



Meeting Date: 09/27/11

| ACTION | TYPE OF ITEM |
|--|--|
| <input type="checkbox"/> Approved Recommendation | <input type="checkbox"/> Info/Consent |
| <input type="checkbox"/> Ord. No(s). _____ | <input checked="" type="checkbox"/> Report |
| <input type="checkbox"/> Res. No(s). _____ | <input type="checkbox"/> Public Hearing (Info/consent) |
| <input type="checkbox"/> Other _____ | <input type="checkbox"/> Other _____ |

Prepared By: Danielle M. Navas, City Treasurer *Navas* Agenda Item No. 0-1

Reviewed By: City Manager *[Signature]* City Attorney *[Signature]* Finance *[Signature]* Other N/A

DATE: September 14, 2011

TO: City Council

FROM: Danielle M. Navas, City Treasurer *Danielle M. Navas*

SUBJECT: Investment Policy and Annual Report of Investment Activity

RECOMMENDATION

That City Council:

1. Approve the Investment Policy for the City of Oxnard.
2. Adopt a resolution delegating investment authority to the City Treasurer.

DISCUSSION

Mandated by Government Code Section 53646, as amended effective January 1996, this statement of investment policy is to be provided to the City Council at a public meeting. Although the State waived this mandate, the City Treasurer will continue to provide an investment report and an update of the Investment Policy following fiscal year end.

The Investment Policy (Attachment 1) has proven to be a valuable document which provides direction with the flexibility to maintain portfolio performance in changing interest rate markets.

Investment Procedures

The City of Oxnard's portfolio is conservative and planned with safety of principal as the first objective followed by provision for funds when needed. Yield is important after these two objectives have been met. The portfolio is diversified as to type of investment, financial institution and maturity. Securities with maturities of more than thirty days are delivered to the City's third-party safekeeping account. City funds are consolidated in the pooled money investment fund to provide maximum investment opportunity. Analysis of cash-flow provides data for anticipated income, clearance of outstanding checks, and dates for extraordinary expenditures to manage liquidity requirements.

Interest Earnings

The Federal Funds rate continues, unchanged, at .00-25 percent. For FY 2010/11, the City earned an average of 2.00 percent compared with the LAIF average annual rate for the same period of .45 percent, and the two-year treasury market average of .55 percent. Portfolio duration averaged twenty seven

months versus twenty four months of the two year treasury benchmark. Total net earnings of *\$ 2,600,000.00 were produced from an investment portfolio balance of \$135,302,564.

GASB Reporting Requirements

Quarterly portfolio reports, stating market value of each investment, have been presented to City Council. In addition to this reporting requirement, the difference between the book value and the market value of the portfolio is shown at year-end as either profit, when market value exceeds book value, or a loss. As stated in the investment policy, instruments are purchased with defined maturities and held to maturity thus receiving full value of the investment. Holding investments to maturity provides a stable portfolio with no actual loss of principal.

Effective Cash Management

The City Treasurer's Department coordinates with the Finance Department General Accounting and other departments for amounts and payment dates of bond, interest, and other wired payments as well as anticipated payroll and accounts payable disbursements to manage cash flow and liquidity needs.

California Municipal Treasurers' Association

The California Municipal Treasurer's Association (CMTA) is a valuable resource to the City. The Treasurer's continued attendance to the workshops and annual conference assist in being informed of the new legislation or investment instruments effecting municipalities in today's ever changing economy.

* Adjustment at year-end closing may require minor modification to this amount.

FINANCIAL IMPACT - None

Attachment #1 - Statement of Investment Policy
#2 - Resolution

Note: Attachment #1 has been provided to City Council under separate cover. Copies for review are available at the Help Desk in the Library after 6:00 p.m. on Thursday prior to the Council meeting and in the City Clerk's Office after 8:00 a.m. on Friday prior to the Council meeting.

CITY COUNCIL OF THE CITY OF OXNARD

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD
DELEGATING INVESTMENT AUTHORITY TO THE CITY TREASURER

WHEREAS, effective January 1, 1997, Government Code Section 53607 was amended to provide in part:

“The authority of the [city council]...to invest or to reinvest funds..., or to sell or exchange securities so purchased, may be delegated for a one-year period by the [city council]...to the [city] treasurer..., who shall thereafter assume full responsibility for those transactions until the delegation is revoked or expires, and shall make a monthly report of those transactions to the [city council] ... Subject to review, the [city council] ... may renew the delegation of authority pursuant to this section each year.”

WHEREAS, on September 15, 1992, the City Council adopted Resolution No. 10,455, delegating to the City Treasurer the authority to invest and reinvest the City funds; and

WHEREAS, the City Council annually approves a Statement of Investment Policy for the City, which in Section 5.0 delegates to the City Treasurer authority to invest City funds; and

WHEREAS, it remains the intention of the City Council to delegate such authority to the City Treasurer.

NOW, THEREFORE, the City Council of the City of Oxnard resolves to delegate to the City Treasurer authority to invest and reinvest City funds and to sell or exchange securities so purchased; to reaffirm such delegation of authority contained in Resolution No. 10,455; and to state that the City Council’s annual review and approval of a Statement of Investment Policy that includes such delegation of authority constitutes the City Council’s delegation of such authority.

PASSED AND ADOPTED this 27th day of September, 2011, by the following vote:

AYES:

NOES:

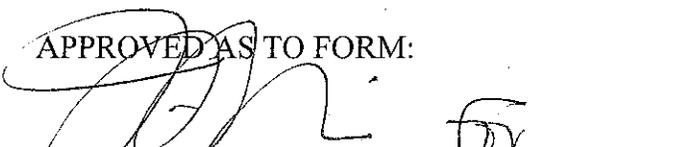
ABSENT:

ATTEST:

Dr. Thomas E. Holden, Mayor

Daniel Martinez, City Clerk

APPROVED AS TO FORM:



Alan Holmberg, City Attorney

9.19.11

ATTACHMENT # 2
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