

# **CITY OF GLENDORA**

## **STATEMENT OF INVESTMENT POLICY CALENDAR YEAR 2008**

### **I. INTRODUCTION**

The City Council of the City of Glendora (and the Glendora Community Redevelopment Agency-together, the “City”) recognizes its responsibility to prudently direct the investment of the City’s funds on behalf of the City’s existing and future residents. The City Council further recognizes that the City’s investment assets are essential to the City’s financial strength, the effective implementation of long range financial plans, and ultimately its ability to respond to the needs of the community.

The investment policies and practices of the City of Glendora take into consideration that California statutes authorize the City of Glendora to finance acquisition or construction of various projects and capital assets through the issuance and sale of municipal securities, including but not limited to general obligation bonds and revenue bonds. Depending on the type and the authority for the issuance and sale of the bond, the City’s general fund and/or certain sources of city revenue may be pledged as security for the bonds. The bonding and the resulting security interest in city funds and revenue may supercede all or portions of this Policy.

This Statement sets forth policies which shall govern the investment of the City’s funds. It will be used by the City’s Treasurer, the Investment Advisory Committee, other City officials and staff, as well as all other third-party providers of investment or investment-related services. Its purpose is to direct the prudent investment and protection of the City’s funds and investment portfolio.

### **II. POLICY**

It is the policy of the City to invest public funds in a manner which will provide the highest investment return with maximum security while meeting the daily cash flow demands of the City and conforming to all state and local statutes governing the investment of public funds.

### **III. SCOPE**

This Investment Policy applies to all financial assets of the City of Glendora. The following funds are covered by this Investment Policy and are accounted for in the City’s Comprehensive Annual Financial Report:

- A) General Fund
- B) Special Revenue Funds
- C) Debt Service Funds

- D) Capital Project Funds
- E) Enterprise Funds
- F) Internal Services Funds
- G) Trust and Agency Funds
- H) Any new funds created by the City Council

#### **IV. PRUDENCE**

Investments shall be made in the context of the "Prudent Investor" standard pursuant to Government Code Section 53600.3 (see Attachments) which states in relevant part that:

"When investing, reinvesting, purchasing, acquiring, exchanging, selling, and managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency."

Investments shall be made with judgment and care under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation but for investment, considering the probable safety of their capital as well as the probable income to be derived.

All investments purchased shall have daily liquidity or a final stated maturity date, upon which the full principal value of the security will be received. Although the investment will mature at full principal value, it is recognized that the market will vary throughout the life of the security. In a diversified portfolio it must be further recognized that occasional measured losses are inevitable due to economic, bond market, or individual security credit analysis. These occasional losses must be evaluated and considered within the context of the overall return.

The "Prudent Investor" standard shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

#### **V. OBJECTIVE**

The objective of the investment portfolio is to meet the short- and long-term cash flow demands of the City. To achieve this objective, the portfolio will be structured to provide safety of principal and liquidity, while then providing a return on investments.

**A. Safety of Principal**

Safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, the City will diversify its investments by investing funds among a variety of securities and approved financial institutions. The City shall seek to preserve principal by mitigating the two types of risk in order of importance: credit risk and market risk.

1. **Credit Risk** Credit risk, defined as the risk of loss due to failure of an issuer of a security, shall be mitigated by purchasing U.S. Treasuries or high grade securities. All investments beyond Treasury securities will be diversified so that the failure of any one issuer would not unduly harm the City's cash flow. Credit risk shall also be mitigated by prequalifying financial institutions, broker/dealers, intermediaries and advisors with which the City does business.
2. **Market or Interest Rate Risk** Interest rate risk is the risk that the market value of securities in the portfolio will fall due to changes in general interest rates. Interest rate risk may be mitigated by structuring the Funds so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in shorter-term securities. The cash flow is updated on a daily basis and will be considered prior to the investment of securities, which will reduce the necessity to sell investments for liquidity purposes. Long-term securities shall not be purchased for the sole purpose of short-term speculation. Securities shall not be sold prior to maturity with the following exceptions, 1) a security whose credit declines or is expected to decline may be sold IF there is a reasonable expectation that the prompt payment of principal and interest becomes unlikely. A temporary or modest decline in a securities; credit rating should not in and of itself trigger a liquidation , 2) a security swap would improve the quality, yield, or target duration in the portfolio, or 3) liquidity needs of the portfolio require that the security be sold. The weighted average maturity of the funds will be limited to three years or less. Purchases of investments will be restricted to securities with a final stated maturity not to exceed five (5) years.

