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Title: Report regarding review of modifications to the City of South San Francisco Investment Policy FY2019-20. (Frank Risso, City Treasurer and Justin Lovell, Financial Services Manager).

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Attachments: 1. FY 2019-20 Proposed Investment Policy

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Report regarding review of modifications to the City of South San Francisco Investment Policy FY2019-20. (Frank Risso, City Treasurer and Justin Lovell, Financial Services Manager).

RECOMMENDATION

It is recommended that the Budget Standing Subcommittee review and provide feedback to the modifications for the City of South San Francisco Investment Policy FY2019-20.

BACKGROUND/DISCUSSION

Each fiscal year, the City’s Investment Policy is presented to the City Council for consideration. For FY 2019-20 staff is recommending minor modifications to the Investment Policy to make changes from the recently passed legislation from AB 1770, Stienforth, Local Government and Investments. The modification will remove language related to the purchase of asset backed securities. The proposed FY 2019-20 Investment Policy is included as attachment 1.

The modification related the purchase of asset backed securities. The legislature passed this legislation in order to provide clarification as the issuers of these securities tend to be an unrated trust, thus the A rating was not there. The City’s investment portfolio managers took a conservative approach, due to this ambiguity and looked to the ultimate sponsor/originator for the A rating. With this removal, Chandler’s process will continue to be the same where credit analysis of the sponsor/originator is a key aspect to the investment.

CONCLUSION

Staff will continue to work with the City’s investment advisor to review the City’s Investment Policy to ensure compliance with best practices and alignment with state code.

Attachments:

- 1. City of South San Francisco Proposed Investment Policy Fiscal Year 2019-2020