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REVISED

RESOLUTION NO. 2017-14

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HUNTINGTON PARK DELEGATING INVESTMENT AUTHORITY TO THE FINANCE DIRECTOR/TREASURER PURSUANT TO GOVERNMENT CODE SECTION 53607 AND ADOPT THE STATEMENT OF INVESTMENT POLICY (EXHIBIT A) FOR FISCAL YEAR 2017/2018

WHEREAS, Government Code Section 53607 authorizes the City Council to delegate the duties of investing and reinvesting funds of the City, or to sell or exchange securities so purchased, to the City Treasurer for a one-year period;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HUNTINGTON PARK AS FOLLOWS:

SECTION 1. That the City Treasurer is hereby delegated the authority to invest or reinvest funds of the City, or to sell or exchange securities so purchased, pursuant to the Statement of Investment Policy which is attached, for a period of no more than one-year from and after the effective date of this Resolution pursuant to Government Code Section 53607.

SECTION 2. That the City Treasurer shall prepare periodic reports to the City Council of all transactions subject to this Resolution, as required by Government Code Section 53607.

PASSED, APPROVED AND ADOPTED this 20th day of June, 2017.

ADOPTION

The investment policy shall be adopted annually by resolution.

Marilyn Sanabria, Mayor

ATTEST:

Donna G. Schwartz, CMC City Clerk

EXHIBIT "A"

EXHIBIT A

CITY OF HUNTINGTON PARK STATEMENT OF INVESTMENT POLICY FOR FISCAL YEAR 2017/2018

I. PURPOSE

This policy is intended to provide the structure for prudent investment of the cash balances delegated to the City of Huntington Park Interim Director of Finance who also serves as the City's Treasurer ("Treasurer"). The Investment Policy Statement is approved annually by the City Council and as required by California Government Code Section 53646(a)(1).

II. POLICY STATEMENT

The investment practices and policies of the City are based on compliance with State law and prudent money management. It is the City's policy to invest public funds in a prudent manner which will provide the highest yield consistent with the maximum security and preservation of invested principal, while meeting the daily cash flow demands of the City, and conforming to all applicable federal, state and local statutes governing the investment of public funds.

III. SCOPE

This investment policy applies to all financial assets of the City and excludes retirement and deferred compensation funds. Financial assets are reported in the City's Comprehensive Annual Financial Report and are accounted for in the following funds:

- General Fund
- Special Revenue Funds
- Capital Projects Funds
- Debt Service Funds
- Internal Service Funds
- Trust and Agency Funds
- Any new funds created by the City Council unless specifically exempted

The provisions of the related bond indentures or resolutions shall govern investments of bond proceeds.

IV. **PRUDENCE**

Government Code Section 27000.3 and Section 53600.3 provides that the “prudent investor” standard is to be used by the Treasurer as a fiduciary of public funds. This standard provides that when investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, the Treasurer shall act with care, skill, prudence and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the City, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the City. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

V. **DELEGATION OF AUTHORITY**

Authority to manage the City’s investment program is derived from the California Government Code. Management responsibility for the investment program is hereby delegated to the Treasurer who shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials, and their procedures in the absence of the Treasurer.

The Treasurer shall establish written investment policy procedures for the operation of the investment program consistent with this investment policy. The procedures should include references to safekeeping, wire transfer agreements, collateral/depository agreements, banking services contracts, and other investment-related activities. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Treasurer.

The Treasurer can designate a staff person(s) to be responsible for investment transactions and to sign as a secondary signature on time

deposits and other public fund accounts. The City may engage the support services of outside professionals in regard to its investment program, as long as it can be clearly demonstrated that these services produce a financial advantage and protection of the portfolio.

VI. **OBJECTIVES**

The objectives for investing and managing public funds and the order of priority are as follows:

- A. Safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, the City will diversify its investments to the extent possible by investing in a variety of securities offering independent returns and financial institutions, as well as investing in high investment grade securities.
- B. Liquidity: The City's investment portfolio shall remain sufficiently liquid to enable the City to meet all operating requirements that are reasonably anticipated. Liquidity refers to the ability to sell an investment at any given moment with a minimal chance of losing some portion of principal or interest.
- C. Yield: The City's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and the cash flow characteristics of the portfolio.

VII. **AUTHORIZED INVESTMENTS**

While the Government Code Section 53600 *et seq.* authorizes the investment in a variety of securities, including U. S. Treasuries, U. S. Government Agencies, Commercial Paper Negotiable Certificates of Deposit, Repurchase Agreements, Money Market Mutual Funds, Investment Pools, among others, as a practical matter and at this time, the City invests only in the Local Agency Investment Fund run by California State Treasurer. LAIF affords local agencies like the City the opportunity to participate in a much larger portfolio thereby be capitalizing on returns of a pooled portfolio as well as investment expertise of the State

Treasurer's Office investment staff.

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As with any investment, the Treasurer is similarly required to conduct the requisite analysis of any pooled investments such as LAIF, money market funds, or local government investment pools held by the City shall be conducted by the City Treasurer on an annual basis. The analysis shall include a review of the pool's investment policy, underlying securities, and an assessment of risk management procedures.

VIII. **ETHICS AND CONFLICTS OF INTEREST**

The Treasurer and all investment personnel shall refrain from personal business activities that could conflict with proper execution of the investment program, or which could impair his/her ability to make impartial investment decisions. The Treasurer and all investment personnel shall disclose to the City Manager any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any material personal financial/investment positions that could be related to the performance of the City's investment portfolio.

The State of California's Fair Political Practices Commission Statement of Economic Interests, Form 700, shall be completed on an annual basis by the Treasurer and other employees designated in Government Code Section 87200.

IX. **REPORTING**

In addition to general reporting and updates to the City Manager, the Treasurer will submit to each member of the City Council a periodic report (either semi-annually or annually). The report shall contain a complete description of the portfolio, including the types of investments, issuers, maturity dates, par values and current market values. In the case of funds invested in the Local Agency Investment Fund (LAIF), and funds held by trustees or fiscal agents, and current statements from those institutions will satisfy the reporting requirements. The report will also include a certification of the following:

"All investment activities since the last report have been made in full compliance with the investment policy."

X. **INTERNAL CONTROL**

The Treasurer shall establish a system of written internal controls which will be reviewed annually with the City's independent (external) auditor. The controls shall be designed to prevent loss of public funds due to fraud, employee error and misrepresentation by third parties and imprudent actions by employees of the Treasurer's Office.

XI. **ADOPTION**

The investment policy shall be adopted annually by resolution.