

# **ANNUAL INVESTMENT POLICY REVIEW FISCAL YEAR 2022-2023**

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# INVESTMENT POLICY (COUNCIL POLICY I-12)

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- The City's Investment Policy conforms with California Government Code section 53601
- Manage investments to meet the City's Investment Policy objectives:
  - Safety
  - Liquidity
  - Yield
- Investment Strategy:
  - Maintain a diversified portfolio of conservative and highly-rated fixed income securities
  - Match cash flow needs with maturing securities
  - Buy-and-hold trading strategy



# AUTHORIZED INVESTMENTS

AUTHORIZED INVESTMENT TYPE	POLICY LIMIT %
U.S. Treasuries & Government Agencies	None
Local Agency Investment Fund	None
Investment Agreements	None
Supranationals	20%
Bankers Acceptances	20%
Time Deposits	15%
Commercial Paper	20%
Negotiable CDs	20%
Repurchase Agreements	20%
Corporate Notes	30%
Joint Powers Authority Pool	20%
Money Market Funds	20%
Reverse Repurchase Agreements	20%
Municipal Bonds	30%
Mortgage-Backed Securities	10%
Asset-Backed Securities	5%



# POLICY REVIEW REQUIREMENTS

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- The Policy requires that the Finance Department:
  - Perform an annual review of the Policy;
  - Submit any proposed changes to the Public Safety, Finance, and Strategic Support Committee for its review subsequent consideration; and
  - Approval by the entire City Council.
- A redlined version of the City of San José Investment Policy, Policy Number 1-12, is included as Exhibit A.



# PROPOSED POLICY REVISIONS

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- Reduce the single issuer/institution exposure in the portfolio from 10% to 5%
  - Apply to combined credit exposure from a single issuer in Banker's Acceptances, Commercial Paper, Negotiable CDs and Corporate Notes
  - Enhance diversification of the City's portfolio
  - Lower the potential loss from a single issuer related corporate event
  - Align with the City's investment objectives of safety and liquidity



# RECOMMENDATION

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As recommended by the Public Safety, Finance and Strategic Support Committee on February 16, 2023:

- (a) Accept the annual review of the City of San José Investment Policy, as amended.
- (b) Adopt a resolution amending Council Policy 1-12, City of San José Investment Policy to reduce the combined issuer/institution limits from 10% to 5%, reflect the updated version of the Federal Reserve Bank's Primary Dealer List, and various technical clean-ups.