**B. Liquidity**

The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.

### **C. Return On Investments**

The City's investment portfolio shall be designed with the objective of attaining a benchmark rate of return throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio. A benchmark does not imply that the Treasurer will add additional risk to the portfolio in order to attain or exceed the benchmark.

## **VI. DELEGATION OF AUTHORITY**

The City of Glendora's Resolution No. 03-3 delegates investment authority to the City Treasurer. It further authorizes the City Treasurer to invest or deposit the City's funds in accordance with California Government Code Sections 53600 and 53630 et seq.(see Attachments) and all related State and Federal laws.

In the Treasurer's absence, and subject to City Council approval, the Treasurer may assign investment responsibilities to the City Manager. The Treasurer will provide prior written notification to the City Manager and the City Council regarding the assignment of responsibilities. In the event that the Treasurer is unable to assign responsibility, the City Manager will select a designee. In addition, at the discretion of the Treasurer, cash monitoring and investment responsibilities can be assigned to a designated assistant and a surety bond will be obtained by the City for said assistant.

The responsibility for establishing, monitoring and maintaining a strong system of investment controls and directing an independent audit of the investment function is delegated to the City Manager. The City Manager's designee(s) may assist in carrying out these functions.

The City Council's primary responsibilities over the investment function include establishing investment policies, annually reviewing such policies, reviewing monthly investment reports issued by the Treasurer and authorizing any deviations from the City's Investment Policy.

## **VII. INVESTMENT PROCEDURES**

The City Treasurer shall establish written investment policy procedures for the operation of the investment program consistent with this policy (see Appendix F). The procedure should include reference to: safekeeping, Public Securities Association (PSA) repurchase agreements, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the City Treasurer.

The Treasurer shall make any necessary changes to the written investment policy procedures upon recommendation of the Investment Advisory Committee and approval of the City Manager.

### **VIII. ETHICS AND CONFLICTS OF INTEREST**

The City Treasurer and other employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions. The City Treasurer and investment employees shall disclose any material interests in financial institutions with which they conduct business within their jurisdiction. They shall further disclose any large personal financial/investment positions that could be related to the performance of the investment portfolio and shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City. The City Treasurer and investment employees are required to file annual disclosure statements as required by the Fair Political Practices Commission (FPPC). During the course of the year, if there is an event subject to disclosure that could impair the ability of the City Treasurer or investment employees to make impartial decisions, the City Council will be notified in writing within 10 days of the event.

### **IX. AUTHORIZED DEALERS AND FINANCIAL INSTITUTIONS**

The Treasurer will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment services in the State of California. These may include “primary” dealers or regional dealers that qualify under the Securities & Exchange Commission Rule 15C3-1 (uniform net capital rule-see Attachments). No public deposit shall be made except in a qualified public depository as established by state laws.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the City Treasurer with the following: Audited Financial Statements, proof of National Association of Security Dealers certification, trading resolution, completed Broker/Dealer Questionnaire, Certification of having read this City’s investment policy, and completed Agreement for Securities Service. (see Appendices B & C). Broker/dealer applicants may be requested to provide local government or other client references within the State of California.

A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the City invests.

An annual review of the financial condition and registrations of qualified bidders will be conducted by the Treasurer.

## **X. AUTHORIZED AND SUITABLE INVESTMENTS**

The investments set forth in this section are authorized investments pursuant to Section 53601 (see Attachments) of the Government Code and are authorized investments for the City subject, however, to the prohibitions set forth in Section XIII of this Investment Policy.

