

# City of Calistoga

## Staff Report

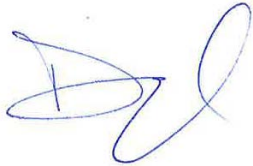
**TO:** Honorable Mayor and City Council  
**FROM:** Gloria Leon, City Treasurer and Administrative Services Director  
**VIA:** Dylan Feik, City Manager  
**DATE:** June 20, 2017  
**SUBJECT:** Statement of Investment Policy for Fiscal Year 2017-18

---



---

APPROVAL FOR FORWARDING:




---

Dylan Feik, City Manager

---



---

1  
2 **ISSUE:** The City Council is required by State Law to annually review the Statement of  
3 Investment Policy for City Funds.

4  
5 **RECOMMENDATION:** Review and approve Resolution to adopt City Statement of  
6 Investment Policy.

7  
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.

14  
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.  
21

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.

27  
28 The attached proposed investment policy for fiscal year 2017-18 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.

32  
33 After reviewing the current policy and the guidelines under Section 53600 there are no  
34 changes.

35  
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.

43  
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.

47  
48 **ATTACHMENTS:**

- 49  
50 1. Resolution adopting the City Statement of Investment Policy  
51 2. Fiscal Year 2017-18 Statement of Investment Policy

**RESOLUTION 2017-XXX**

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CALISTOGA, COUNTY OF NAPA, STATE OF CALIFORNIA, ADOPTING THE STATEMENT OF INVESTMENT POLICY FOR FISCAL YEAR 2017-18**

1                 **WHEREAS**, it is the policy of the City Council of the City of Calistoga to invest public  
2 funds in a manner that will provide maximum security, adequate liquidity and sufficient yield,  
3 while meeting the daily cash flow demands of the City and conforming to all statutes and  
4 regulations governing the investment of public funds; and  
5

6                 **WHEREAS**, Section 53600.5 of the California Government Code Section states when  
7 investing and managing public funds, the primary objective of a trustee shall be to safeguard  
8 the principal of the funds under its control; and  
9

10                 **WHEREAS**, the secondary objective of Section 53600.5 is the requirement to meet the  
11 liquidity needs of the depositor; and  
12

13                 **WHEREAS**, the third objective of Section 53600.5 is to achieve a return on the funds  
14 under its control; and  
15

16                 **WHEREAS**, Section IV of the City’s policy clearly specifies the three primary objectives  
17 of the City’s investment activities as safety, liquidity and yield, in that order of priority; and  
18

19                 **WHEREAS**, in accordance with California Government Code Section 53646, the City  
20 Treasurer shall annually review and may render to the City Council an investment policy.  
21

22                 **NOW, THEREFORE BE IT RESOLVED** that the City Council of the City of Calistoga  
23 finds that the proposed City’s investment policy complies with California Government Code  
24 Sections 53600 et seq., which governs investment practices of local governments; and.  
25

26                 **NOW, THEREFORE BE IT FURTHER RESOLVED** that the City Council of the City of  
27 Calistoga herby adopts the City Statement of Investment Policy for Fiscal Year 2017-18 and  
28 delegates the management and oversight of investments to the City Treasurer as attached in  
29 Exhibit A of this resolution.  
30

31                 **PASSED, APPROVED, AND ADOPTED** by the City Council of the City of Calistoga at  
32 a regular meeting held this **20th day of June, 2017**, by the following vote:  
33

34                 **AYES:**  
35                 **NOES:**  
36                 **ABSTAIN:**  
37                 **ABSENT:**  
38

39  
40 \_\_\_\_\_  
41 **CHRIS CANNING, Mayor**

42 **ATTEST:**  
43 \_\_\_\_\_  
**KATHY FLAMSON, City Clerk**