

City of Yuba Investment Policy



Annual Review and Update

by

Spencer Morrison, City Treasurer

City Treasurer Function



- It's elected
- Deposit and safekeeping of funds
- Investment of funds
- Reporting to Council & Public
- Investment Policy

Investment Policy Update



- Annual review and update required
- Reviewed by staff and investment advisors
- Recommended policy updates are viewed as *best practices*

Investment Policy Update



- Two recommended updates, *page 7*
- Section VII, Suitable and Authorized Investments
- AB 1770 Changes CA Governmental Code 53601
- Applies to Asset-Backed Securities only
 1. *“5-year maturity” is now “5-year remaining maturity”*
 2. *Eliminates the “A” issuer requirement, leaving only “AA” or better*

Investment Policy Update



- Staff's recommendation is to approve the investment policy as amended.

Questions?

Investment Policy Update



What are *supranationals*?

- US dollar denominated bond obligations
- Unconditionally guaranteed by international reconstruction and development banks
- Minimum rating of AA or equivalent
- World bank issues are AAA rated and funded by 188 countries

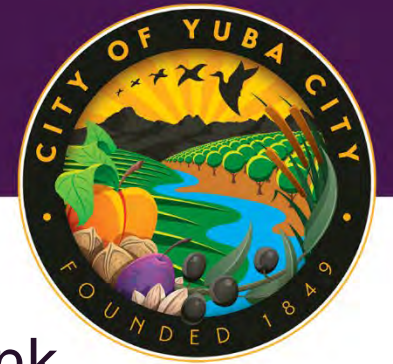
Investment Policy Update



Why Supranationals?

- Fannie and Freddie harder to come by
- Share conservative qualities with agencies
- US is usually a major shareholder
- It just feels good

Various Lesser Known Instruments



- Commercial Paper – short-term, unsecured promissory note
- Banker's Acceptance – time draft/bill of exchange backed by a bank
- Negotiable CD – \$100k minimum, guaranteed by the bank, secondary mkt.
- Placement Service CD – aids large investments into CDs while remaining FDIC insured, see CDARS
- Repurchase Agreements – short-term (24-hour) collateralized security
- Medium-term (Corporate) Notes – bonds to fund corp. operations/projects