

City of Calistoga

Staff Report

TO: Honorable Mayor and City Council
FROM: Gloria Leon, City Treasurer and Administrative Services Director
VIA: Dylan Feik, City Manager
DATE: June 21, 2016
SUBJECT: Statement of Investment Policy for Fiscal Year 2016-17

APPROVAL FOR FORWARDING:



Dylan Feik, City Manager

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2 **ISSUE:** The City Council is required by State Law to annually review the Statement of
3 Investment Policy for City Funds.

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5 **RECOMMENDATION:** Review and approve Resolution to adopt City Statement of
6 Investment Policy.

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8 **BACKGROUND/DISCUSSION:** Since the mid 1980's there has been a State
9 requirement that all public agencies annually adopt an investment policy that provides
10 guidelines and criteria for investment of public funds within the limits established by State
11 code. The State Government Code also requires quarterly investment reports to the City
12 Council, defines the items to be reported and adds limitations on types, duration and
13 amount of investments available to local agencies.

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15 The City formally adopted an investment policy in October 2001. This policy and
16 practices limit the investments of the City to the State Local Agency Investment Fund
17 (LAIF), which are allowed under State law. The City currently invests all of the City funds
18 with LAIF. There are other City funds not in the direct control of the City Treasurer, such
19 as the 2007 Deutsche financing which are invested in other types of investments that are
20 allowed under the agreement.
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22 The City Treasurer is responsible under the State Government code to receive and
23 deposit funds of the City. In addition under the adopted investment policy, the City
24 Treasurer is responsible for the investment activities of the City. Deposits and
25 withdrawals to the LAIF account are currently executed by the City Treasurer and
26 reviewed by the City Manager.

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28 The attached proposed investment policy for fiscal year 2016-17 is in accordance with
29 Section 53646 of the California Government Code. This investment policy complies with
30 California Government Code Section 53600 et seq, which governs investment practices
31 of local government agencies.

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33 After reviewing the current policy and the guidelines under Section 53600 there are no
34 changes.

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36 Section 53600 states when investing and managing public funds, the primary objective of
37 a trustee shall be to safeguard the principal of the funds under its control. The secondary
38 objective shall be to meet the liquidity needs of the depositor. The third objective shall be
39 to achieve a rate of return on the funds under its control. Section IV of the City's policy
40 clearly specifies the three primary objectives of the City's investment activities as safety,
41 liquidity and yield, in that order of priority. These objectives will serve as best practices of
42 the City of Calistoga.

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44 **FISCAL IMPACT:** There is no fiscal impact. If there are changes to the types of
45 investments that can be made, then there could be a positive or negative impact on the
46 interest earnings or costs of investments.

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48 **ATTACHMENTS**

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50 1. Resolution adopting the City Statement of Investment Policy
51 2. Fiscal Year 2016-17 Statement of Investment Policy

