

City of Garden Grove

INTER-DEPARTMENT MEMORANDUM

To:	Matthew J. Fertal	From:	Kingsley Okereke
Dept.:	City Manager	Dept.:	Finance
Subject:	2013 INVESTMENT POLICY; RE-APPOINTMENT OF A CITY TREASURER AND A DEPUTY CITY TREASURER; AND DELEGATION OF INVESTMENT AUTHORITY	Date:	February 26, 2013

OBJECTIVE

To comply with California Government Code Section 53646(a)(2), which states that the Treasurer or Chief Fiscal Officer of the local agency may annually render to the legislative body of that local agency a statement of investment policy, which the legislative body of the local agency shall consider at a public meeting; to appoint a City Treasurer and Deputy City Treasurer; and to delegate to the City Treasurer and Deputy City Treasurer authority to invest City funds.

BACKGROUND

The current City Investment Policy, as established in the early 1980's, has continued to remain in compliance with State guidelines including the following stipulations:

1. The Chief Fiscal Officer may submit a quarterly report to the legislative body containing detailed information on all securities, investments, and moneys of the local agency.
2. Prohibition of governments investing in inverse floaters.
3. Prohibition of governments investing in any security that could result in zero interest accrual if held to maturity.

With the passage of Chapter 687, Statutes of 2000 (AB 943 Dutra) effective January 1, 2001, cities and counties are required to forward copies of their second and fourth quarter calendar year investment portfolio reports as well as the statement of investment policy to the California Debt and Investment Advisory Commission (CDIAC).

Also, the State authorizes the City Council each year to appoint a City Treasurer, and to appoint the Finance Director, or his designee, as Deputy City Treasurer, as the persons responsible for the investments.

DISCUSSION

In compliance with the California law, the Finance Director, acting as Deputy City Treasurer, provides the City Council a copy of the investment portfolio monthly. Also, the City's Investment Policy is presented to the City Council for review and approval at a public meeting annually. The Investment Policy outlines the City's investment guidelines and investing strategy. The Policy requires the City to hold the securities or have safekeeping by a recognized financial institution. Currently, the Bank of New York, U. S. Bank and Union Bank, N.A. (which is a custodial service completely separate from Union Bank operations) provides custodial/safekeeping services to the City.

The City Investment Policy applies to secure the investment principal, allows for ease of liquidation, and provides a reasonable return on the investments. In addition, the Investment Policy allows the City of Garden Grove to maintain sufficient cash so all payments due in at least the next six months may be made in a timely manner.

The requirements and strategies outlined in the City's Investment Policy have allowed the City of Garden Grove to have no losses in principal while maintaining a very reasonable return on the portfolio. Last fiscal year the City's Investment Portfolio return was approximately 2.24%. All of the investments held in the portfolio at this time are either Federal Securities or invested in LAIF.

FINANCIAL IMPACT

None.

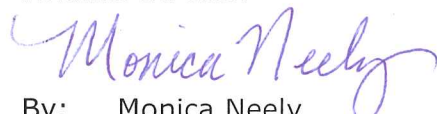
RECOMMENDATION

It is recommended that the City Council take the following actions:

- Approve the attached 2013 Investment Policy;
- Re-appoint John D.R. Clark as City Treasurer, and Kingsley Okereke as the Deputy City Treasurer; and
- Delegate to the City Treasurer and Deputy City Treasurer the responsibility to invest or to reinvest City funds.



KINGSLEY OKEREKE
Finance Director



By: Monica Neely
Revenue Manager

Recommended for Approval



Matthew Ferial
City Manager