



Legislation Details (With Text)

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**Sponsors:** T. Michael Yuen  
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**Attachments:** 1. A - Reso Approving Investment Policy Stmt, 2. B - City of San Leandro Investment Policy Statement

Date	Ver.	Action By	Action	Result
5/15/2023	1	City Council	Received and Filed	Pass

Adopt a Resolution to Approve the Annual Update of the City of San Leandro Investment Policy Statement

**SUMMARY AND RECOMMENDATION**

Staff recommends the City Council adopt the resolution approving the City of San Leandro Investment Policy Statement for 2023-2024. The policy statement is approved annually.

**BACKGROUND AND UPDATE**

California Government Code Section 53600 *et seq.* and Section VIII of the San Leandro Investment Policy Statement require the City Council to annually review and approve the City’s Investment Policy Statement. The policy was last approved on May 2, 2022.

Sound investment practices are facilitated by a written governing policy. The City’s Investment Policy Statement includes the primary objective of preserving the safety of principle, followed by objectives of meeting liquidity needs, and obtaining a fair rate of return. Return on investment is the least important criterion compared to the safety and liquidity of the City’s assets. Additionally, investments can be made bearing in mind the responsibility of city government to the community and alternative investments which enhance the quality of life.

The City’s Investment Policy Statement provides specific guidelines for the City’s investment functions and complies with the model policy approved by the Association of Public Treasurers of the United States and Canada, and the California Government Code. The Policy Statement serves as a guide for setting and achieving investment objectives, defines rules and established benchmarks, and prohibits and/or restricts certain investment instruments. Compliance with the policy is an element of fiscal discipline considered by the auditors and ratings agencies during their respective reviews.

Other Policy Statement provisions guiding the portfolio makeup include:

- Permitted investment instruments in the portfolio,
- Term of remaining maturity of five-years or less at security acquisition,
- Yield comparisons for investment performance equal to the return on a Market Benchmark index of similar characteristics or the return for LAIF (Local Agency Investment Fund), two-year Treasury Bills, or five-year Treasury Notes.

Staff proposes modifying policy language in various paragraphs consistent with the recommendations from Chandler Asset Management. The changes reflect the firm's best practices and revised state guidelines. Changes include updating language for Federal Agencies instruments, Commercial Paper instruments, and credit downgrades, clarifying investment remaining term to maturity, and rating agency language focusing on NRSROs (Nationally Recognized Statistical Rating Organizations) rather than identifying specific rating agencies (the glossary defines NRSRO). The Other Requirements section of the Summary of Eligible Investments table has been slightly modified.

Several changes arose from the City Council Finance Committee review. Investment in Medium-Term Corporate Notes is limited to a maximum percentage of 5% per issuer and the City shall be notified of any action on a downgraded security within two business days.

### **REVIEW BY CITY COUNCIL FINANCE COMMITTEE**

The City Council Finance Committee reviewed the updated City of San Leandro Investment Policy Statement for 2023-2024 on April 26, 2023. The Finance Committee incorporated edits to the policy, which have been incorporated in Attachment B, and unanimously recommended the revised policy be moved to the City Council for approval.

### **ATTACHMENTS**

- Attachment A - Resolution Approving City of San Leandro Investment Policy Statement
- Attachment B - City of San Leandro Investment Policy Statement

### **PREPARED BY**

T. Michael Yuen, Finance Director