



Date: Tuesday, May 14, 2024

Honorable Mayor and Council Members:

Author and title: Nicole Casey, Administrative Services Director

Title: **Adoption of the Statement of Investment Policy for the 2024/2025 Fiscal Year**

Jen Callaway, Town Manager

Recommended Action: Adopt resolution 2024-23 accepting the Town of Truckee Statement of Investment Policy for the 2024-2025 fiscal year.

Summary: California state law requires that the Town Council review and adopt the Town's investment policy annually.

The Town's investment policy provides guidance for the investment of the Town's idle cash and specifies acceptable investment instruments as allowed by California Government Code. In addition, it outlines the policies to be followed by Town staff and any Town contractors in the administration of cash management activities.

Discussion: The Town's investment advisor, Chandler Asset Management (CAM) does an annual review of relevant law changes and makes suggestions to the Town on necessary changes to maintain compliance with applicable state and federal laws. There are no proposed changes to the Town's investment policy for fiscal year 2024/2025 to be explored as part of this staff report.

There was only one law applicable to local government finance for the year. Effective January 1, 2024, SB 882 clarified that securities issued by Federal Agencies were no longer subject to the exposure and credit quality limitations required for private-label structured products. The Town's policy already had this language incorporated, therefore there were no recommended changes to address SB 882.

Sustainability Policies –

The Town's 2023/24 and 2024/25 Workplan includes an item to explore additional measures to increase the impact of the Town's investments under a sustainability lens. Staff had an initial meeting with CAM to understand what type of options might exist. Due to competing obligations such as employee negotiations, implementation of a needed budget software system, and staff turnover, combined with the divisions normally heavy workload, work on this initiative has not progressed since the adoption of the fiscal year 2023/2024.

In order to fulfill the Town's obligation to adopt an annual investment policy, staff recommend approving the proposed changes. Council can amend the investment policy at any time throughout the year with an additional resolution.

Council previously approved a change to the investment policy prohibiting non-pooled investments in companies involved in fossil fuel extraction or coal mining industries, in accordance with Council's direction towards the Town's Greenhouse Gas Reduction goals. Non-pooled funds refer to the funds that the Town invests under the guidance of the Town's investment advisor, CAM.

As a reminder, pooled investments refer to the Town's cash held in LAIF with the state. The State Treasurer and the Investment Division staff of the State Treasurer's Office make all the investment decisions for the funds held in LAIF.

Priority:

<input type="checkbox"/> Enhanced Communication	<input checked="" type="checkbox"/> Climate and Greenhouse Gas Reduction	<input type="checkbox"/> Housing
<input type="checkbox"/> Infrastructure Investment	<input type="checkbox"/> Emergency and Wildfire Preparedness	<input checked="" type="checkbox"/> Core Service

Fiscal Impact: California public agency investments are heavily regulated by state law. Because of the strict requirements, investments are limited to companies with a high credit rating (A or its equivalent and above). These instruments typically have lower returns due to their low risk. Additional restrictions on the Town's ability to invest could have a material impact on the Town's interest earnings. As such, any changes to the investment policy that place additional restrictions on the type of investment instruments in which the Town can participate should be scrutinized to understand what those impacts might be. No changes are recommended for fiscal year 2024/2025.

Public Communication: This meeting.

Attachments: Attachment A: Resolution 2024-23

Attachment B: Town of Truckee Investment Policy for the 2024-2025 fiscal year