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DATE: June 3, 2024

TO: Honorable Mayor and Members of the City Council through City Manager

FROM: Jessie Gooch, Finance Director

SUBJECT: Resolution Approving the City of Petaluma Investment Policy and Delegating Investment Authority to the City Treasurer for Fiscal Year 2024-2025

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**RECOMMENDATION**

It is recommended that the City Council adopt the attached Resolution Approving the City of Petaluma Investment Policy and Delegating Investment Authority to the City Treasurer for Fiscal Year 2024-2025.

**BACKGROUND**

In compliance with Section 53646(a)(2) of the California Government Code, the City Treasurer may annually render to the City Council a Statement of Investment Policy, which the City Council shall consider at a public meeting. The investments set forth in this policy are pursuant to Sections 53601 and 53635 of the California Government Code.

**DISCUSSION**

A good investment policy provides the framework for the cash, treasury, and investment management of the City. The City of Petaluma requires that investments of City funds be compliant with its Investment Policy. This policy, brought to the Council for review and consideration, excludes the following investment types that were also excluded in the adopted FY23-24 policy:

- Repurchase Agreement and Reverse Repurchase Agreement (REPOS)
- Commercial Paper (CP)
- Medium Term Notes (MTN)
- Mutual Funds
- Guaranteed Investment Contract (GIC)
- Negotiable Certificates of Deposit

The management of the City's investment portfolio requires daily analysis of the City's cash

flow needs, which include not only day-to-day operating requirements, but also the funding of large capital projects. This requires the City to keep substantial funds in very liquid investments such as Local Agency Investment Fund (LAIF) and California Asset Management Program (CAMP). These are low risk investments and do not earn a substantial amount of interest. These funds are managed internally by the City Treasurer.

The primary objectives of this investment policy are to comply with state laws, safeguard the principal of funds, meet daily cash flow requirements, and achieve a reasonable rate of return with the maximum security.

No changes are recommended to the investment policy that was adopted in June 2023.

The investment policy has for some time provided that the City Council delegates investment authority to the City Treasurer for a one-year period. The proposed resolution includes delegation language to conform to the policy.

### **PUBLIC OUTREACH**

This agenda item appeared on a tentative agenda in the previously-published agenda packet, which was publicly noticed through appropriate City communications channels.

### **ENVIRONMENTAL REVIEW**

This action is exempt from the requirements of the California Environmental Quality Act (CEQA) in accordance with CEQA Guidelines Section 15378, as approving the City's investment policy does not meet CEQA's definition of a "project," because the action does not have the potential for resulting in either a direct physical change in the environment or a reasonably foreseeable indirect physical change in the environment, it is a fiscal activity which does not involve commitment to any specific project, and because the action constitutes organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.

### **FINANCIAL IMPACTS**

None

### **ATTACHMENTS**

1. Resolution
2. Exhibit A to Resolution