



**City of Santa Ana**  
**20 Civic Center Plaza, Santa Ana, CA 92701**  
**Staff Report**  
**June 6, 2023**

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**TOPIC:** Annual Statement of Investment Policy

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**AGENDA TITLE**

Adopt a Resolution Approving the City's Annual Statement of Investment Policy 2023-2024; Receive and File Annual Statement of Investment Policy 2023-2024.

**RECOMMENDED ACTION**

1. Adopt a Resolution approving the City's 2023-2024 Investment Policy.
2. Receive and file the Annual Statement of Investment Policy 2023-2024.

**DISCUSSION**

In accordance with State law, the Finance and Management Services Agency annually submits a resolution approving the City's Investment Policy (Exhibit 1) and the Annual Statement of Investment (Exhibit 2).

The investment policy outlines the following primary goals:

- To assure compliance with all Federal, State, and local laws governing the investment of monies;
- To provide for the safety of principal;
- To provide for the maintenance of sufficient liquidity; and
- To provide an investment return within the parameters of the Statement of Investment Policy and Investment Portfolio guidelines.

The investment policy applies to all financial assets of the City with the exception of individual employee retirement contribution funds and deferred compensation, which are specifically excluded. Bond Proceeds are restricted and are invested in compliance with this investment policy following the specific requirements of their applicable bond resolutions. Finance investment staff continuously evaluates the City's policy with regards to industry standards and best practices to determine if any newly adopted state rules or regulations are required to be incorporated within the document or if any industry enhancements are recommended. The current investment policy was previously submitted to the California Municipal Treasurers Association (CMTA) for review and to receive re-certification. CMTA re-certification was received May 31, 2022.

In FY 2023-24, the City of Santa Ana Investment Policy will be submitted for re-certification from the Association of Public Treasurers of the United States & Canada

(APTUS&C), so that Santa Ana's investment policy can be certified at the international North American level and at the state level with CMTA. If re-certified by APTUS&C, the City's investment policy will join only a handful of California cities that hold such dual certification.

Both certification bodies recommend an annual evaluation of investment policies for local public agencies. However, unless there are significant legislative changes, alterations in industry standards, or substantive modifications, the submission for re-certification should be considered only every 3 to 5 years. This year, staff recommendations for changes have been minimal and primarily non-substantial in nature. The recommended City of Santa Ana Investment Policy Statement for 2023-2024 incorporates these changes, which are listed below.

These changes continue to reflect updated certification organization requirements mirroring the policy consensus of the APTUS&C and CMTA. The changes include, but are not limited to the following updates:

- Update Section 8 – Authorized and Suitable Investments to include California Cooperative Liquid Assets Securities System (CLASS) Prime Fund as an allowable investment instrument.
- Update Section 7.3 – Authorized Financial Institution and Qualified Broker-Dealers to increase Qualified Broker-Dealer certifications from bi-annual to triennial.
- Reflect the update to California Government Code Section 53646(b)(1) to increase local agency reporting requirements by 15 days, from 30 to 45 days following the end of the quarter.
- Reflect the update of corresponding California Debt and Investment Advisory Commission (CDIAC) Guidelines for Allowable Investment Instruments per State Government Code (As of January 1, 2023) applicable to all Local Agencies, and legislative California Investment Code Abstracts.

Staff recommends that City Council adopt a Resolution approving the City's 2023-24 Investment Policy. On the July 18, 2023 City Council agenda, staff plans to recommend adoption of a Resolution to approve CLASS Prime Fund as an allowable investment instrument.

#### **EXHIBIT(S)**

1. Resolution
2. Annual Statement of Investment Policy

Submitted By: Kathryn Downs, FMSA Executive Director

Approved By: Kristine Ridge, City Manager