

City Cash Investment Policy Statement Update



Prepared for

City of San Pablo Budget, Finance, and Legislative Standing Committee



Shuster Advisory Group, LLC. Services

Shuster Advisory Group, LLC (“Shuster”) is an RIA with over \$11B in assets under management/advisement and focuses on serving the unique needs of governmental agencies and special districts.

Shuster provides investment services for the City in the following asset categories:

- 457(b) Retirement Plan
- 115 Trust (OPEB and Pension Stabilization)
- Cash Investments



WHY UPDATE THE INVESTMENT POLICY?

- The City has an Investment Policy that governs cash, treasury, and investment management functions.
- The California Local Agency Investment Guidelines and California Code Section 53601 (“53601”) are updated every year, though oftentimes the updates are minor.
- An annual review of the Investment Policy is good fiscal practice to ensure a City remains compliant with 53601 and reflects the latest version of 53601.
- Shuster met with City officials to review the Investment Policy and make recommendations to increase investment flexibility without sacrificing core principles of safety and liquidity.



WHAT ARE THE PROPOSED CHANGES?

- Updating maximum maturity for Prime Commercial Paper from 270 days to 397 days, pursuant to 53601(h)
- Updating Eligible Banker's Acceptances portfolio limit from 30% to 40%, pursuant to 53601(g)
- Updating maximum maturity for Repurchase Agreements from 30 days to 1 year, pursuant to 53601(j)
- Clarifying that the current maximum allowance for any Local Agency Investment Fund (LAIF) account is \$75 million
- Enhancing the reporting data inputs for more informative monitoring of the bond portfolio's exposures and risk across security type.
- Adding a Weighted-Average- Life definition to Glossary section



BFLSC RECOMMENDED ACTIONS

Action Items for BFLSC Consideration:

1. Receive presentation; and
2. Recommend formal approval and consideration to the City Council to update the City's Investment Policy Statement for the City's Cash Portfolio.