

TOWN OF SAN ANSELMO

TOWN COUNCIL RESOLUTION NO. 3425

**A RESOLUTION OF THE SAN ANSELMO TOWN COUNCIL RECONFIRMING
A STATEMENT OF INVESTMENT POLICY**

BE IT RESOLVED by the Town Council of the Town of San Anselmo as follows:

WHEREAS, the State of California Government Code requires the Town to make an annual update and review of the Town's Statement of Investment Policy;

NOW THEREFORE BE IT RESOLVED that the San Anselmo Town Council hereby adopts the Statement of Investment Policy attached hereto.

This Resolution shall be effective immediately.

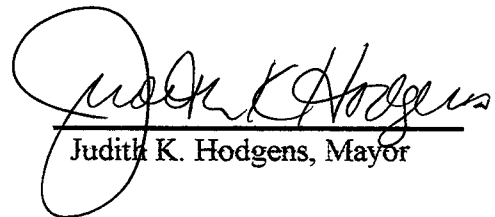
PASSED AND ADOPTED by the San Anselmo Town Council at a regularly scheduled meeting on April 14, 1998 by the following vote:

AYES: Breen, Chignell, Hodgens, Kroot, Overberger

NAYES: None

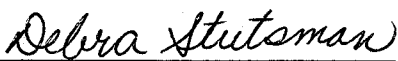
ABSTAIN: None

ABSENT: None



Judith K. Hodgens, Mayor

ATTEST:



Debra Stutsman, Town Clerk

TOWN OF SAN ANSELMO

STATEMENT OF INVESTMENT POLICY

PURPOSE

This Statement is intended to provide guidelines for the prudent investment of the Town's temporary idle cash, and outline the policies for maximizing the efficiency of the Town's cash management system. The ultimate goal is to enhance the economic status of the Town while protecting its pooled cash. The Statement of Investment Policy is reviewed annually by the Town Council, and any modifications to the statement must be approved by the Town Council.

OBJECTIVE

The Town's cash management system is designed to accurately monitor and forecast expenditures and revenues, thus enabling the Town to invest funds to the fullest extent possible. The Town attempts to obtain the highest yield obtainable as long as investments meet the criteria established for safety and liquidity.

POLICY

San Anselmo operates its temporary pooled idle cash investments under the prudent man rule (Civil Code Section 2261, et seq.). The prudent man rule states, in essence, that "in investing...property for the benefit of another, a trustee shall exercise the judgment and care, under the circumstances then prevailing, which men of prudence, discretion and intelligence exercise in the management of their own affairs..." This affords the Town a broad spectrum of investment opportunities as long as the investment is deemed prudent and is allowable under current legislation of the State of California Government Code Section 53600, et seq.).

Criteria for selecting investments and the order of priority are:

1. **Safety:** The safety and risk associated with an investment refers to the potential loss of principal and interest, or a combination of these elements. There is safety if there is assurance that principal will be preserved.
2. **Liquidity:** An investment is liquid if it can be converted to cash with a minimal chance of losing principal or interest.
3. **Yield:** Is the potential earnings of an investment, a rate of return.

Investments may be made in the following instruments:

- **United States Treasury obligations.**
- **United States Agency obligations.**
- **Federal Instrumentalities.**
- **State of California Bonds and Registered Warrants.**
- **Bonds, Notes, Warrants** or other evidence of indebtedness of a **local agency** within the State of California.
- **Bankers acceptances** not to exceed 270 days to maturity or at the time of purchase 40 percent of the Town's surplus money that may be invested. However, no more than 30 percent of the Town's surplus fund balance may be invested in the bankers acceptances of any one commercial bank.
- **Commercial paper** rated A-1 or P-1 or better, to be chosen from among corporations with assets in excess of \$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; not to exceed 180 days in maturity or more than 10 percent of the outstanding paper of the issuing corporation. Purchase of eligible commercial paper may not exceed fifteen percent (15%) of the Town's surplus fund balance. An additional fifteen percent (15%) or a total of thirty percent (30%) may be reinvested provided the dollar-weighted average maturity of the additional fifteen percent (15%) does not exceed 31 days. "Dollar-weighted average maturity" means the sum of the amount of each outstanding commercial paper investment multiplied by the number of days to maturity, divided by the total amount of the number of days to maturity, divided by the total amount of outstanding commercial paper.
- **Negotiable certificates of deposit** issued by a nationally or state-chartered bank, a state or federal association or by a state-licensed branch of a foreign bank. Negotiable certificates of deposit may not exceed thirty percent (30%) of the Town's surplus fund balance.
- **Non-negotiable certificates of deposit (Time Deposits)** with a nationally or state-chartered bank or a state or federal association, fully collateralized at 110 percent of market value with U.S. Government Securities, high-grade Municipal Bonds, instruments of federal agencies, including mortgage backed securities at 150 percent (150%) of market value with promissory notes secured by first deeds of trust upon improved residential real property as provided by the Government Code.

- **Medium-term notes** of a maximum of five years maturity issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Notes eligible for investment shall be rated in a rating category of "A" or its equivalent or better by a nationally recognized rating service. Purchase of eligible medium-term notes may not exceed thirty percent (30%) of the Town's surplus fund balance.
- **Repurchase agreements** on any investment authorized by his investment policy where the term of the agreement does not exceed one year. The market value of securities that underlay a repurchase agreement shall be valued at 102 percent or greater of the funds borrowed against those securities, and the value shall be adjusted no less than quarterly.
- **California State Local Agency Investment Pool (LAIF)** operated by the State Treasurer's office.
- **Passbook Savings Account Demand Deposits.**


Other investment instruments authorized by State legislation shall not be used unless Town Council approval is obtained.

Safekeeping: Securities purchased from broker/dealers shall be held in third party safekeeping by the trust department of the Town's bank, or other designated third party trust, and in the Town's name and control whenever possible.

Town Constraints: The Town strives to maintain the level of investment of all funds as near 100% as possible, through daily and projected cash flow determinations. Idle cash management and investment transactions are the responsibility of the Town Administrator.

All participants in the investment process shall act responsibly as custodians of the public trust. Town Officials shall avoid any transaction that might impair public confidence in the Town of San Anselmo's ability to govern effectively. The basic premise underlying the Town's Investment Policy is to ensure our financial integrity.

Dated: April 8, 1998



 Sam Gill, Accounting Manager

NOTE: The Town of San Anselmo currently uses only LAIF as a primary investment vehicle other than interest bearing checking account with a nominal average balance. Any change in this circumstance shall be approved by a majority of the Council before Town Staff will purchase any other investment products.