



INVESTMENT POLICY: ANNUAL STATEMENT

PURPOSE

To provide the framework and guidance for managing the City's investment portfolio. It is the policy of the City of Santa Clara (City) to invest public funds, including bond proceeds, reserves and other special City funds, in a manner that maximizes safety and liquidity while earning a market rate of return commensurate with the investment risk; meets the daily cash flow demands of the City; and conforms to all state and local statutes governing the investment of public funds.

POLICY

The investment policy of the City (the "Investment Policy") is intended to provide for the prudent and efficient investment of the City's temporarily idle cash while safely maximizing returns within carefully defined investment parameters. The City shall invest public funds, including bond proceeds, reserves and other special City funds, in a manner consistent with this Investment Policy while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds.

Authority, Scope and Prudence

- **Authority** - The City Charter, Article IX, Section 904 gives the Director of Finance (the "Director") the authority and responsibility to deposit and invest all City funds.
- **Scope** - The Investment Policy applies to all deposits, investments and other assets of the City, its subsidiaries, the Successor Agency for the Redevelopment Agency of the City of Santa Clara, the Sports and Open Space Authority, the Stadium Authority, and the Housing Authority.
- **Prudence** - Employees delegated responsibility for the investment of public monies by the Director ("Investment Personnel"), as trustees of public monies, shall adhere to the "prudent investor" standard when managing the City's funds in light of the purposes, terms, and other circumstances of the City. Investment Personnel shall refrain from engaging in any activity that impairs, or has the potential to impair, their ability to make impartial investment decisions for the City.

PROCEDURE

Investment Objectives and Criteria

The primary objectives, in priority order, of the City's investment activities shall be safety, liquidity, and yield.

Internal Controls

The City's Finance Department shall establish internal controls that are designed to prevent losses due to fraud, negligence, third-party misrepresentation, and



INVESTMENT POLICY: ANNUAL STATEMENT

other foreseeable circumstances that may arise in the operations of the investment function. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Reporting

The Director of Finance shall provide periodic investment reports to the City Council. The reports shall contain, but not be limited to, the following:

- A listing of individual securities held at the end of the reporting period by authorized investment category.
- The rate of return on the unrestricted investment portfolio compared to selected benchmark.
- Final maturity of all investments listed.
- Weighted average maturity of the unrestricted investment portfolio.
- Coupon, discount or earnings rate.
- Par value, amortized book value and market value.
- Percentage of the portfolio represented by each investment category.

Investment Policy Adoption

The Investment Policy shall be reviewed annually by the City Council and any modifications made thereto must be approved by the City Council.

Attachments:

1. Investment Policy