



Staff Report

RESOLUTION APPROVING CITY OF BELMONT INVESTMENT POLICY

Honorable Mayor and Council Members:

Summary

Annually, the Treasurer is required to render to the Council at a public meeting an annual investment policy for their acceptance. That policy is attached for your consideration. There are no changes proposed to the policy at this time.

Background

The State of California Government Code Section 53646, amended by the passing of Senate Bill No. 564, requires the Treasurer to render to the Council at a public meeting an annual investment policy. The intent is to provide the local governing body with the authority to accept the policy.

At their February 5, 2009 meeting, the Finance Commission of the City of Belmont recommended City Council's acceptance of the policy.

Discussion

The Investment Policy, as recommended, affirms the Treasurer's fiduciary responsibility to safeguard public assets. The policy places a high priority on insuring safety of principal first and then insuring that the liquidity needs for payment of City obligations are met prior to considering yield on investments.

Fiscal Impact

None.

Public Contact

The agenda has been noticed.

Recommendation

Accept the proposed City of Belmont Investment Policy.

Alternatives

1. With direction, refer the presented Investment Policy back to the City Treasurer.

Attachments

- A. Resolution Accepting Investment Policy
- B. Investment Policy.

Respectfully submitted,

John Violet
City Treasurer

RESOLUTION NO. _____

**RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELMONT
AUTHORIZING ACCEPTANCE OF THE CITY OF BELMONT'S INVESTMENT
POLICY**

WHEREAS, California Government Code Section 53646 required the Treasurer to render to the City Council an annual investment policy; and

WHEREAS, the Finance Commission at its February 5, 2009 meeting recommended the City Council accept the policy attached as Exhibit A; and

WHEREAS, the City Council has received and reviewed the presented policy attached as Exhibit A; and

WHEREAS, the City Council has considered the matter at a regularly held City Council meeting to allow for public input.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Belmont hereby accepts Exhibit A as its investment policy.

* * * * *

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the City of Belmont at a Regular Meeting thereof held on 24th day of February, 2009 by the following vote:

AYES, COUNCIL MEMBERS: _____

NOES, COUNCIL MEMBERS: _____

ABSENT, COUNCIL MEMBERS: _____

ABSTAIN, COUNCIL MEMBERS: _____

CLERK of the City of Belmont

MAYOR of the City of Belmont

**CITY OF BELMONT
INVESTMENT POLICY**

TO: Belmont City Council
Belmont Finance Commission
Belmont City Manager
Belmont Finance Director

FROM: John Violet, City Treasurer

RE: Annual Investment Policy

DATE: January 30, 2009

1.0 Policy:

It is the policy of the City of Belmont to invest public funds in a manner which will provide the highest investment return consistent with maximum security while meeting the daily cash flow demands of the entity and conforming to all state and local statutes governing the investment of public funds.

2.0 Scope:

This investment policy applies to all investments as defined by the State of California Government Code accounted for in the City of Belmont's Comprehensive Annual Financial Report.

3.0 Prudence:

Investments shall be made with judgment and care--under circumstances then prevailing--which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

3.1 The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. 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.

4.0 Objectives:

The primary objectives, in priority order, of the City of Belmont's investment activities shall be:

- 4.1 **Safety:** Safety of principal is the foremost objective of the investment program. Investments of the City of Belmont shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, **diversification** is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio. Funds invested with the California Local Agency Investment Fund administered by the California State Treasurer meet this requirement for diversification.
- 4.2 **Liquidity:** The City of Belmont's investment portfolio will remain sufficiently liquid to enable the City of Belmont to meet all operating requirements as reasonably anticipated.
- 4.3 **Return on Investments:** The City of Belmont's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the City of Belmont's investment risk constraints and the cash flow characteristics of the portfolio.

5.0 Delegation of Authority:

No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the City Treasurer. The City Treasurer shall be responsible for all investment transactions undertaken and shall establish a system of internal controls to regulate the activities of authorized personnel.

6.0 Ethics and Conflicts of Interest:

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Belmont City Clerk any material financial interests in financial institutions that conduct business within this jurisdiction.

7.0 Internal Control:

The City Council shall establish an annual process of independent review by an external auditor. The external auditor will review internal control and compliance with policies and procedures.

8.0 Reporting:

The City Treasurer shall provide to the City Council and Finance Commission monthly investment reports which provide a clear picture of the status of the current investment portfolio.

Schedules in the monthly report should include the following:

- A listing of individual securities held at the end of the reporting period by authorized investment category.
- Final maturity of all investments listed.
- Coupon, discount or earnings rate.
- Par value and market value.

9.0 Investment Policy Adoption:

The City of Belmont's investment policy shall be adopted by resolution of the City Council. The policy shall be reviewed annually by the Finance Commission and any modifications made thereto must be approved by the City Council.