

# INDIAN WELLS CITY COUNCIL

## February 15, 2024



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**To:** City Council  
**From:** Finance Department  
**Prepared by:** Kevin McCarthy, Finance Director  
**Subject:** **Readoption of the City's Investment Policy**

### RECOMMENDED ACTIONS:

Council **RE-ADOPTS** the City's Investment Policy as presented; and

**FINDS** the project to be exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to Section 15060.

### SUMMARY:

After conducting a comprehensive and detailed analysis, the City Treasurer recommends that no modifications or alterations be made to the existing policy. The examination encompassed a careful assessment of the policy's effectiveness, financial implications, and overall alignment with the City's objectives.

The conclusion reached is grounded in a detailed understanding of the policy's impact and its continued suitability for meeting the financial and operational needs of the City. Therefore, it is advised that the current policy remains unchanged as it continues to align with the city's fiscal goals and regulatory requirements.

### BACKGROUND:

In accordance with the Government Code, the City Council is responsible for conducting an annual review and reaffirmation of the City's investment policy. This essential practice ensures that the City's financial strategies and policies remain aligned with current regulations, economic conditions, and the community's best interests. The City Council demonstrates its commitment to prudent fiscal management and safeguarding public funds through this diligent annual assessment.

The City Treasurer plays a crucial role in managing all City Funds, ensuring compliance with California Government Code Sections 53600 et seq. and 53635 et seq. Furthermore, investment practices are guided by the prudent person rule (Civil Code Sect. 2261, et seq.). The City Treasurer is responsible for overseeing the custody, deposit, and investment of public funds and securities, aligning these actions with the principles of sound treasury management, relevant laws, ordinances, and the established investment policy.

## **DISCUSSION:**

The City Treasurer annually reviews each policy section to ensure unwavering compliance with the State code. This meticulous process fosters transparency in qualified investments and aligns them with State law, policies, and City Council standards.

As a proactive measure to mitigate risks, city-owned securities are securely held by a third-party bank trust department. Acting as the City's agent under a custody agreement, this trust department ensures the safeguarding of securities, settling trades on a delivery vs. payment (DVP) basis through the City's designated safekeeping agent. An independent annual audit is conducted to verify the investment holdings of securities in the City's custody.

The City, unwavering in its commitment to due diligence and best practices, submits its investment policy for certification by the California Municipal Treasurer's Association (CMTA). Adherence to this certification program underscores the City's dedication to upholding due diligence and best practices.

## **FISCAL IMPACT:**

Monthly Treasurer Reports are diligently prepared to showcase compliance with the investment policy, are open for public review, and are subject to City Council approval. Additionally, the City's investments and investment policy undergo external auditor review as part of the audit process. Access to Treasurer Reports and the investment policy is available online at <http://www.cityofindianwells.org/cityhall/depts/finance>.

## **CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA):**

This action has been reviewed per the authority and criteria contained in the California Environmental Quality Act (CEQA), the State and local CEQA Guidelines, and the City's environmental regulations. The City, acting as the Lead Agency, determined that the ordinance is not subject to CEQA pursuant to Sections 15060(c)(2), 15060(c)(3), and 15061(b)(3) of the State CEQA Guidelines, because it will not result in a direct or

reasonably foreseeable indirect physical change to the environment as there is no possibility that the action would result in a significant environmental impact, and because it does not constitute a "project" as defined in Section 15378 of the State CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3.

## **ATTACHMENTS:**

1. Indian Wells Statement of Investment Policy