



Agenda Report

MEETING DATE: Tuesday, February 9, 2021

TO: City Council

FROM: Finance
Cindy Czerwin, Administrative Services Director
Marissa Duran, Assistant Finance Director

SUBJECT: RESOLUTION ADOPTING THE CITY OF WATSONVILLE INVESTMENT
POLICY FOR CALENDAR YEAR 2021

STATEMENT OF ISSUES:

Staff is updating the City's Investment Policy for the new calendar year to comply with the City's current holdings as permitted by California Government Code sections 53600 et seq.

RECOMMENDED ACTION:

Staff is recommending that the City Council approve a resolution adopting the calendar year 2021 City of Watsonville Investment Policy.

DISCUSSION:

The City's Investment Policy and State law recommend that the governing body of the City annually review its Investment Policy. The City of Watsonville Investment Policy was last reviewed and adopted by the Council in June 2020.

Staff has, at the request of the City's outside auditors, for the first time added the California Asset Management Program (CAMP) as a permitted investment to the Policy. CAMP is a permitted investment to local agencies and provides a short-term cash reserve portfolio rated at AAAM. It further provides same-day liquidity, competitive yield and interest is paid monthly.

The purpose of the Policy is to guide the City Treasurer and staff in the investment of idle cash. Funds are invested in a manner that will earn a competitive yield in accordance with the City's needs for liquidity and safety while at the same time maximizing investments earnings. The Investment Policy intent is to ensure and promote investment practices that are consistent with the Policy, prudent in nature and that provide for the financial operational needs of the City.

The Council in this Policy delegates investment authority to the City Treasurer. In this delegated capacity, the City Treasurer may conduct Investment Committee meetings with staff to discuss investment options and provide direction for the investment of idle cash. A quarterly investment report is prepared by the Finance Department and submitted to the Council at a

regularly scheduled Council meeting. Currently, the City does not contract with a third-party administrator to make investment decisions.

STRATEGIC PLAN:

This Investment Policy supports the principles of the Strategic Plan by focusing on the most effective utilization of resources.

FINANCIAL IMPACT:

None.

ALTERNATIVE ACTION:

None.

ATTACHMENTS AND/OR REFERENCES (If any):

None.