

## September 16, 2021, Finance Committee Agenda Comments

These comments on an item on the Newport Beach [Finance Committee agenda](#) are submitted by: Jim Mosher ( [jimmosher@yahoo.com](mailto:jimmosher@yahoo.com) ), 2210 Private Road, Newport Beach 92660 (949-548-6229)

### ~~Item IV.A. MINUTES OF MAY 27, 2021~~

Changes to the [draft minutes](#) passages shown in *italics* are suggested in ~~strikeout~~ underline format.

**Page 1** (agenda packet page 5), Item III, sentence 2: "~~He noted it would be helpful to bring to the public attention that there is a~~ City's City budget so they may provide comment."

### ~~Item V.A. ANNUAL REVIEW OF INVESTMENT PERFORMANCE~~

The Discussion in the ~~last~~ paragraph on the first page of the staff report (agenda packet page 10) says "~~These investments are pooled assets of the City of Newport Beach.~~"

Does this mean *none* of the many funds and accounts listed in the budget ~~are separately deposited or invested?~~ Or only that the present report is confined to describing the ones that are ~~comingled?~~

If funds from different sources and dedicated to different purposes are comingled, what happens in the event of a financial disaster? Do some have priority over others when the recovered assets are disbursed? Is this spelled out somewhere? Or is the possibility of such a disaster regarded as too improbable to prepare for?

### ~~Item V.B. ANNUAL REVIEW OF INVESTMENT POLICY~~

1. On redlined policy page 10 (agenda packet page 51), regarding a limited-term increase to the ceiling on investments in commercial paper, the paragraph proposed to be added to Section G.1.i.iii could be more artfully worded so as to avoid having two sentences contradicting each other.
2. In redlined policy page 13 (agenda packet page 55), I see nothing in the paragraph proposed to be added to Section G.2 that says the zero or negative interest securities described in it would be purchased only under the most "exigent" circumstances (as promised on agenda packet page 39).

If the City does not want the investment manager to use this exception, why is it being added without a cautionary note?

Does the January 1, 2026, sunset date mean such securities are allowed in the portfolio only through that date? Or does Section G.3 ("Exceptions to Prohibited and Restricted Investments") apply to them, such that any of them purchased prior to that date can be retained to their maturity, even if beyond the sunset date?

Also, should this new paragraph be added to Section G.3 rather than Section G.2 ("Investments Specifically Not Permitted")? It is, after all, an *exception* to an existing prohibition, not itself a *prohibition*.