Investment Policy

RECOMMENDATIONS AND POTENTIAL AMENDMENTS FOR COUNCIL CONSIDERATION

CITY COUNCIL MEETING
JULY 2, 2024

Executive Summary

1. Annual review of the City of Alameda's Investment Policy
2. Updates to comply with the California Government Code governing the investment of public funds, and current practices
3. Review for potential amendments to Section III.E in alignment with City priorities and seeking clarity on categories used to restrict investments

Background

- Section 5-2 Alameda City Charter Requirement: Annual recommendation of Investment Policy by City Treasurer to City Council [Last Adoption: September 5, 2023]
- April 16th Council referral to return to Council after City Treasurer and staff review for further discussion regarding potential amendments to restrictions on investment

Current City Council Policy Restrictions

Investments restricted by City Council policy beyond the Government Code:

- Coal Industry
- Production or manufacturing of tobacco
- Production or manufacturing of gambling products
- Production or manufacturing of alcoholic beverages

Recommended Changes

Miscellaneous Legal and Compliance Updates:

- Mortgage Backed Securities clarification (Senate Bill 882)- Clarifying how mortgage-backed securities issued by government sponsored enterprise issuers are categorized (Senate Bill 882) due to changes to California Government Code for 2024.
- U.S. Government Treasury Bills and Notes description update- adds “and other government obligations for which the full faith and credit of the United States are pledged for the payment of principal and interest
- CalTRUST and CAMP language adjustment- now called Local Government Investment Pools
- Asset-Backed Securities language augmentation- now called Passthrough Securities

Classification Codes Addition

The policy currently uses: Bloomberg Industry Classification codes (BIC) for coal industry

Proposed Addition: BICs codes for tobacco, alcohol, and gambling industries as a way to standardize investment restriction methodology and avoid investing in the prohibited industry.

Potential Amendments for Council Consideration

- **Alcoholic Beverages**: *Eliminating* the investment restriction on the production or manufacturing of alcoholic beverages brings the Policy in alignment with the City's other plans and priorities
- **Carbon Emitting Industries**: Restrict investments in oil and gas, supporting climate and strategic plan goals
- **Military Defense Companies**: Restrict investments to promote peace and ethical governance

Council Direction

1. Approve recommended changes; and
2. Provide direction regarding specific industry sectors, if any, the Council further restrict investments in other companies.

Questions and Discussion