### **A. Securities of the U.S. Government**

**U.S. Treasury Bills** – issued by the U.S. Treasury and are available in maturities out to one year. They are non-interest bearing and sold on a discount basis. The face amount is paid at maturity.

**U.S. Treasury Notes** – issued by the U.S. Treasury with maturities from two to ten years. They are issued in coupon form and many issues are also available in registered form. Interest is payable at six month intervals until maturity.

**U.S. Treasury Bonds** – issued by the U.S. Treasury with maturities of ten years to thirty years. The City may purchase the interest and/or principal of a U.S. Treasury Bond. A principal only instrument is commonly called a “stripped” or “zero” coupon. Stripped coupons are sold at a discount basis. The face amount is paid at maturity.

### **B. Securities of U.S. Government Agencies**

The capital of U.S. government agencies was initially financed by the United States Treasury. But as they have grown and operated profitably over the years, the Treasury’s investment has been replaced in a large measure by private capital. At present, obligations of only a few agencies are backed by the full faith and credit of the U.S. Government. The obligations of all the federal agencies described in the following sections are not guaranteed by the U.S. Government with the exception of Government National Mortgage Association (GNMA), but are considered to be investments of the highest quality.

**Federal National Mortgage Association** – (Fannie Mae) a quasi public corporation created by an act of Congress to assist the home mortgage market by purchasing mortgages insured by the Federal Housing Administration and the Farmers Home Administration, as well as those guaranteed by the Veterans Administration. Fannie Mae issues Notes and Bonds and there is a strong secondary market in these securities. A secondary market means these instruments are actively traded, they are bought and sold daily. Bonds are issued for 15 and 30 year maturities with interest paid semi-annually. Interest is computed on a 30/360 day basis. Notes are issued with maturities of less than one year with interest paid at maturity.

**Government National Mortgage Association** – (Ginnie Mae) a wholly owned corporation instrumentality of the United States within the Department of Housing and Urban Development. A certificate collateralized by FHA/VA residential mortgages represents a share in a pool of FHA or VA mortgages. Ginnie Mae's are registered securities. Original maturities range from 12 to 30 years with a 7 to 12 year assumed average life. (Assumed average life is due to prepayments of mortgages). Principal and interest are paid monthly and sent directly from the issuer of the pool, usually a mortgage banker, to the City.

**Federal Home Loan Banks** – (FHLB) provide credit to member lending institutions such as savings and loan associations, cooperative banks, insurance companies and savings banks. The agency offers bonds in the public market with maturities of 1 to 10 years. These bonds are usually offered on a quarterly basis depending on the current demands of the housing industry. Interest is paid semi-annually on a 30/360 day basis.

**Federal Farm Credit Banks** – debt instruments issued to meet the financial needs of farmers and the national agricultural industry, these issues enjoy an established secondary market. Discount notes are issued monthly with 6 and 9 month maturities. Longer term debentures (2-5 years) are also issued. Discount notes pay interest at maturity. Debentures pay interest semi-annually on a 30/360 day basis.

**Federal Home Loan Mortgage Corporation** – (Freddie Macs) A publicly held government-sponsored enterprise created in 1970 pursuant to the Federal Home Loan Mortgage Corporation Act, Title III of the Emergency Home Finance Act of 1970, as amended. Freddie Mac's statutory mission is to provide stability in the secondary market for home mortgages, to respond appropriately to the private capital market and to provide ongoing assistance to the secondary market for home mortgages by increasing the liquidity of mortgage investments and improving the distribution of investment capital available for home mortgage financing. Maturity can be from 1 to 30 years. These loans can be either set at a fixed rate or a variable rate.

### C. Bonds

**City Bonds** – Bonds issued by the city, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the City or by a department, board, agency, or authority of the City.

**State Bonds** – Registered state warrants or treasury notes or bonds of the State of California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the State or by a department, board, agency, or authority of the State.

**Municipal Bonds** – Bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State of California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency.

