards.

These revisions will strengthen the City's financial management framework, ensure responsible investment practices, and provide a structured approach to optimizing returns while safeguarding public funds.

FISCAL IMPACT:

The adoption of the revised Investment Policy is expected to improve investment earnings while maintaining appropriate risk management measures. The policy will ensure that public funds are invested prudently and efficiently to support City operations and financial stability.

ATTACHMENTS:

- Exhibit "A" - City of Sonora Investment Policy
- Resolution 02-18-2025-C

CORE COUNCIL PRIORITIES:

Fiscal Responsibility and Stability, Economic Development/Growth and General Plan, Staffing - Salary, Benefits, Training, and Retention