

INDIAN WELLS CITY COUNCIL

March 2, 2023



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

RECOMMENDED ACTION:

Council **RE-ADOPTS** the City's Investment Policy with no amendments.

SUMMARY:

The Finance Committee held a public meeting on February 21, 2023, to review and discuss the investment policy. After seeking public input and discussion, the Finance Committee recommends that the City Council adopt the investment policy as presented. This annual requirement provides for public transparency of qualified investments. In addition, it ensures the City invests its funds by State law and with policies and standards established by the City Council.

The City Treasurer is responsible for investing all City Funds in accordance with the California Government Code, Sections 53600 et seq. and 53635 et seq. In addition, investment practices shall conform to the prudent person rule (Civil Code Sect. 2261, et seq.).

To demonstrate due diligence and "best" practices, the City's investment policy is certified by California Municipal Treasurer's Association (CMTA). The CMTA Certification Program provides professional guidance to improve investment policies in California's public-sector agencies and districts.

To protect against fraud or embezzlement, or losses caused by the collapse of an individual securities dealer, all securities owned by the City are held in safekeeping by a third-party bank trust department, acting as agent for the City under the terms of a custody agreement. All trades executed by a dealer settle delivery vs. payment (DVP) through the City's safekeeping agent. Securities held in the custody of the City are independently audited annually to verify investment holdings.

Under the Policy, the City Treasurer provides monthly Treasurer's Reports for Council consideration during a public meeting. The securities held by the City must comply with Authorized and Suitable Investments at the time of purchase.

Background:

The Government Code requires the Council to review and readopt the City investment policy annually. In addition, the City Treasurer reviews each section of the policy verifies compliance with the State code, and makes recommendations that enhance investment policy standards and procedures. The City Treasurer confirmed compliance with Government Code and the California Municipal Treasurer's Association.

The City Treasurer is charged with the responsibility for maintaining custody of all public funds and securities belonging to or under the control of the City; and for the deposit and investment of those funds following the principles of sound treasury management, applicable laws, and ordinances, and with this investment policy.

The City Treasurer prepares monthly Treasurer Reports to demonstrate compliance with the investment policy subject to City Council approval and public review. In addition, the City investment policy and investments are subject to external auditor review and inspection during the audit. The investment policy and Treasurer Reports are 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.

ATTACHMENT:

1. Indian Wells Statement of Investment Policy