**D. Time Deposits and Certificates of Deposit**

Time Deposits are placed with commercial banks and savings and loan agencies. A time deposit is a receipt for funds deposited in a financial institution for a specified period of time at a specified rate of interest. Deposits of \$100,000 (referred to as Jumbo C.D.'s) per institution are insured by the government and Certificates of Deposit can be supported by either 110% U.S. Government agency notes or 150% mortgages currently held by the bank or savings and loan. Purchases of negotiable certificates of deposit may not exceed 30 percent of the City's surplus money to be invested. Generally the time is 3 months to 2 years. Denominations can be any agreed upon amount and interest is normally calculated using actual number of days on a 360-day year and paid monthly. An institution must meet the following criteria to be considered by the City:

- The institution must maintain a net worth to asset ratio of at least 3% and a positive earnings record.
- The institution must be in compliance with the Financial Institution Reform Act (FIRREA) capital ratio requirements for risk-based, tangible, and core capital.
- The institution must make available a current Federal Deposit Insurance Corporation (FDIC) call report or a Federal Home Loan Bank (FHLB) report. A call report presents the financial condition of the institution to the agency with oversight responsibility of that institution.

**E. Negotiable Certificates of Deposit**

Negotiable Certificates of Deposit are a form of Certificate of Deposit which has been an important money market instrument since 1961 when commercial banks began issuing them and a secondary market developed to provide liquidity. They are supported only by the strength of the institution from which they are purchased. Eligible paper is limited to issuing corporations that are organized and operating within the United States and having total assets in excess of five hundred million dollars (\$500,000,000). Negotiable Certificates of Deposit may not exceed 30% of the City's surplus funds to be invested. Maturities range from 3 months to 2 years and are generally issued in blocks of \$1 million, \$5 million, \$10 million, etc. Interest is paid semi-annually computed on a 30/360 day basis.

**F. Bankers Acceptance Notes**

As a money market instrument, this note is an attractive short-term investment. When a bank “accepts” such a time draft, it becomes, in effect, a predated certified check payable to the bearer at some future, specified date. Purchases of bankers acceptances may not exceed 180 days maturity or 40 percent of the City’s surplus money that may be invested pursuant to this section. In addition, no more than 30 percent of the City’s surplus funds may be invested in the bankers acceptances of any one commercial bank pursuant to this section.

**G. Commercial Paper**

Commercial paper is the trade name applied to unsecured promissory notes issued by finance and industrial companies to raise funds on a short term basis. Commercial paper of “prime” quality of the highest ranking or of the highest letter and numerical rating as provided for by Moody’s Investors Service, Inc., or Standard and Poor’s Corporation. Eligible paper is further limited to issuing corporations that are organized and operating within the United States and having total assets in excess of five hundred million dollars (\$500,000,000) and having an “A” or higher rating for the issuer’s debt, other than commercial paper, if any, as provided for by Moody’s Investors Service, Inc., or Standard and Poor’s Corporation. Purchases of eligible commercial paper may not exceed 270 days maturity nor represent more than 10 percent of the outstanding paper of an issuing corporation. Purchases of commercial paper may not exceed 25 percent of the City’s surplus money that may be invested pursuant to this section.

**H. Local Agency Investment Fund demand deposit**

The Local Agency Investment Fund (LAIF) was established by the State to enable treasurers to place funds in a pool for investment. Each agency is limited to an investment of \$40 million per account. The City uses this fund for short term liquidity investment, and yield when rates are declining as funds are available upon demand. Interest is paid quarterly.

**I. Repurchase Agreement**

Investments in repurchase agreements are allowable but must comply with current Government code and a Master Repurchase Agreement must be signed with the bank or dealer.

