



City Council Staff Report

Subject: Delegation of Investment Decision Authority and Investment Policy Update

Date: May 9, 2023

Submitted By: Daniel Choe, Deputy Director of Administrative Services
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Department: Administrative Services - Finance

Recommendation:

- A. Receive a Presentation on Legislative Policy No. 1 - Investment Policy Updates by Chandler Asset Management, Inc.
- B. Adopt a Resolution of the City Council of the City of Rocklin Delegating Authority to Make Investment Decisions to the City Treasurer and Adopting Legislative Policy No. 1 - Investment Policy.

Background:

City of Rocklin Legislative Policy No. 1 (Investment Policy) establishes standards and guidelines for the direction, management, and oversight for the majority of the City's investable cash and funds and identifies the investment objectives, tolerance for risk, constraints on the investment portfolio, and the manner in which the investments will be managed and monitored. Investment Policy Section XII requires annual review of the City's Investment Policy to ensure its consistency with the overall objectives of preservation of principal, liquidity and return. The policy is also reviewed for relevance to current law, financial and economic trends, and the needs of the City. Adoption of the Investment Policy is required each year by resolution.

On June 28, 2022, the City Council adopted Resolution No. 2022-130 approving the Investment Policy for Fiscal Year (FY) 2022/23, and delegated authority to make all investment decisions to the City Treasurer for FY 2022/23 consistent with California Government Code 53607 and the Investment Policy.

On September 27, 2022, the City Council adopted Resolution No. 2022-189 awarding the Investment Management and Advisory Services contract to Chandler Asset Management, Inc. and, subsequently, an agreement was executed with Chandler Asset Management, Inc. for investment management and advisory services. The scope included the contractor to review and recommend updates to the City's Investment Policy.

City staff worked with the Investment Team at Chandler Asset Management, Inc. to update the City's Investment Policy and identified opportunities for the improvement of and to better align the policy with the City's investment objectives, California Government Code, and the industry best practices.

Revisions to the policy this year include updating the authorized investment asset classes allowed by California Government Code and expanding descriptive language of those currently listed, updating and designating maximum maturities, expanding description of prohibited investments, adding investment portfolio concentration limits, creating a section to address and expand on mitigating factors for credit and market risk, expanding language addressing Delivery-Versus-Payment and protections provided by a third-party custodian, and removing policy attachments that are no longer applicable. Additionally, descriptions and references were updated to align with current California Government Code.

On February 23, 2023, the proposed investment policy changes were presented to the City's Investment Advisory Committee for review and advisement. The Committee did not recommend any additional changes to the policy and a redline copy of the policy is included as Attachment 1 to the Report.

Staff recommends the City Council adopt a resolution delegating authority to make investment decisions to the City Treasurer for the fiscal year commencing July 1, 2023 and ending June 30, 2024, and approving Legislative Policy No. 1 – Investment Policy, which is included as Exhibit A to the Resolution.

Fiscal Impact:

There is no direct fiscal impact to the General Fund from the staff recommendation.

ATTACHMENTS:

- [1. Investment Policy - Redline](#)
- [2. Resolution - Investment Policy](#)