

Agenda Report

August 11, 2014

TO: Honorable Mayor and City Council
Successor Agency to the Pasadena Community Development
Commission

THROUGH: Finance Committee

FROM: Department of Finance

SUBJECT: JOINT ACTION: 2014-2015 INVESTMENT POLICY

RECOMMENDATION:

It is recommended that the City Council and the Successor Agency to the Pasadena Community Development Commission adopt the City Treasurer's Statement of Investment Policy (Investment Policy) and Investment Strategy for Fiscal Year 2014-2015.

BACKGROUND:

In relation to a local government's investment policy, California Government Code Section 53646 states, "the Treasurer or Chief Fiscal Officer may annually render to the legislative body of the local agency a statement of investment policy." Attached for your review and approval is the City Treasurer's Statement of Investment Policy for Fiscal Year 2014-2015.

The Investment Policy is intended to outline the policies for maximizing the efficiency of the City's cash management system, the prudent investment of the City's funds, and to provide guidelines for suitable investments. The primary goals of the Investment Policy are to ensure compliance with the law; provide protection of principal; maintain liquidity; and maximize investment income to enhance the economic status of the City.

The City's cash management system is designed to accurately monitor and forecast expenditures and revenues, thus enabling the City Treasurer to invest funds to the fullest extent possible. The City Treasurer then attempts to obtain the highest yield,

provided that all investments meet the safety and liquidity criteria established in the Investment Policy.

The investment policies and practices of the City Treasurer for the City of Pasadena are based upon federal, state, and local laws, and prudent money management. The primary goals of these policies are to:

1. Assure compliance with all federal, state and local laws governing the Investment of monies under the control of the City Treasurer;
2. Preserve the principal amount of monies entrusted to the City Treasurer's office;
3. Within the goal of preserving the principal amount of monies and maintaining necessary liquidity, to generate the maximum amount of investment income within the parameters of the Investment Policy and the guidelines for suitable investments.

The City Treasurer is authorized to invest the City's Funds in accordance with the California Government Code Section 53600 et seq. (the "State Code"), and the Investment Policy adopted by the Pasadena City Council. The City's Investment Policy may be modified, amended, or otherwise changed at any time, at the sole discretion of the Pasadena City Council. This Investment Policy applies to all financial assets and investment activities of the City of Pasadena, except for the investment of bond proceeds (which are authorized in the bond indentures), employee retirement funds, and deferred compensation funds.

The City Treasurer manages all of the City's funds in a pooled investment portfolio. The City Treasurer also holds monies in specific purpose funds, invested separately to meet the specific investment objectives of those funds. These funds include construction funds for the City's bond issues, the Successor Agency to the Pasadena Community Development Fund, the Stranded Investment Reserve Fund, and the Capital Endowment Fund. The interest for each is also maintained within the separate fund. The City Treasurer and staff will monitor, review, and respond to changing conditions that affect the various portfolios.

The City holds no investments in derivative products such as interest rate swaps, futures, options, or reverse repurchase agreements. The City has no investments in inverse floaters, range notes, interest only strips that are derived from a pool of mortgages, or any security that could result in zero interest accrual if held to maturity. The inclusions made to the City's Investment Policy serve to provide additional clarification and are indicated in bold, italic typeset within Attachment A of this report.

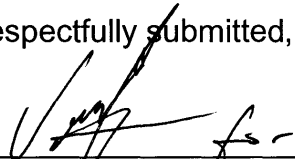
COUNCIL POLICY CONSIDERATION:

This action supports the City Council's strategic goal to maintain fiscal responsibility and stability.

FISCAL IMPACT:

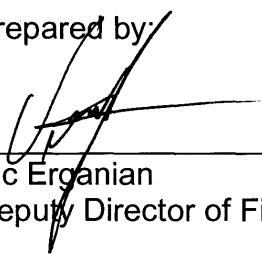
There has been no change in the City's Investment Policy. There is no fiscal impact as a result of this action nor will there be any indirect or support cost requirements. There is no anticipated impact to other operational programs or capital projects as a result of this action. The adoption of the City Treasurer's Statement of Investment Policy and Strategy for Fiscal Year 2014-2015 evidences the City's commitment to ensuring that the City of Pasadena's investment portfolio complies with the law and maintains the highest degree of safety while maximizing profits.

Respectfully submitted,



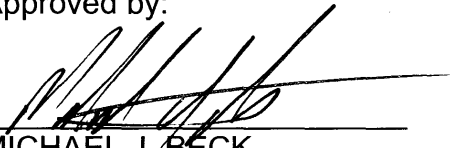
ANDREW GREEN
Director of Finance
Successor Agency Finance Officer

Prepared by:



Vic Erganian
Deputy Director of Finance/City Treasurer

Approved by:



MICHAEL J. BECK
City Manager
Successor Agency Executive Director

Attachments:

Attachment A – City of Pasadena Investment Policy (Fiscal Year 2014-2015)
Attachment B – City of Pasadena Investment Strategy (Fiscal Year 2014-2015)