Closely associated with the functioning of the Federal funds market is the negotiation of repurchase agreements. Banks may buy temporarily idle funds from a customer by selling U.S. Government or other securities with the contractual agreement to repurchase the same security on a future date determined by the negotiation. For the use of funds, the customer receives an interest payment from the bank; the interest rate reflects both the prevailing demand for Federal funds and the maturity of the “repo”. Repurchase agreements are usually executed for \$100,000 or more. The City will require physical

delivery of the securities backing the “repo” to its safekeeping agent. The issuing institution must transfer on an ongoing basis sufficient securities to compensate for changing market conditions and to insure that adequate collateral is maintained in the City’s safekeeping account. Repurchase agreements shall only be made with primary dealers of the Federal Reserve Bank of New York, the market value of securities that underlay the agreement must be valued at 102 percent or greater of the funds borrowed against those securities, and the value shall be adjusted no less than quarterly. Purchases of repurchase agreements may not exceed 10 percent of the City’s surplus money to be invested. Generally, maturities range from 1 to 90 days (may not exceed one year) with interest paid at maturity.

**J. Mutual Funds**

Mutual Funds are limited to the following:

- a. Limited Term Government Funds
- b. Money Market Funds limited to Treasury obligations (Reverse Repurchase not allowed) with a highest rating from Moody’s or Standard & Poors to allow the funds held by the Bond Trustee to be invested. In addition, the fund must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of five hundred million dollars (\$500,000,000) and has at least 5 years experience investing in instrument authorized by Government Code Sections 53601 and 53635.

**K. Other Investment Pools**

A thorough investigation of investments pools shall be conducted prior to the City’s investment. The City uses the Local Agency Investment Funds (LAIF) that was established by the State to enable treasurers to place funds in a pool for investments. Any pool shall provide the following (See Appendix D):

- A description of eligible investment securities, and a written statement of investment policy and objectives.
- A description of interest calculations and how it is distributed, and how gains and losses are treated.
- A description of how the securities are safeguarded (including the settlement processes), and how often are the securities priced and the program audited.
- A description of who may invest in the program, how often, and what size deposit and withdrawal is acceptable for the investor.
- A schedule for receiving statements and portfolio listings.
- A list of any reserves, retained earnings, etc. utilized by the pool.
- A fee schedule, when and how it is assessed.
- Pool eligibility for bond proceeds and/or pool policy on accepting such proceeds.

As a matter of practice, the City of Glendora generally limits its investments to the following vehicles (as described above):

- U.S. Treasury Bills and Notes
- Federal National Mortgage Association
- Federal Home Loan Banks
- Federal Farm Credit Banks
- Federal Home Loan Mortgage Corporation
- Local Agency Investment Fund (LAIF)

## **XI. MASTER REPURCHASE AGREEMENT**

If repurchase agreements are legal and authorized by policy, a Master Repurchase Agreement must be signed with the bank or dealer (see Attachments).

## **XII. INVESTMENT POOLS/MUTUAL FUNDS**

If governmental sponsored pools and/or mutual funds are included in Section X (Authorized and Suitable Investments), a section on investigation and due diligence must be included.

A thorough investigation of the pool/fund is required prior to investing, and on a continual basis. There shall be a questionnaire designed to ask general questions of the pool/fund that will aid the City Treasurer in the investigation and evaluation. (see Appendix D)

## **XIII. PROHIBITED INVESTMENTS AND TRANSACTIONS**

- The City shall not invest public monies in financial instruments that are not authorized under this Statement of Investment Policy
- The City shall not engage in securities lending, short selling or other hedging strategies.
- The City shall not invest any funds in inverse floaters, range notes, or interest-only strips that are derived from a pool or mortgages or reverse repurchase agreements.
- The City shall not invest any funds in any security that could result in zero interest accrual if held to maturity.
- The City shall not purchase or sell securities on margin.
- The City shall not use third party placement (brokers-C.D. securities) for investment of funds. When placing an inactive deposit with a financial

institution, the City places the deposit directly with the management of the institution.

