

INDIAN WELLS CITY COUNCIL

January 30, 2025



To: City Council

From: Finance Department

Prepared by: Kevin McCarthy, City Finance Director

Subject: **Re-Adoption 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:

The Finance Committee convened on January 14, 2025, to conduct a comprehensive review of the City's Investment Policy. Following this review, the Committee recommends that the City Council consider approval of the Investment Policy as presented.

Upon completing a thorough analysis, the City Treasurer advises against any modifications or alterations to the existing policy. The evaluation process included meticulously assessing the policy's effectiveness, financial implications, and overall alignment with the City's strategic objectives.

This recommendation is based on a comprehensive understanding of the policy's impact and suitability in addressing the City's financial and operational requirements. Consequently, the current policy is recommended to remain unchanged as it continues to support the City's fiscal goals and adhere to regulatory standards.

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 conducts an annual review of each policy section to ensure full compliance with State code. This rigorous process enhances transparency in managing qualified investments and ensures alignment with State laws, policies, and City Council standards.

To mitigate risks proactively, city-owned securities are securely held by a third-party bank trust department. Serving as the City's agent under a custody agreement, this trust department is responsible for safeguarding the securities and settling trades on a delivery vs. payment (DVP) basis through the City's designated safekeeping agent. An independent annual audit is performed to verify the accuracy of the securities in the City's custody.

The City submits its investment policy for certification by the California Municipal Treasurer's Association (CMTA), demonstrating a steadfast commitment to due diligence and best practices. Participation in this certification program reaffirms the City's dedication to maintaining the highest financial management standards.

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