



AGENDA REPORT

TO: Edward D. Reiskin
City Administrator

FROM: Adam Benson
Director of Finance

SUBJECT: City of Oakland Investment Policy For
FY 2020-21

DATE: May 26, 2020

City Administrator Approval

Date: June 10, 2020

RECOMMENDATION

Staff Recommends That The City Council Adopt:

- 1) **A Resolution For The City Of Oakland Investment Policy For Fiscal Year (FY) 2020-2021; And**
- 2) **A Resolution Pursuant To Government Code Section 53607 Delegating Investment Authority Of The Oakland Redevelopment Successor Agency To The Agency Treasurer For FY 2020-2021.**

EXECUTIVE SUMMARY

As a continuing best practice and sound financial management, the Treasury Bureau continues to submit its annual investment policy to the City's legislative body (the "City Council"). The California Debt and Investment Advisory Commission ("CDIAC") annually revises its Local Agency Investment Guidelines to include statutory changes that affect local government investments.

The proposed City of Oakland Investment Policy for FY 2020-21 (**Attachment A**) incorporates legislative changes and captures minor edits and changes in dates to reflect the current fiscal year. All changes to the proposed City of Oakland Investment Policy for FY2020-21 is reflected in the redline in Attachment A.

BACKGROUND / LEGISLATIVE HISTORY

The Finance Director/City Treasurer ("Treasurer") is responsible for sound financial management practices when managing the City's investment portfolios.

The proposed policy describes the primary goals of the Treasurer when investing funds as follows:

- Preservation of capital - to safeguard the funds under the Treasurer's control;
- Liquidity - to meet short term cash needs;
- Diversity - to reduce the portfolio risks; and
- Yield - to maximize the portfolio overall return.

City Council
June 16, 2020

The proposed policy adequately balances the needs of safety, liquidity, diversity, and yield.

ANALYSIS AND POLICY ALTERNATIVES

The statutory changes below amend the Government Codes pertaining to local government investment guidelines, which is incorporated in the proposed City of Oakland Investment Policy for FY 2020-21

Assembly Bill No. 857 (AB 857) was approved and signed by the Governor on October 2, 2019. Chapter 442, Statutes of 2019 (AB 857) added the following to Government Code 53601: "(r) Commercial paper, debt securities, or other obligations of a public bank, as defined in Section 57600."

Assembly Bill No. 945 was approved and signed by the Governor on October 8, 2019. Chapter 619, Statutes of 2019 (AB 945) amended Government Code 53601.8 to authorize a local agency to invest and deposit the agency's surplus funds in deposits at specified types of financial institutions whether those investments are in certificates of deposit or another form. The bill extended the sunset date from January 1, 2020, to January 1, 2026, also increased to 50 percent from 30 percent, the percentage of surplus funds that may be invested by a city, district, or other local agency.

The proposed City of Oakland Investment Policy for FY 2020-21 (***Attachment A***) also incorporates minor edits, and updating all dates to reflect upcoming Fiscal Year 2020-21. All changes to the proposed City of Oakland Investment Policy for FY2020-21 is reflected in the redline in Attachment A.

FISCAL IMPACT

There is no fiscal impact associated with this report.

PUBLIC OUTREACH / INTEREST

This item did not require any additional public outreach other than the required posting on the City's website.

COORDINATION

This report has been prepared by the Finance Department.

SUSTAINABLE OPPORTUNITIES

Economic: This report insures sound financial management policies and practices.

Environmental: The City's policy is to invest, when possible, in companies that promote the use and production of renewable and "green" energy resources.

Race and Equity: The City's policy is to invest in socially responsible and minority owned companies, when possible.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Adopt:

- 1) A Resolution For The City Of Oakland Investment Policy For Fiscal Year (FY) 2020-2021; And
- 2) A Resolution Pursuant To Government Code Section 53607 Delegating Investment Authority Of The Oakland Redevelopment Successor Agency To The Agency Treasurer For FY 2020-2021.

For questions regarding this report, please contact David Jones, Treasury Administrator, at (510) 238 6508.

Respectfully submitted,



ADAM BENSON
Director of Finance

Reviewed by:
David Jones, Treasury Administrator
Treasury Bureau

Prepared by:
Max Kumar, Investment Officer
Treasury Bureau

Attachments (1):

A: ***City of Oakland and Oakland Redevelopment Successor Agency Investment Policy for Fiscal Year 2020-2021***