



Agenda Report

18-036

Agenda Date: 3/6/2018

REPORT TO COUNCIL

SUBJECT

Annual Investment Policy Review and Approval

BACKGROUND

The Investment Policy for the City of Santa Clara, its agencies and corporations (the "Investment Policy") is submitted for review and approval. The City Charter, Article IX, Section 904 gives the Director of Finance the authority and responsibility to deposit and invest all City funds.

DISCUSSION

As part of the annual staff review of the attached Investment Policy, staff recommends approval of some substantive changes and clarified some wording in the attached investment policy. Substantive changes recommended to the Investment Policy are shown in the attached redline version and summarized below. These recommended changes are consistent with applicable state law and the City Charter.

- Deleted items duplicated throughout the policy.
- Clarified that the Bentzien Trust portfolio is not subject to the City's Investment Policy, since it is governed by the "Agreement By and Between the City of Santa Clara, California and the Mission City Community Fund Regarding the Investment, Disbursement and Distribution of Funds in the Forrest and Evalyne Bentzien Non-Expendable Trust Fund" approved by City Council and dated July 25, 2000. The Bentzien Trust was established in accordance with the Bentzien Will with the income earned on the Trust to be used for programs administered through the Mission City Community Fund.
- Presented the maximum holdings of an investment type, maximum issuer amounts, and maximum maturity for each permissible investment type in a consistent manner.
- Reduced the maximum holdings for certain investment types, and established maximum limits per issuer, in order to ensure proper diversification of the City's investment portfolio.
- Clarified that securities owned in mutual funds and investment pools will not count towards maximum allowable holding percentages.
- Updated the investment reporting requirements under the Reporting section to include the following:
 - A comparison of the rate of return on the City's unrestricted investment portfolio to the twelve-month moving average yield of 2-year Treasury Notes, and
 - The weighted average maturity of the unrestricted investment portfolio.

The Investment Policy as submitted is in compliance with the City Charter and the California

Government Code relevant to the investment of public funds by local agencies.

The approved policy will be incorporated in the City Council Policy Manual as Policy and Procedure 017 and published on the City's website.

ENVIRONMENTAL REVIEW

Not a project per 14 CCR §15378(b)(4) in that it is a government fiscal activity, which does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment.

FISCAL IMPACT

There is no cost to the City other than administrative staff time and expense.

PUBLIC CONTACT

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office beginning the Thursday evening before the Tuesday meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email clerk@santaclaraca.gov <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

RECOMMENDATION

Approve the Investment Policy for the City of Santa Clara, its agencies and corporations.

Prepared by: Randy Piotrowski, Principal Financial Analyst
Reviewed by: Angela Kraetsch, Director, Finance Department
Reviewed by: Brian Doyle, City Attorney
Reviewed by: Walter C. Rossmann, Chief Operating Officer
Approved by: Deanna J. Santana, City Manager

ATTACHMENTS

1. Investment Policy
2. Investment Policy (redline)