- The following types of investments shall not be directly used by the City:
  - a. Federal Agency Issues: Guaranteed Small Business Administration (SBA) Notes
  - b. Mutual Funds-except those specified in Section X. (Authorized and Suitable Investments). In addition, the City will allow cash held by Fiscal Agent to invest in Money Market Funds limited to Treasury obligations (Reverse Repurchase Agreements not allowed) with a highest rating from Moody's or Standard & Poors
  - c. Medium Term Corporate Notes
  - d. Reverse Repurchase Agreements

It is acknowledged that investment pools in which the City invests may invest funds in the securities set forth in this subdivision.

#### **XIV. COLLATERALIZATION**

Collateralization will be required on two types of investments: certificates of deposit and repurchase agreements. Deposits of \$100,000 per institution are insured by the FDIC and Certificates of Deposit can be supported by either 110% U.S. Government agency notes or 150% mortgages currently held by the bank or savings and loan.

Collateral will always be held by an independent third party with whom the City has a current custodial agreement. A clearly marked evidence of ownership (safekeeping receipt) must be supplied to the City and retained.

The City chooses to limit collateral to the following: Repurchase Agreements, Time Deposits and Certificates of Deposit.

#### **XV. SAFEKEEPING AND CUSTODY**

All security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a delivery-versus-payment basis. Securities will be held by a third party custodial designated by the Treasurer and evidenced by safekeeping receipts.

#### **XVI. DIVERSIFICATION**

The City operates its investment pool with many State and self-imposed constraints. It does not buy stocks and it does not speculate. Assets shall be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issuer, or a specific class of securities.

The City will diversify its investments by security type, institution and maturity/call dates. With the exception of U.S. Treasury securities and authorized pools, no more than 50% of the City's total investment portfolio will be invested in a single security type or with a single financial institution.

## **XVII. MAXIMUM MATURITIES**

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest in securities maturing more than 5 years from the date of purchase.

Reserve funds may be invested in securities exceeding five years if the maturity of such investments is made to coincide as nearly as practicable with the expected use of the funds.

## **XVIII. INTERNAL CONTROL**

The Treasurer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with the City's Investment Policy and for establishing internal controls that are designed to prevent losses due to fraud, negligence, and third-party misrepresentation. Accordingly, the City Treasurer shall establish written procedures for the operation of the City's investment program that are consistent with the provisions of this Investment Policy.

Internal controls deemed most important shall include (but not limited to): avoidance of collusion; separation of duties and administrative controls; separating transaction authority from accounting and record keeping; custodial safekeeping; clear delegation of authority; management approval and review of investment transactions; specific limitations regarding securities losses and remedial action; written confirmation of telephone transactions; documentation of investment transactions and strategies; and monitoring of results.

## **XIX. PERFORMANCE STANDARDS**

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

The City's investment strategy is passive. Passive investment portfolio management generally indicates that the Treasurer will purchase an instrument and hold it through to call or maturity, and then reinvest the monies. Although the City's investment strategy is passive, this will not restrict the Treasurer from evaluating when swaps are appropriate or if the sale of an instrument is prudent prior to final maturity. Given this strategy, the basis used by the Treasurer to determine whether market yields are being achieved shall be the Local Agency Investment Funds. (LAIF).

## **XX. REPORTING**

The City Treasurer shall provide the City Council monthly investment reports which provide a clear picture of the status of the current investment portfolio. The management report shall include the type of investments, the issuers, maturity dates, par values, and the current market values of each component of the portfolio, including funds managed for the City of Glendora by third party safekeeping custodians. The report will also include the source of the portfolio valuation. As specified in California Government Code Section 53646 (e) (see attached), if all funds are placed in LAIF, FDIC-insured accounts and/or in a county investment pool, the foregoing report elements may be replaced by copies of the latest statements from such institutions. The report must also include a certification that the City of Glendora will meet its expenditure obligations for the next six months as required by California Government Code Section 53646 (b)(3)- (see attached). The City Treasurer shall maintain a complete and timely record of all investment transactions.

## **XXI. INVESTMENT POLICY ADOPTION**

The policy shall be reviewed annually by the Glendora Investment Advisory Committee, and any modifications made thereto must be approved by the Glendora City Council. The City's investment policy shall then be adopted annually by resolution of the Glendora City Council.