

## Chapter 3.30 INVESTMENT OF CITY MONEYS

Sections:

- 3.30.010 Basic investment guidelines.**
- 3.30.020 Specific investment guidelines.**
- 3.30.030 Specific investment policy and procedures.**
- 3.30.040 Collateral.**
- 3.30.050 Assumption of treasurer's duties.**

### **3.30.010 Basic investment guidelines.**

Pursuant to Section 5.03 of the City Charter, the investment of moneys held by the city and all of its agencies shall be restricted to those investments permitted by the policy set by ordinance for the investment of public moneys and as required by government code.

A. For the purposes of the chapter, the term "city" shall encompass the city of Folsom, the Folsom redevelopment agency and successor agency or agencies, the Folsom public financing authority, and all other agencies and instrumentalities of the city under either the direct or indirect control of the city council, and this chapter regulates the investment of all moneys of those agencies.

B. General state law shall be followed as to the guidelines determining the amount of and the circumstances under which city moneys may be invested.

C. If general state law is less restrictive concerning investment instruments in which the city is permitted to invest, only those investment instruments allowed by ordinance and city investment policy shall be permitted to be made by the city.

D. If general state law is more restrictive concerning investment instruments in which the city is permitted to invest, only those investment instruments allowed by state law shall be permitted to be made by the city. (Ord. 1170 § 2 (part), 2012)

### **3.30.020 Specific investment guidelines.**

The guidelines set out in this chapter shall be complied with by all city officers who are in charge of investing city moneys.

A. No securities may be purchased on margin.

- B. Adequate moneys shall be available at all times to meet appropriated and projected cash flow requirements of the city, with only those moneys surplus to those cash flow needs being eligible to be invested.
- C. No more than fifty percent of the city's total cash should be invested for a period longer than one year.
- D. No investment shall be made that at the time of investment has a term remaining to maturity in excess of five years unless the city council has granted express authority to make that investment.
- E. No financial futures or financial options may be purchased as city investments.
- F. The "Local Agency Investment Guidelines" of the California Debt and Investment Advisory Commission, dated January 2012, shall be complied with unless in direct conflict with the City Charter or this chapter.
- G. All city cash shall be consolidated into one general bank account as set out in this code, and invested on a pooled concept basis. Interest earnings shall be allocated to all city funds and subfunds according to fund and subfund cash and investment balances on at least a quarterly basis. (Ord. 1170 § 2 (part), 2012)

### **3.30.030 Specific investment policy and procedures.**

It is the primary duty of the city officers having responsibility for investing city moneys to protect, preserve and maintain cash and investments placed in their trust on behalf of the citizens of the city. To that end, those investment officers shall comply with the following guidelines and procedures:

- A. Interest yield on investments shall be secondary to the basic requirements of safety and liquidity of moneys.
- B. The city investment portfolio shall be designed to equal or exceed the rate of return of the state's local agency investment fund (LAIF) throughout budgetary and economic cycles, taking into account the city's risk constraints, cash flow characteristics of the investment portfolio, this chapter, this code and state law.
- C. The city investment portfolio shall be diversified to minimize risks regarding specific security types or individual financial institutions.
- D. All city investment officers shall adhere to the guidance provided by the "prudent investor standard" as set out in the California Government Code Section 53600.3.
- E. All participants in the investment process shall act as custodians of the public trust. Investment officers shall recognize that the investment portfolio is subject to public review and evaluation.

F. The city's chief investment officer shall quarterly submit an investment report to the city council, which report shall include all required elements as prescribed by California Government Code Section 53646.

The city's chief investment officer shall monthly submit a report of transactions to the city council as prescribed in California Government Code Section 53607.

In both instances the city chief investment officer may include such other information as deemed appropriate.

G. The finance director shall develop a system of internal controls over investments, which control system shall be documented in writing according to CDIAC guidelines. The system shall be designed to prevent losses of public moneys arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by city employees or officers.

H. Financial institutions in which the city has investments shall be monitored as to financial condition throughout the period in which the city has moneys deposited or invested, to assure that the condition of the institution does not materially deteriorate so as to risk the city's investments.

I. A statement of investment policy shall be developed, and changes to the policy submitted to the city council as needed.

J. Security purchases and holdings shall be maintained within the limits permitted by the City Charter, this chapter and the California Government Code, whichever is the most restrictive both as to percentages of the total investment portfolio which might be invested in the various types of securities and as to the maximum length of maturity. (Ord. 1170 § 2 (part), 2012)

#### **3.30.040 Collateral.**

Collateral for all city investments placed with the depository agent shall at all times be maintained as specified in California Government Code Section 53652 and pursuant to California Government Code Sections 53656 and 53658, or to a higher level of collateral if established by the city council, this code, or city policy.

A. Securities purchased from brokers/dealers shall be held in a third party custodian/safekeeping account and such securities shall be held in a manner that establishes the city's right of ownership.

B. Collateral for time deposits in savings and loans may be held by the Federal Home Loan Bank or an approved depository agent. Collateral for time deposits in banks shall be held in the city's name in the bank's trust department or, alternately, in the Federal Reserve Bank. (Ord. 1170 § 2 (part), 2012)

#### **3.30.050 Assumption of treasurer's duties.**

The duties assigned in this chapter to the finance director, which by law are to be exercised by the city treasurer, shall not be assumed by the finance director until the end of the term of the office of the present city treasurer, or until the office is otherwise vacated. (Ord. 1170 § 2 (part), 2012)

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