



**CITY OF NEWPORT BEACH  
FINANCE COMMITTEE  
STAFF REPORT**

Agenda Item No. 5B  
September 15, 2022

**TO:** HONORABLE CHAIRMAN AND MEMBERS OF THE COMMITTEE

**FROM:** Finance Department  
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**SUBJECT: ANNUAL REVIEW OF INVESTMENT POLICY**

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**SUMMARY:**

Consistent with Section K-2 of Council Policy F-1, Statement of Investment Policy (the Policy), the Finance Department has completed an annual review of the Policy to ensure its consistency with the overall objectives of preservation of principal, liquidity, and return, as well as its relevance to current law and financial and economic trends. The investment of City funds is governed by the California Government Code (Sections 53600-53610), which prescribes the investment vehicles in which local agencies are permitted to invest available funds. Staff, working with the City's investment advisor Chandler Asset Management (Chandler), has completed a comprehensive review of the Policy including compliance with relevant sections of the Government Code, as well as, incorporating best investment practices. No changes to the Policy are proposed for this fiscal year.

**RECOMMENDED ACTION:**

Receive and file.

**DISCUSSION:**

California Government Code Section 53600.5 mandates that the City Treasurer shall follow three objectives when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds. The primary objective of the City Treasurer shall be to safeguard the principal of the funds under his or her control. The secondary objective shall be to meet the liquidity needs of the City. The third objective shall be to achieve a return on the funds under his or her control. Guided by the Policy and constrained by California Government Code, the City's core investment objectives are to provide safety of the invested principal by maintaining a well-diversified, high-quality portfolio of liquid

assets while earning a market rate of return commensurate with the City's conservative risk profile.

Based on Chandler's recent review of the City's Investment Policy, no changes to the Policy are recommended at this time.

Prepared and Submitted by:

/s/ Scott Catlett

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Scott Catlett  
Finance Director/Treasurer