



INVESTMENT POLICY REVIEW AND UPDATE

Finance Department

Finance Committee

August 12, 2026

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LEGISLATIVE HISTORY & BACKGROUND

- The City's Investment Policy establishes the framework governing how City Funds are invested.
- The Investment Policy ensures compliance with federal, state, and local laws governing prudent investment practices.
- Investment Authority is delegated by City Council to the City Treasurer/Chief Financial Officer through a formal resolution.



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LEGISLATIVE HISTORY & BACKGROUND

- Current Policy was adopted April 20, 2020 by Resolution 23566.
- The Investment Policy is reviewed annually by staff and the City's Investment Advisor; City Council re-adoption is only required when material changes are recommended.



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INVESTMENT PROGRAM GOALS

- The City's Investment Policy continues to emphasize safety, liquidity, and yield—in that order of priority.
- The policy reinforces prudent risk management, diversification, transparency, and strong internal oversight.



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BACKGROUND AS TO THE CHANGES

Changes were made to align with government code and update terminology.

These updates ensure the City's investment framework remains aligned with statutory requirements and evolving public treasury best practices.



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SUMMARY OF CHANGES

- Commercial Paper Changes:
 - State law now allows commercial paper investments to mature in up to 397 days, instead of the previous 270-day limit. The City's Investment Policy has been updated to reflect this change.
 - State legislation has extended the ability for larger local agencies to invest up to 40% of their portfolio in commercial paper through January 1, 2031, for agencies with \$100 million or more. The City's policy has been updated to reflect this extension.



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SUMMARY OF CHANGES

- The policy also updates the terminology for the City's Annual Comprehensive Financial Report (ACFR) to reflect current accounting standards.
- Maximum Maturity is now calculated from settlement date on all permitted investments.
- Prohibited Investments updated to align with changes in government code regarding investments in securities that could result in zero interest accrual.



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RECOMMENDATION

That the Finance Committee:

1. Review and provide input on the City's updated Investment Policy; and
2. Recommend that the City Council adopt the updated Investment Policy and accompanying Resolution.



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