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Staff Report for a Resolution of the City of San Leandro City Council to Approve the City of San Leandro's Investment Policy for Fiscal Year 2019-20

SUMMARY AND RECOMMENDATION

Staff recommends that the City Council approve the City of San Leandro Investment Policy for Fiscal Year 2019-20. The policy is approved annually and there are four proposed updates from the 2018-19 investment policy.

BACKGROUND AND PROPOSED UPDATES

California Government Code Section 53600 *et seq.* and Section VIII "Reporting" of the San Leandro Investment Policy requires the City Council to annually review and approve the City's Investment Policy. This policy was last adopted on June 18, 2018.

The City of San Leandro Investment Policy (Investment Policy) provides specific guidelines for the City's investment management functions and remains in compliance with the model policy approved by the Association of Public Treasurers of the United States and Canada and California Government Code Section 53601. The Investment Policy serves as a guide for setting and achieving investment objectives, defines rules and established benchmarks, prohibits and/or restricts certain investment instruments and reduces exposure to liability for both staff and the City Council. Compliance with the policy is an element of fiscal discipline considered by the auditors and ratings agencies during their respective reviews.

Staff has reviewed the current policy and has four proposed updates for Fiscal Year 2019-20:

1. Page 7 of 15 "Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations" description updated to comply with AB 1770, Section (o) in California Code 53601, effective January 1, 2019 (also changed Appendix A table);
2. Page 7 of 15 added "Socially Responsible Investing" language approved by the City's Finance Committee to Section "VII. Authorized and Suitable Investments" section of the investment policy, which will read "the

investment policy prohibits investing in an entity that receives a significant portion of their revenues from the gun manufacturing, fossil fuel production, private prisons and tobacco producers”;

3. Page 12 of 15 “Asset-Backed, Mortgage-Backed, Mortgage Pass-Through Securities, and Collateralized Mortgage Obligations” description updated to comply with AB 1770, Section (o) in California Code 53601, effective January 1, 2019; and

4. Appendix B “Glossary of Technical Terms” updated to be consistent with best practices.

Previous City Council Action(s)

The Investment Policy is reviewed annually and was last reviewed by the City Council on June 18, 2018 by Resolution No. 2018-062.

ATTACHMENTS TO RESOLUTION

San Leandro Investment Policy Statement

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