



CITY OF MENIFEE

SUBJECT: Annual Investment Policy Update for Fiscal Year 2024/2025

MEETING DATE: June 5, 2024

TO: Mayor and City Council

PREPARED BY: Ann-Marie Etienne, Finance Manager

REVIEWED BY: Travis Hickey, Chief Financial Officer

APPROVED BY: Armando G. Villa, City Manager

RECOMMENDED ACTION

1. Adopt a resolution approving the annual update to the City of Menifee's Investment Policy for Fiscal Year 2024/2025.

DISCUSSION

In accordance with the current Investment Policy (Policy Number CC-11) ("Policy"), this Policy shall be reviewed and adopted at least once a year within 120 days of the end of the fiscal year, to ensure its consistency with the overall objectives of preservation of principal, liquidity and return, and its relevance to current law and financial and economic trends. The Policy was initially adopted in 2008 and has had subsequent updates since then with the last annual update approved by the City Council on October 18, 2023.

The Finance Committee reviewed the Fiscal Year (FY) 2024/2025 updated draft Policy at its meeting held on May 7, 2024, and recommended approval by the City Council. The purpose of the Policy is to identify various policies and procedures that will foster a prudent and systematic investment program designed to seek the City of Menifee's objectives of safety, liquidity and return on investment through a diversified investment portfolio. The Policy also serves to organize and formalize the City of Menifee's investment-related activities, while complying with all applicable statutes governing the investment of public funds.

This Policy is written to incorporate industry best practices and recommendations from sources such as the Government Finance Officers Association (GFOA), California Municipal Treasurers Association (CMTA), California Debt and Investment Advisory Commission (CDIAC) and the Association of Public Treasurers (APT).

On July 5, 2022, the CMTA Investment Policy Certification was granted to the City of Menifee. This Investment Policy Certification recognizes that CMTA has validated that the City of Menifee's

Investment Policy adheres with the State of California Government Code and meets specific requirements deemed to be best practices for municipal agency investment policies. Per CMTA recommendation, the City will seek to certify our Investment Policy every two to three years, or whenever a major update occurs.

Any recommended modifications or amendments shall be presented by staff to the City Council for their consideration and adoption. The draft FY 2024/2025 Policy revisions consist of:

- Added state-licensed broker dealers as an authorized institution.
- Updated “portfolio” to “total portfolio” to reflect compliance is assessed across the entire client relationship. This provides a clarification on a holistic/aggregate review across all City investment activities.
- Clarified the provisions around Placement Services, including the associated glossary term based on the local government, financial affairs and surplus funds requirements established under AB 945.
- No action is necessary for SB 822 (effective 1/1/2024) related to Asset Backed Securities (ABS)/Mortgage-Backed Securities (MBS)/Collateralized Mortgage Obligations (CMO) as it was already stated in the policy.
- Added indication that benchmarks may change based on the needs of the City. This allows for the City to determine the benchmarks which best align with the City’s investment priorities.
- Updated the “City of Menifee Policy Maximum” to align to the narrative in the Authorized Investments.
- Removed terms not used in the document from the glossary.
- Updated the annual review of the investment policy to be once a year, and no later than 120 days of the end of the fiscal year. This will align the review to be completed at the beginning of each fiscal year and in alignment with the annual budget process.

The overall goal of this policy is to ensure that the City’s investments are managed with the degree of professionalism worthy of the public trust, with preservation and protection of the City’s assets being the guiding philosophy.

STRATEGIC PLAN OBJECTIVE

Thriving Economy

FISCAL IMPACT

There is no fiscal impact associated with the annual approval of the Investment Policy itself. A review of the policy and necessary updates was completed as a collaborative effort between staff

and the City's current investment advisor, Chandler Asset Management. The Investment Policy provides the backbone policy guidelines for the City's overall investment strategy, balancing fiscally prudent investment practices with the opportunities to increase fiscal resource the City can redirect towards municipal services.

ATTACHMENTS

1. Resolution- FY2024/2025 Investment Policy
2. Exhibit A- Revised Investment Policy FY2024/2025