



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** July 02, 2013

**TO:** Mayor and Councilmembers

**FROM:** Administration Division, Finance Department

**SUBJECT:** Statement Of Investment Policy And Delegation Of Investment Authority For Fiscal Year 2014

### **RECOMMENDATION:**

That Council adopt, by reading of title only, A Resolution of the Council of the City of Santa Barbara Adopting the Investment Policy for the City and Rescinding Resolution No. 12-047.

### **DISCUSSION:**

California Government Code (State Code) Section 53600 establishes legally permitted investments for local governments statewide. While not required by the State Code, each year the City Council adopts a Statement of Investment Policy, which further defines the suitable and authorized investments specifically for the City. In some cases, the City's policy is more restrictive than the State Code. Moreover, the policy serves as a guide for setting and achieving the City's own investment objectives and defines guidelines for the management of the portfolio.

Except for County governments, the State Code does not contain any provisions specifying what must be included in the investment policy of a local agency. The City has developed a comprehensive investment policy that includes all critical components recommended by various professional agencies and organizations, and the policy has been awarded several certifications. Therefore, staff recommends that the policy be updated annually to incorporate any statutory and/or internal policy changes, thereby maintaining this standard of excellence.

If a local agency's policy is submitted to the legislative body, it must be an agenda item at a public meeting and should be approved by a vote of the legislative body no later than the end of the first quarter of the year to which it applies.

### **Staff Recommended Changes**

Revisions to the annual investment policy are made each year, as needed, to incorporate policy or statutory changes affecting the City's investment program and daily investing activities. Policy revisions are generally technical in nature, such as

process changes or language clarifications. Statutory changes are changes in state law affecting allowable investments or procedures related to investing activities.

The only change recommended relates to the elimination of the City's Redevelopment Agency as a result of State law. Specifically, the policy was updated and the reference to the Santa Barbara Redevelopment Agency has been removed.

There is sufficiently broad language in the policy to allow for any changes that may occur during the year to be accommodated on an administrative basis rather than a formal revision to the policy. The policy, as submitted, contains no administrative changes that were made since the policy was adopted by Council in June 2012.

By separate action, Council formally delegates authority to the City Treasurer to invest and reinvest funds and to sell or exchange securities for a one-year period, as specified on page 3 of the proposed Investment Policy. Management and oversight of the investment program is delegated to the Finance Director. The Treasury Manager is authorized to conduct daily investment activities under supervision of the Finance Director. All investment purchases and sales require signature approval from the Finance Director or City Administrator by the close of business on the next business day following the purchase or sale.

**PREPARED BY:** Genie Wilson, Treasury Manager

**SUBMITTED BY:** Robert Samario, Finance Director

**APPROVED BY:** City Administrator's Office