

	CITY OF BELVEDERE – ADMINISTRATIVE POLICY MANUAL POLICY 2.5 INVESTMENTS		
	Adoption Date:	9/7/2004	Adopted by:
Revised Date:	11/13/2018 4/12/2021 5/09/2022	Revised by:	City Council Resolution No. 2018-32 City Council Resolution No. 2021-10 City Council Resolution No. 2022-23
Authority:	City Council		

2.5.1 PURPOSE

The Investment Policy provides guidelines for the prudent investment of cash that is temporarily available for investment, and outlines policies for the City’s cash management system. Its purpose is to enhance the economic status of the City while protecting the value of its pooled cash. This policy is applicable to all funds and investment activities under the direct authority of the City excluding pension trust funds, other post-employment benefit trust funds, and the proceeds of debt issues.

2.5.2 OBJECTIVE

- A. The investment objective is to ensure fund safety, preserve a significant amount of liquidity and achieve yields on City funds that are available for investment under the guidelines of this policy.
- B. The cash management system is designed to accurately monitor and forecast expenditures and revenues, thus enabling the City to identify those funds that could be invested without adversely affecting City operations.

2.5.4 POLICY

In order to generate higher rates of return on its cash balances, the City pools the cash from all funds, except those funds held in trust for the City by various financial institutions in accordance with applicable trust agreements related to debt issues. Interest revenue derived from pooled cash is allocated monthly to the participating funds based on the relative cash balance of each fund.

2.5.5 INVESTMENT CRITERIA

Criteria for selecting investments and the order of priority are:

- **Safety**: The safety and risk associated with an investment refers to the potential loss of principal, interest or a combination of these amounts. The City only operates in those

investments that are considered very safe and are allowable under Government Code Sections 53600 to 53610.

- **Liquidity:** This refers to the ability to “cash in” at any moment in time with a minimal chance of losing some portion of principal or interest. Liquidity is an important investment quality especially when the need for unexpected funds occasionally occurs.
- **Yield:** This is the dollar earnings an investment can provide, and sometimes is described as the rate of return.

2.5.6 INVESTMENT APPROACH

It is the practice of the City to invest primarily in the Local Agency Investment Fund, the CalPERS Section 115 California Employers’ Pension Prefunding Trust Fund or hold cash on deposit at FDIC insured banks. -Investments of reserve funds or bond proceeds in other instruments may be considered if recommended by the Finance Committee to the City Manager for action by the City Council and provided that any such investments should only be undertaken if the likelihood of the City needing to deploy these funds in the near term is low.

2.5.7 OVERSIGHT

The Finance Committee shall review investments and investment performance on an annual basis. The Committee’s findings shall be reported to the City Council through the Councilperson(s) who serve on the Committee. The Finance Committee shall also review this Investment Policy every three years and report any recommendations to the City Council through the Councilperson(s) who serve on the Committee.